

City of Montgomery Individual Tax Form Instructions

Revised December 2022

This form is to be used by individuals who receive income reported on Federal Forms W-2, W-2G, Form 4797, 1099-MISC, and/or Federal Schedules C, E, F or K-1. Individuals who file as Sole Proprietors of Single Member LLC's should also use this form.

Remember!! The Tax Office offers assistance preparing Montgomery returns.

Please contact the Tax Office at 513-792-8333 for information.

SECURE EMAIL

The City of Montgomery offers a way to securely email all tax forms. This service will encrypt your email and attachments for your privacy and protection.

Email your tax documents via the secure email link located on the Home Page of the City's website at www.montgomeryohio.gov. Completed returns can be sent quickly and safely to the Tax Office; and will be considered 'received' on the date the email is available in the portal. Credit card information can be listed on your tax form for payment.

If you wish to have your return prepared by Tax Office staff, forms may be sent through the Secure Portal. Please include the required forms listed below, along with a note requesting that your return be prepared. Incomplete returns will not be accepted. Include your phone number and email address. You will be contacted once your return is finished and arrangements can be made for payment of taxes (if any). You will be provided with a copy of your return. Please allow several weeks during the busy tax season for staff to complete returns.

REQUIRED SUPPORTING DOCUMENTS: Due to changes in the Federal tax forms effective tax year 2018, it is now necessary to submit the following forms in order for your tax return to be considered complete:

- Copies of all W-2 forms
- Page 1 of the Federal 1040 form
- Federal Schedule 1
- If applicable, please submit all supporting Federal Schedules for income shown on Lines 3, 4, 5 and 6 of the Federal Schedule 1 form.

Please help us use your tax dollars wisely by including this information with your Montgomery tax form. Incomplete returns will not be processed and must be re-submitted with the missing information. Late filing penalties may also apply.

CITY OF MONTGOMERY INDIVIDUAL TAX FORM INSTRUCTIONS

LINE 1: Enter the total qualifying wages from all W-2 forms. "Qualifying wages" generally includes amounts reported in the Medicare wage base (the amount in Box 5 of the W-2); and compensation of pre-1986 employees exempt from Medicare solely because of the Medicare grandfathering provision. Qualifying wages include, but are not limited to: Commissions, tips, settlements, 401-K contributions (Deferred Compensation), deferred annuity plans and stock options. ****Attach all copies of W-2 forms.**

LINE 2: All other taxable income which includes, but is not limited to: Federal Schedule 1, Line 9 income, 1099 Misc income not reported on Schedule C, lotteries and gambling winnings, director's fees, taxable HSA withdrawals and taxable scholarship distributions. Please provide documentation such as copies of Federal schedules or Forms 1099-Misc not already reported on Schedule C. (Jury Duty pay and Poll Workers' income, interest, dividends, capital gains, and/or pension/retirement income are not taxable). ****NOTE:** Business losses may not be used to offset this income.**

LINE 3: Less non-taxable income:

Part year residents: Deduct the amount of gross wages included on Line 1 that were earned outside of Montgomery during the period when you were not a resident. Income may be pro-rated for residents who move into or out of Montgomery during the current year. It is also necessary to pro-rate any credit claimed for other city tax withheld or paid. You may pro-rate your taxable income and credit by dividing the number of days lived in Montgomery by the total days in the year. Please provide documentation showing calculations.

Non residents working in and out of the City limits: Determine the tax liability by taking the total number of days worked in Montgomery divided by the total number of days worked during the year. Multiply the resulting percentage by the total annual income from wages, including sick leave and vacation pay. Include a schedule of calculations and an itinerary of days worked outside Montgomery, listing the dates and the location of the work site. Where no record can be substantiated for number of days worked, the number 254 is to be used as the total number of days worked.

LINE 4: Total taxable qualifying income: Amounts on Line 1 and 2, minus deductions from Line 3.

LINE 5: All income or loss from self-employment, rentals, partnerships, fees, ordinary gains and losses reported on Form 4797, and any other business activity must be netted together to arrive at an overall net profit or loss for the current year. If the netting results in an overall loss, the loss may be carried forward for a period not to exceed five (5) years. ****Business losses may not be used to offset W-2 wages or other compensation.****

Residents are subject to Montgomery tax on all business income no matter where earned. You may combine the profits and losses from all businesses reported on Schedules C, E, F, Form 4797 and K-1. ****Attach copies of all applicable schedules.** Montgomery residents must report all profits or losses from rental property. The resident taxpayer may claim a credit for taxes paid to other localities, not to exceed 1% of the income. ****Attach copy of other city return for credit.**

****Note:** If rental property is located within the City of Montgomery, a current tenant listing must accompany this tax filing. A tenant listing includes name, address, move in/move out date, and phone number, if available.

Schedule E – Flow-through Profits or Losses: The tax is levied on the partners, members or other owners of a flow-through entity, excluding S-Corporations. Montgomery does not tax S-Corp pass-through income. S-Corporations located within the Montgomery taxing jurisdiction are required to file a business return at the entity level. Residents of Montgomery are to report their distributive shares of income (or loss) that was not withheld on by the business. The resident taxpayer may claim a credit for taxes paid to other municipalities by the business. Non-residents of Montgomery must report profits or losses only from properties located within Montgomery.

To calculate total taxable business income from Schedules C, E, F, Form 4797 and K-1, please complete Worksheet A. Do not report Partnership or S-Corp income from businesses located within Montgomery on this worksheet as businesses operating in the city are required to file at the entity level and to remit the tax on behalf of all their partners. Enter the total from Column D, Line 8 of the worksheet on Line 5. Per Ohio state law, only 50% of the losses from tax years 2017-2021 may be used to offset business income in a given year.

See following example:

	WORKSHEET A	B	C	D
	NET PROFIT / LOSS FROM BUSINESS	PROFIT	LOSS	TOTAL
1	Schedule C Income (Form 1040, Schedule 1, Line 3) Attach copy of Schedule C	5,000	200	4,800
2	Schedule F Income (Form 1040, Schedule 1, Line 6) Attach copy of Schedule F			
3	Schedule E Income from Rental Property (Form 1040, Schedule 1, Line 5) Attach copy of Schedule E	1,000		1,000
4	Other Schedule E Income (Form 1040, Schedule 1, Line 5) Attach copy of Schedule E		3,000	(3,000)
5	Ordinary Income or Loss (Form 1040, Schedule 1, Line 4) (Attach Federal 4797)			
6	2017-2021 Losses: (Loss used is limited to the LESSOR of 50% of the available loss or 50% of the 2022 income Total Loss: \$2000)		1,000	(1,000)
7	TOTALS	6,000	4,200	\$1800
Enter total from Column D, Line 7 on Page 1, Line 5. Current year losses may be carried forward for five years.				

LINE 6: Total taxable income (Line 4 plus Line 5). **If Line 5 is a loss, enter only the amount on Line 4.

LINE 7: Montgomery tax: 1% of Line 6.

LINE 8a: Enter the amount of Montgomery tax withheld by employer(s). This amount is generally shown in Box 19 of the W-2 form; with the name of the locality in Box 20.

LINE 8b: Enter the total amount of paid estimated tax payments, including any amounts paid with extension.

LINE 8c: Tax withheld and paid to other cities will be found in Box 19 of the W-2 form, with the name of the locality in Box 20. **Copies of W-2 forms showing this information must be included with your return in order to receive credit.**

Enter the amount of taxes withheld for, and paid to another city, subject to the following limitations: Residents of Montgomery may claim a credit for taxes paid to another city, JEDD, or JEDZ up to 1% of those wages actually taxed on the W-2. The amount of credit taken against the obligation due to Montgomery shall only apply to that portion of the taxpayer's income reported to and taxed by the other municipality. Any excess credit may not be applied against other income that would otherwise be taxable to Montgomery. For example: The tax rate for the City of Sharonville is 1.5%. As long as wages showing in Box 18 were fully withheld, 1% of the income taxed may be taken as credit. The .5% excess may not be used to offset other W-2 income, or any business or miscellaneous income.

Calculating credit: Tax withheld at a rate higher than 1% must be reduced to the 1% allowable by Montgomery. The amount of tax withheld and paid to another city (Box 19) must be divided by that city's tax rate to determine the amount of allowable Montgomery credit. For example: The amount of tax paid to Sharonville must be divided by 1.5 to determine amount of allowable credit. If a refund was issued from another city, please provide documentation, such as the city tax return or refund request. If a resident is only partially taxable to the municipality where employed, that portion of income which is not taxed by another municipality becomes taxable to the City of Montgomery at a rate of 1%. Montgomery allows credit for taxes paid to a JEDD or JEDZ (reduced to the 1% allowable); however, no credit is given for county taxes or school district taxes. Add any credits for tax paid on business income (from Worksheet B, the lessor of F1 or F2).

****Please note** – If a wage base is used other than Qualifying Wages (Box 5 of W-2), and/or it is not fully withheld at that municipality's tax rate, adjustments could be made to your return.

Use Worksheet B to calculate total credit for taxes paid to other municipalities on **business** income from Schedules C, E, F, Form 4797 and K-1. Add the lessor of Column F, Total F1 or Total F2 to the total W-2 credits and enter on Line 8c. **(Not to be used for W-2 income/credits)**

See following example:

WORKSHEET B (for residents only) Credit for <u>business</u> earnings tax		List each municipality separately and add another page if needed. Attach copies of all other local tax returns for credit				
A		B	C	D	E	F
Municipality where taxes were paid:		Tax Rate	Profit	Local taxes paid	Maximum Credit Column C x 1%	Credit Allowed Lower of Column D or E
9	Sharonville	1.5%	2,000	30.00	20.00	20.00
10	Blue Ash	1.25%	1,000	12.50	10.00	10.00
11	Loveland	1%	1,000	10.00	10.00	10.00
12	Total possible credit		4,000	52.50	40.00	F1 40.00
13	Maximum credit allowed: (Worksheet A, Column D total x 1%)					F2 8.00

Partners claiming credit for taxes withheld or otherwise paid to another municipality by a partnership must provide documentation to support this credit. Note: Credit for taxes paid to other municipalities on business income may not exceed 1% of the net business income reportable elsewhere.

LINE8d: Enter any overpayment or credit that was carried over from a prior year.

LINE8e: Total credits (Lines 8a through 8d)

LINE 9: Balance of tax due must accompany return. If paying by credit card, please include full card number, expiration date, and 3 or 4-digit code verification code. Payment is not required if amount due is \$10.00 or less. No refund or credit will be given for amounts \$10.00 or less.

Any balance greater than \$10.00 must be received on or before the due date of the return. Any tax remaining unpaid after the due date will be subject to penalty and interest charges as prescribed by the City of Montgomery Ordinance §44.1.10.

LINE 10: Overpayments will be applied to following year's estimate unless a refund is requested in writing. By law, all refunds and credits in excess of \$10.00 are reported to IRS, and a 1099-G will be issued.

LINE 11: Enter the amount of estimated taxable income for the next year. Multiply estimated income by 1%, and enter total estimated tax due for next year.

LINE 12a: Enter the estimated amount of Montgomery tax to be withheld by employer.

LINE 12b: Enter the estimated amount of allowable payments to another municipality, not to exceed 1% of that portion taxed.

LINE 13: Enter the net estimated tax due for next year (Line 11 less Line 12a and 12b.)

LINE 14a: Enter the amount of estimated tax due for first quarter (not less than 22.5% of Line 12).

LINE 14b: Enter any credit that was carried over from the prior year (from Line 10 above)

LINE 14c: Subtract Line 14b from 14a and enter the amount of the net first quarter payment. This is the first of four quarterly estimated tax payments and should be remitted with your Montgomery tax return, or no later than April 15 of the current year (or the Federal equivalent). Subsequent estimated payments are due on the 15th of June, September and January. Statements are based on your declaration, and will be sent prior to due date of each payment. The full amount of estimated tax may be paid with this filing or at any time throughout the year.

Note: Due to changes mandated by the passage of Substitute House Bill 5 by the Ohio General Assembly, 90% of tax liability is due by January 15, or the 15th day of the 12th month following the beginning of the taxable year. Taxpayers who do not meet these payment requirements could be subject to an underpayment penalty as provided by the Montgomery Income Tax Ordinance. Underpayment penalty will not apply if amount due is \$200.00 or less. The Declaration of Estimated Tax may be amended at any time throughout the year.

LINE 15: Enter and remit the total amount due (Line 9 plus Line 14c).

Extension Policy: An extension may be requested by any business or individual unable to complete their tax return by the deadline. Forms are available on our website on the Tax Office page. Obtaining a federal extension will automatically extend your Montgomery due date to the approved federal date. However, the federal government does not share information with the City of Montgomery, so it is recommended that a copy of your Federal extension form, or a Montgomery extension form be completed and submitted to the City. If you do not have a federal extension, you must send a written extension request to the Montgomery Tax Office by the due date of the return. Only those extension requests received in duplicate with a self-addressed, postpaid envelope will have a copy returned.

Filing an extension does not grant an extension of time to pay.

Quarterly estimate payments must reach a minimum of 90% of the taxpayer's declaration amount by January 15th, which equates to 22.5% due per quarter; however, the City statements will reflect 25% of the total declaration.

LATE FILING PENALTY: Returns not timely filed may be charged a late filing penalty of \$25.00 per month, up to a maximum of \$150.00.

Exemptions from filing: Any person who has not previously filed a return; is under 18 years of age and has no earned income; or any retired person who has previously established retired status with the City's Tax Office and who will continue to have no earned income.

Statute of Limitations Requirements: Refund requests must be made within three years from the date of your tax payment, the date the tax return was due, or within three months after the final determination of your federal income tax liability, whichever is later.

Sign and date your return. In order to be considered a complete legal final return, you must include all W-2 forms, (showing amounts listed in Boxes 5, 18, 19 and 20, if applicable), page 1 of the Federal 1040 form, Federal Schedule 1, supporting schedules for income shown on Lines 3, 4, 5 and 6 of the Federal Schedule 1 form, and all other appropriate copies of federal forms and other documentation.

Please include payment of any tax due. If you wish to pay by check, please make it payable to the **City of Montgomery**. The Tax Office accepts VISA, Mastercard, American Express and Discover cards. No fee will be charged for tax payments.

Returns and payment should be mailed or hand-delivered to:

City of Montgomery Income Tax Office
10101 Montgomery Road
Montgomery, OH 45242

(At the corner of Schoolhouse and Montgomery Roads)

Phone: 513-792-8333

Tax Office Fax: 513-891-2994

Website: www.montgomeryohio.gov

Email: tax@montgomeryohio.gov