

CITY OF OAKWOOD 2016 INDIVIDUAL TAX RETURN INSTRUCTIONS



- WHO MUST FILE:** **Every resident** of the City of Oakwood 18 years of age or older, whether or not a tax is due, must file a return reporting all income earned regardless of where income was derived.
- Every non-resident** of Oakwood who has taxable income or loss, earned or derived from within the City, from which Oakwood income tax was not withheld, must file a return.
- PART YEAR RESIDENTS:** If you lived in Oakwood during part of the taxable year, you must file a tax return covering that period of time. Report the amount of income earned while you lived in Oakwood. Pay statements with year-to-date figures or a statement from your payroll department must be used if available. When the actual amount you earned while living in Oakwood cannot be determined, you may apportion your earnings by the number of months or days of residency to find your taxable amount. If you prorate your income, you must also prorate any city tax that was withheld on the same income. Attach a worksheet detailing your calculations.
- EXTENSIONS:**
*** NEW ***
If you have requested an extension of time to file your federal return with the IRS, you will automatically receive an extension of time to file your Oakwood return until August 15, 2017. Please include a copy of your federal extension when filing your return to avoid a late filing penalty. If you have not requested a federal extension, you may still receive an Oakwood extension by filing your request by April 18, 2017. Remember that an extension of time to file is not an extension of time to pay taxes owed.
- DECLARATIONS:** Every person who anticipates a net tax liability of at least \$200.00 is required under Ohio law to make estimated tax payments. First quarter declaration for 2017 is calculated on the 2016 tax return. Second quarter is due June 15, 2017; third quarter is due October 17, 2017; fourth quarter is due December 15, 2017. Additional instructions and vouchers are available on the city's website.
- TAXABLE INCOME:** **Resident:** Includes salaries, wages, commissions, other compensation and/or net profits, and would include but not be limited to: bonuses, incentive payments, director's fees, property or benefits in lieu of cash, tips, dismissal or severance pay, wage continuation plans, and other compensation earned or received, lottery winnings, gambling proceeds, prizes, awards and proceeds from contests and other games of chance; net profits of all unincorporated businesses, professions, partnerships, or other activities, including but not limited to rental of real and personal property, regardless of where such income is derived.
- Non-residents:** Includes all income, salaries, qualifying wages, commissions and other compensation from whatever source earned or received for work done, services performed or activities conducted within the City of Oakwood, including any net profit of the non-resident, but excluding any partnership income or loss owned directly or indirectly.
- All:** Losses from federal schedules and other sources reported for federal income tax purposes cannot be used to offset qualifying wages, commissions, other compensation and other miscellaneous taxable income earned or received by residents or nonresidents of the Municipality. If an individual is engaged in two or more taxable business activities to be included in the same return, the net loss of one unincorporated business activity may be used to offset the profits of another for purposes of arriving at overall net profit or loss.
- NON-TAXABLE INCOME:** Includes dividends, interest, capital gains, precinct official earnings of less than \$1,000.00, military pay and allowances, tax refunds, insurance benefits, qualifying pensions, annuities, alimony, Social Security, Medicare, poor relief, state and federal unemployment insurance benefits.
- DEDUCTIONS:** Deductions as they relate to income taxed by Oakwood for employee business expenses as reported on federal form 2106 shall be limited to that amount which exceeds 2% of adjusted gross income, as reported on your federal Schedule A. Credit for taxes paid to other cities will be limited to the same income taxed by Oakwood at your work city tax rate. Non-residents may only include those expenses that are related to the performance of services within Oakwood.
- ATTACHMENTS:**
*** NEW ***
Each return must include your forms W-2 (showing wages and all taxes withheld for any municipality) and a copy of your federal income tax return (Form 1040). In order to avoid requests for additional information, it is suggested that you include all federal schedules and/or statements supporting each income, loss or deduction reported and support documentation for additional municipal taxes other than the amount shown on the W-2.
- PENALTY AND INTEREST:** **Late filing penalty** shall be charged on any return filed after the due date, or extended due date. The amount of the penalty shall be \$25 per month, or any portion thereof, not to exceed \$150.00, whether or not any tax is due.
- Underpayment penalty** of 15% shall be charged on any tax balance remaining unpaid after the April 18 due date.
- Interest**, calculated on the federal short term rate in effect + 5%, shall be charged on any tax balance remaining unpaid after the April 18 due date. A complete listing of annual interest rates is available on the city's website.
- PAYMENTS:** Payment in full is due 04/18/17. Checks should be made payable to "City of Oakwood." To make a credit card payment, please call 1-800-272-9829 or visit www.officialpayments.com. Please enter jurisdiction code 4544.
- A convenience fee will apply.

PAGE 1: Complete taxpayer status. Print your name, current address, social security or federal identification number, city of employment and telephone number. If you were a partial year resident of Oakwood, please indicate the date moved into or out of the City and previous address.

LINE 1: Enter total qualifying wages from page 2, Column 6.

SECTION A: List all compensation earned as an employee. Use highest figure on W-2 (typically Box 5 of W-2). Report employee business expenses less of 2% of your federal gross income, as reported on your federal Schedule A.

LINE 2: SECTION B: Profit or Loss from Business or Profession – To be completed by all residents engaged in a sole proprietorship regardless of location and non-residents doing business in Oakwood. If you have more than one business a separate Section B must be completed for each business.

Income from Rents – To be completed by all residents owning rental property regardless of location and all non-residents owning rental property in Oakwood.

All other Taxable Income (or Loss) – To be completed by all residents having other taxable income or losses and all non-residents having other taxable income or losses attributable to Oakwood.

All items of income (loss) are to be reported without regard to federal passive activity loss carryovers/limitations. Reportable partnership income (loss) should only include amounts reported on federal Schedule E. Do not include your share of S Corporation net profit or loss. Taxable royalties include amounts received from interests in land and rents and royalties derived therefrom.

LINE 3: Total Lines 1 and 2.

LINE 4: Multiply the amount in Line 3 by 2.5% (.025).

LINE 5: A. Enter amount of Oakwood tax withheld by employers as shown on W-2 Forms.

B. Residents of the City of Oakwood are allowed a credit for taxes due and paid to other cities on the same income taxed by Oakwood (line 3), provided supporting documentation is attached to the return (e.g. W-2 forms, copies of tax returns filed with other cities, etc.). If Section A, Line 5 is comprised exclusively of income items (no losses from self-employment, partnerships or rentals), full credit may be claimed for taxes due and paid to other cities, at the lesser of the employment city or resident city tax rates. However, if losses are claimed in computing other taxable income, the losses must be ratably allocated against net profit income in calculating the credit allowable for taxes paid to other cities as follows:

	Total	Dayton	Centerville
Business Income (Sch C, E or F)	\$40,000	\$25,000	\$15,000
Municipal Contribution %		62.50%	37.50%
Business Loss (Sch C, E or F)	(\$5,000)		
Net Profit Income (Section B, Line 7).....	\$35,000	x 35,000	x 35,000
Tax Rate		x 2.25%	x 1.75%
Allowable Credit	\$722	\$492	\$230

C. Enter total estimated payments made and overpayments from prior years.

D. Total lines 5(A), 5(B), and 5(C).

LINE 6: Line 4 less Line 5(D).

LINE 7: If return is past due, calculate late filing penalty, underpayment penalty and interest as noted on page 1 of the instructions.

LINE 8: Total Lines 6 and 7.

LINE 8(A): If Line 8 is a credit, indicate amount you want transferred to next year and/or amount you want refunded.

LINE 9: Enter total estimated income subject to tax and multiply by 2.5% (.025).

LINE 10: A. Enter estimated Oakwood Tax to be withheld by employer.

B. Enter estimated credit for taxes to be paid to another municipality.

C. Enter overpayment from prior year.

D. Total Lines 10(A), 10(B), and 10(C).

LINE 11: Line 9 less Line 10(D).

LINE 12: If Line 11 is \$200.00 or more, calculate the required estimated tax payment, Line 11 x 25%.

LINE 13: Total Lines 8 and 12.