



CITY OF OAKWOOD 2021 BUSINESS TAX RETURN INSTRUCTIONS

GENERAL INFORMATION

- WHO MUST FILE:** Every business entity conducting activities or producing income with the City of Oakwood, whether or not the entity has a place of business in the City of Oakwood and whether or not a tax is due, must file a return reporting the net profit or loss attributable to Oakwood.
- LLC's filing as sole-proprietors for federal income tax purposes must file an individual tax return.
- WHEN TO FILE:** The return must be filed on or before the fifteenth day of the fourth month following the close of the tax year. For calendar year taxpayers, the 2021 return is due April 18, 2022.
- EXTENSIONS:** Any business that has duly requested an automatic extension for filing the federal return shall automatically receive an extension for filing the municipal return. The extended due date shall be the fifteenth day of the tenth month after the last day of the taxable year to which the return relates. Please include a copy of your federal extension when filing the return to avoid a late filing penalty. Remember that an extension of time to file is not an extension of time to pay taxes owed.
- Any business that has not requested a federal extension may request an extension from the Oakwood Tax Department by using the extension request form available on the City's website. The request must be received by the Tax Department on or before the original due date of the municipal return.
- ATTACHMENTS:** Documentation is necessary to verify all amounts of taxable or non-taxable income, expenses and deductions. Taxpayers are required to attach their corresponding federal return (1120, 1120S, 1065, 1120F, 1120-REIT, 1041, 990T, etc.)
- NOL CARRYOVER:** For taxable years beginning in 2018, taxpayers may deduct a net operating loss incurred in a taxable year beginning on or after January 1, 2017. The amount of the net operating loss shall be deducted from net profit to reduce taxable income to zero, with any unused portion carried forward to not more than five consecutive years or until fully utilized. For tax years 2018 through 2022, taxpayers may not deduct more than 50% of the amount of the deduction.
- DECLARATIONS OF ESTIMATED TAX:** Every taxpayer who anticipates a net liability of at least \$200.00 is required, under Ohio law, to make timely estimated tax payments. The declaration should be filed by the 15th day of the fourth month of your tax year. For 2021 calendar year taxpayers, this is April 18th. Additional instructions and vouchers are available on the city's website.
- PENALTIES 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 \$25.00 per month, or any fraction thereof, not to exceed \$150.00, and shall be imposed whether or not any tax is due.
- Late payment penalty** of 15% shall be charged on any tax balance remaining unpaid after the original due date. For calendar year taxpayers, this is April 18, 2022.
- Interest**, calculated on the federal short term rate in effect + 5%, shall be charged on any tax balance remaining unpaid after the original due date. The interest rate in effect during calendar year 2021 is an annual rate of 5%. A complete listing of annual interest rates is available on the city's website.
- PAYMENTS:** Payment in full is due by the original due date of the return. Checks should be made payable to "City of Oakwood." To make a credit card or echeck payment, please visit the City's website at www.oakwoodohio.gov. A convenience fee will apply.

PART A – TAX CALCULATION

Please complete Page 2 Schedules X & Y before proceeding to this section.

Line 1: Enter municipal taxable income before NOL from Page 2, Schedule X, Line 5.

Line 2: Enter the pre-apportioned municipal NOL carryover from 2019. For tax year 2020, the amount is limited to 50%.

Line 3: Subtract Line 2 from Line 1.

Line 4: Enter apportionment percentage from Page 2, Schedule Y, Step 5.

Line 5: Multiply Line 3 x Line 4.

Line 6: Multiply Line 5 x 2.50% (0.025).

Line 7a: Enter the amount of estimated taxes paid for tax year 2020, including any amount paid with your extension.

Line 7b: Enter the amount of a prior year's carryover credit.

Line 8: Add Lines 7a and 7b.

Line 9: Line 6 less Line 8.

Line 10: Enter the late filing penalty (\$25.00 per month up to \$150.00), if the return is being filed after the original or extended due date. All taxes unpaid after the original due date of the return are subject to a 15% late payment penalty and shall bear interest at the federal short term rate in effect + 5%.

Line 11: Add Lines 9 and 10. If an overpayment is indicated, complete Lines 12a and/or 12b as to amount to be refunded or carried over to the next tax year.

PART B – 2022 DECLARATION OF ESTIMATED TAX

Line 13: If you anticipate your 2022 tax liability to be \$200.00 or more, you are required to complete Lines 13-16. Enter your estimated 2022 income and multiply by 2.5%. Please see the instructions and safe harbor provisions on our website for Form OQ-2, Estimated Tax Vouchers – Businesses.

Line 15: Line 13 less Line 14.

Line 16: The taxpayer's estimated liability is to be paid in 4 equal installments. Multiply Line 15 x 25% (0.25).

Line 17: If Line 11 shows tax due, add Lines 11 and 16. If Line 11 reflects an overpayment, enter line 16 only.

PAYMENTS

Checks should be made payable to the "City of Oakwood." See page 1 of the instructions for online payments.

PAGE 2, SCHEDULE X

Line 1: Enter federal taxable income as indicated.

Line 2: Enter the sum of items not deductible from Line 6.

Line 3: Enter the sum of items not taxable from Line 7.

Line 4: Line 2 less Line 3.

Line 5: Line 1 plus or minus Line 4.

Line 6: Enter the non-deductible items for which you have claimed a deduction on your federal return.

Line 7: Enter the non-taxable items which were taxed on your federal return. Please note that royalty income derived from interests in land the rents/royalties derived therefrom does not qualify as intangible income. Other non-taxable items are only permitted in accordance with Ohio Revised Code Section 718. Do not include any adjustments for federal credits (Work Opportunity credit, etc.)

PAGE 2, SCHEDULE Y

Complete Schedule Y for all existing factors. Column A relates to total property, wages and gross receipts, per your federal return. Column B should be completed for property situated, compensation paid to W-2 employees for services performed, and gross receipts from sales made or services performed in the City of Oakwood

STEP 1: List the average original cost of real and tangible personal property owned by the taxpayer. Add rents deducted on your federal return x 8.

(continued)

Line 14: Enter the amount of your prior year carryover credit from Line 12b.

PAGE 2, SCHEDULE Y (continued)

STEP 2: List the wages, salaries and other compensation paid to W-2 employees for services performed. Do not include compensation from which taxes were not required to be withheld under Ohio Revised Code Section 718.011. Excluded wages are to be listed on Line 8 below. Do not include amounts paid for sub-contracted labor or amounts paid for leased employees.

STEP 3: List the gross receipts from sales made or services performed.

STEP 4: Add the percentages from Steps 1-3.

STEP 5: Divide Step 4 by the number of factors used to obtain the average percentage. (For example, if all three factors are used, divide by 3. If -0- wages were deducted on the federal return (the wage factor would not be utilized) and you would divide by 2.)

Enter result on Page 1, Line 4

OTHER INFORMATION

Line 8: List the compensation for which taxes were not required to be withheld under Ohio Revised Code Section 718.011 and have been excluded from Step 2, Columns A and B.

Line 9: If services are provided by leased employees, attach a statement to your return listing the name, address and federal identification number of the leasing company.