

CITY OF OAKWOOD 2014 INCOME 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 business entity** conducting activities or producing income within the City, 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 the City.
- 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 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:** Extension requests must be submitted **ON OR BEFORE THE ORIGINAL DUE DATE OF THE RETURN**. Payment of the estimated tax liability must accompany the extension request as an extension of time to file is not an extension of time to pay the tax due.
- DECLARATIONS:** Every person who anticipates the receipt of any taxable income from which the tax is not fully withheld, or who engages in any business, profession, enterprise or activity subject to the tax, must file a Declaration of Estimated Tax. First quarter declaration for 2015 is calculated on the 2014 tax return. Second quarter is due July 31, 2015; third quarter is due November 2, 2015; fourth quarter is due February 1, 2016. Vouchers for 2nd, 3rd and 4th quarter payments will be mailed separately for individuals using the Oakwood tax form.
- TAXABLE INCOME:** 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, conducted either: a) by or on behalf of residents of the City of Oakwood, regardless of where such income is derived, or b) by non-residents within or for the City of Oakwood; net profits of all corporations derived from work done or services performed or rendered and business or other activities conducted in or for the City of Oakwood.
- 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, gains from involuntary conversions, and cancellation of indebtedness. The income of religious, fraternal, charitable, or other nonprofit associations is also exempt.
- 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 computed on the taxpayer's federal tax return. Meals and entertainment expenses are limited in accordance with federal regulations. One-half of the social security tax paid by a self-employed individual is not an allowable deduction. Payments or contributions to IRA, Keogh, 401(k) and other deferred compensation plans are not deductible.
- ATTACHMENTS:** Page 1 of your federal return and verification for each income, loss or deduction item reported on the return should be attached. (For example: Form 1040, W-2 wage statement, Schedule E, Schedule K-1, Schedule A, Form 2106, federal schedules, etc.)
- PENALTY AND** **Late filing penalty** shall be assessed on any return or incomplete return filed after the due date, or extended due date. The amount of the penalty shall be \$25 for any return filed within 1-30 days, \$50 thereafter, whether or not any tax is due.
- Underpayment penalty** of 0.5% per month or portion of month, or 10% whichever is greater shall be assessed on any tax balance remaining unpaid after the April 15 due date.
- Interest** of 1.5% per month or portion of month shall be assessed on any tax balance remaining unpaid after the April 15 due date.
- PAYMENTS:** Payment in full is due 04/15/15. 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.

INSTRUCTIONS FOR PREPARING OAKWOOD INCOME TAX RETURN

HEADING: 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: List all compensation earned as an employee (attach W-2 forms.) Use highest figure on W-2 (typically Box 5 of W-2).

LINE 2: Enter total income from Section A on Page 2:

SECTION A: Profit or Loss from Business or Profession – To be completed by all residents engaged in a sole proprietorship regardless of location, resident business entities, and non-resident entities doing business in Oakwood. If you have more than one business a separate Section A 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.

SECTION B: Reconciliation with Federal Income Tax Return – This schedule is to be used to adjust the net income of businesses to the city taxable income.

SECTION C: Business Allocation Formula – This schedule is to be used by corporations, non-resident sole proprietorships, partnerships, professionals and other entities doing business within and outside of the City if actual records of the business are not maintained in the City. (This schedule does not apply to Oakwood residents, as entire earnings are taxable to their resident city, regardless of where earned.)

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 A, Line 5).....	\$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. Total Lines 10(A) and 10(B).

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

A. Enter overpayment from prior year.

LINE 12: Enter amount you wish to pay on Declaration (NOT LESS THAN 1/4 OF LINE 11 LESS LINE 11(A).) Quarterly bills will be sent for balance of estimate due.

LINE 13: Total Lines 8 and 12.

SIGN AND DATE THE RETURN. IF THE RETURN IS NOT PREPARED BY TAXPAYER, THE PREPARER ALSO SIGNS. ATTACH VERIFICATION OF EACH INCOME OR LOSS ITEM REPORTED ON THE RETURN. PLEASE INCLUDE A COPY OF FRONT PAGE OF FEDERAL RETURN. MAIL THE ORIGINAL RETURN TO THE TAX OFFICE. KEEP A COPY OF THE RETURN FOR YOUR RECORDS.