2014 GENERAL INFORMATION

WHO MUST FILE

ALL RESIDENTS

- All persons eighteen (18) years of age or older living in Tipp City whether any income is earned or any tax is due.
- All residents 16 or 17 years of age ONLY if tax is due.
- Entities (such as corporations, partnerships, proprietors, etc.) physically located or doing business in Tipp City.
- Persons or entities earning income in Tipp City that are not fully withheld.

NON-RESIDENTS
ALL PART-YEAR RESIDENTS

- Persons who have lived in Tipp City only a portion of the tax year must file a return. Income, deduction and credits should be allocated on a pro rata basis if actual income figures are unavailable.

FILING INFORMATION

DUE DATE: All tax returns must be filed before midnight, April 15th following the close of the calendar year. Fiscal year taxpayers must file on or before the 15th day of the fourth month following the end of the fiscal year.

DOCUMENTATION: All income, credits and deductions must be substantiated by copies of W-2s, Form 1040, 1040A, 1040EZ, federal schedules and local tax returns. Those taxpayers claiming deductions for commissions paid, contract labor, rents, royalties, fees, etc.. must provide a separate schedule showing name, address, social security number and amount paid for work done in Tipp City. Copies of 1099s issued can be sent in lieu of the schedule. If no amounts were paid for work in Tipp City, it should be so stated on the schedule.

FILING STATUS: Joint or separate returns are permissible for married taxpayers. However, the tax due is the same regardless of the filing status.

TAXABLE INCOME: Taxable income includes, but is not limited to: salaries, wages, commissions and other compensation. Other compensation would include, but is not limited to: bonuses, stock options, incentive payments, directors fees, property in lieu of cash, tips, dismissal or severance pay, vacation and sick pay, wage continuation plans, gambling and lottery winnings, and other compensation earned, received or accrued. Also, the net profits from associations, unincorporated business entities, incorporated business entities, pass-through entities, professions and other entities, royalty, rental and farm income, section 291gains and other ordinary income are included.

NON-TAXABLE INCOME: Non-taxable income includes interest, dividends, capital gains, unemployment compensation, worker's compensation, ADC, child support, retirement pensions, social security benefits, alimony, annuities, active military pay, insurance proceeds (individuals only) and income from which Tipp City is specifically prohibited from taxing.

LOSSES: Business losses of Tipp City residents may be used to offset earned income when the losses are incurred in Tipp City or in a jurisdiction having a tax rate less than 1.5%. When such losses are incurred in another city, only the portion of the loss attributable to the difference in tax rates may be used as an offset. The actual location of the loss must be considered when determining if a loss is allowable.

NON-DEDUCTIBLE EXPENSES: The following expenses are not deductible: 1/2 Self Employment Tax; Self Employed Health Insurance Premiums; Greater than 2% S-Corp owner Health Insurance Premiums; the Federal Non-Deductible Portion of Meals and Entertainment; net operating loss carry-forwards/carry-backs.

PASS-THROUGH ENTITIES: If a Pass-through Entity (S-Corporation, Partnership, LLC, LLP, Trust, etc…) is located or does business in Tipp City, the Entity must file a separate tax return, and report any profit or loss.

Effective January 1, 2003, a Tipp City resident's distributive share of the net profits earned, accrued or received from a Pass-through Entity (S-Corporation, Partnership, LLC, LLP, Trust, etc…), which is **not** located, or does **not** do business, in Tipp City, is no longer taxable. Gains and/or losses from a Pass-through Entity Form K-1 should **not** be reported on a Tipp City resident's personal tax return.

RETIREMENT PLANS: No deduction is allowed for IRA, Keogh, 401K Plans, Tax Shelter Annuities, deferred compensation or similar retirement plans.

REFUNDS: Refunds are allowed only when city income tax has actually been paid to or withheld for Tipp City. No refund under $5.01 will be issued. No refund will be issued or overpayment allowed until all provisions of the Tax Ordinance have been complied with. No refund will be processed that is requested because tax was withheld and paid to another city at a higher rate than 1.5%. Returns so submitted will be adjusted without notification to the taxpayer.

PENALTY AND INTEREST: Returns received after April 15, 2015 or after the 15th day of the fourth month after the end of a fiscal year will be assessed interest and penalty on any unpaid tax liability. Interest will be assessed at the rate of one (1%) per month or any part thereof and penalty will be assessed at the rate of ten percent (10%) of the tax due. In addition, any return without an approved extension received after the filing date will be assessed a Late Filing Fee of **$20.00** even if no tax is due.

COMPLETE RETURN: Print current name(s) and address (list both names if filing a joint return). All returns should indicate Social Security Number(s) or Federal Identification Number and any change in address and date moved, if applicable.

CREDITS: Credit is allowed for taxes paid to another city for income earned in another taxing jurisdiction (resident only). The credit may not be the actual amount of tax you paid. **THE CREDIT IS REDUCED BY REFUNDS FROM OTHER CITIES.**

TAX RATE 1.5% OR GREATER If income was earned in a city with a tax rate that is 1.5% or greater (for example: Dayton, Oakwood, etc.), determine what part of your total W-2 income had city tax withheld at the 1.5% or greater rate, and multiply those wages by 1.5%. This is your credit. Note: **THIS STEP MUST BE REPEATED FOR EACH CITY ON EACH W-2.**

TAX RATE LESS THAN 1.5%: If income was earned in a city with a tax rate less than 1.5%, your credit is the amount of tax that was withheld (provided the amount withheld was correct and is based on the same income). If business losses are subtracted from income earned in a city with a tax rate less than 1.5%, the percentage owed to Tipp City must be determined.

IF YOUR W-2S ARE MARKED "VARIOUS" OR "ALL CITIES" IN THE LOCAL TAX WITHHELD BOX, YOU MUST REQUEST AN ITEMIZED BREAKDOWN BY CITY FROM YOUR EMPLOYERS. YOU MUST ATTACH THIS TO YOUR RETURN.

2014 INSTRUCTIONS FOR PREPARING YOUR TIPP CITY INCOME TAX RETURN

SECTION A INSTRUCTIONS

TO BE COMPLETED BY TAXPAYERS WITH ONLY RETIREMENT OR OTHER NON-TAXABLE INCOME.

Complete Section A only if you (and spouse if filing jointly) meet the following requirements:
a. only income is retirement benefits
b. only income is from non-taxable source
c. only income is active military pay
d. taxpayer is under 18 years of age

If you are filing a joint return and only one spouse meets these requirements, DO NOT complete this section - go to Section B.

After completing this section go directly to Section D.

SECTION B INSTRUCTIONS

List W-2s received as an employee. For each W-2 enter employer's name, city where you actually performed work, amount of Tipp City tax withheld, credit for tax paid to another city and qualifying Medicare wages.

LINE 1 - Add Tipp City tax withheld, other tax withheld, qualifying (Medicare) wages and enter totals in the appropriate boxes.

IF THE TAXPAYER'S ONLY INCOME IS FROM W-2 WAGES PROCEED TO LINE 4.

LINE 2A - Enter total business income from Section E page 2 and attach copy of Federal Schedule C, F, Form 1065, 1120, 1120S.

LINE 2B - Enter total rental and royalty income from Section F page 2 and attach Federal Schedule E.

LINE 2C - Enter total Other Income (or 2106 Expenses less 2% AGI) from Sections G and H and attach Federal Schedules, 1099 or 2106 forms & Schedule A.

LINE 2D - Total lines 2A, 2B, and 2C.

LINE 3 - Enter adjustment from Schedule X page 2 (USED BY BUSINESSES ONLY - NOT TO BE USED BY INDIVIDUALS).

LINE 4 - Enter total income (box 1-C, line 2D and line 3).

LINE 4A - Enter amount from Business Allocation Formula, page 2, Section Y, Step 5.

LINE 5 - Multiply line 4 or 4A by 1.5%.

TAX CREDITS

LINE 6A - Enter total Tipp City tax withheld by employer (total box 1-A).

LINE 6B - Enter credit for tax paid to another city (total box 1-B). Cannot exceed 1.5% of each wage.

LINE 6C - Enter total of estimated payments plus any credit from a prior year overpayment.

LINE 6D - Enter total of lines 6A, 6B, and 6C.

LINE 7 - Line 5 minus Line 6D. If line 5 is greater than line 6D a balance is due. A check must accompany this return. If the balance is less than $5.01 you do not have to pay but you must still file a return. Make all checks payable to Tipp City Tax Department.

LINE 8 - If return is filed after April 15th add penalty, interest and late filing fee. Penalty is 10% of tax due and interest is 1% of tax due multiplied by the number of months the return is late. THE LATE FILING FEE IS $20.

LINE 9 - Enter total of Line 7 and Line 8.

LINE 10 - If Line 6D is greater than Line 5 the difference should be entered here. Indicate if the amount should be refunded or credited to next year's tax liability.

NOTE: No refund will be issued or overpayment allowed until all provisions of the Tax Ordinance have been complied with. NO REFUND WILL BE ISSUED FOR AMOUNTS LESS THAN $5.01.

SECTION C INSTRUCTIONS

DECLARATION OF ESTIMATED INCOME

WHO MUST FILE
(A) EVERY RESIDENT of Tipp City who expects to receive taxable income wherever earned, from which the city income tax is not fully withheld.

(B) EVERY NON-RESIDENT of Tipp City who expects to receive taxable income earned or derived from work or services performed within Tipp City from which Tipp City tax will not be withheld.

(C) EVERY BUSINESS ENTITY such as corporations, partnerships, fiduciary or active trusts, unincorporated businesses or professional entities conducting activities or producing income within Tipp City.

Estimates must be filed on or before April 15th of the tax year. Fiscal year taxpayers shall file on or before the 15th day of the fourth month following the beginning of their fiscal year.

PAYMENT OF ESTIMATED TAX
Returns covering estimated tax must be filed to equal no less than ninety percent (90%) of the actual tax due. The due dates for individual estimated tax payments are 4/15, 7/31, 10/31 and 1/31 of the following year. Non-individual due dates for estimated tax payments are 4/15, 6/15, 9/15 and 12/15. Fiscal year taxpayers shall substitute the months which correspond to the months shown above for non-individuals. The estimate may be amended at the time of making any quarterly payment.

An amended declaration must be filed on or before January 31 of the following year, or in the case of a fiscal year on or before the last day of the 13th month following the beginning of such fiscal year, if it appears that the original declaration made for such taxable year underestimated the taxpayer's income by more than ten percent (10%).

If upon filing the final return it appears that the taxpayer did not pay at least ninety percent (90%) of his tax liability by January 31 (December 15 for non-individuals), the difference between ninety percent (90%) of the final tax due and the actual amount of estimated payments made shall be subject to the interest and penalty provisions of the Ordinance.

LINE 11 - Multiply total estimated income for 2015 by 1.5%. Include all income subject to Tipp City tax such as salaries, wages, commissions, net income from business and professional and rental activities.

TAX CREDITS

LINE 12A - Enter Tipp City tax withheld by employer.

LINE 12B - Enter any tax paid to another city (cannot exceed 1.5% of each wage).

LINE 12C - Enter total of lines 12A and 12B.

LINE 13 - Subtract Line 12C from Line 11.

LINE 14 - Enter the 2014 overpayment which you request be applied to 2015 tax.

LINE 15 - Enter amount you are paying, must be at least 1/4 of Line 13.

LINE 16 - Enter balance of Line 13 minus Line 14 and Line 15.

LINE 17 - Total of Line 9 tax due and Line 15 amount paid with estimate.

SECTION D INSTRUCTIONS

The taxpayer (and spouse if filing a joint return) must sign and date the return. Tax preparers, other than the taxpayer, should also sign and date return.

SECTIONS E, F, G AND H

These sections need only be filled out by those taxpayers who are reporting on income other than W-2 wages.

EXTENSION FORM
Extension form must be completed and returned by **April 15th** for an extension to be allowed.