

2015 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 in or doing business in Tipp City.
- NON-RESIDENTS: – Persons or entities earning income in Tipp City that are not fully withheld.
- ALL PART-YEAR RESIDENTS: – Persons who have lived in Tipp City only a portion of the tax year must file a return. Income, deductions and credits should be allocated on a pro rata basis if actual income figures are unavailable.

FILING INFORMATION

- DUE DATE: Calendar year 2015 returns must be filed or postmarked on or before April 18, 2016 (unless on extension). Fiscal year tax returns must be filed or postmarked on or before the 15th day of the fourth month following the end of the fiscal year (unless on extension).
- 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 291 gains 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 duty 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 in 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 in nor does business in Tipp City, is no longer taxable. Gains and 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, 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 or credit 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%. Such returns will be adjusted without notification to the taxpayer.
- PENALTY AND INTEREST: Returns received after April 18, 2016 or after the 15th day of the fourth month after the end of the fiscal year (unless on extension) will be charged interest and penalty on the balance due. Interest will be calculated at the rate of one percent (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 charged a late filing fee of \$20 even if no tax is due.
- COMPLETE RETURN: Print name (list both names if filing a joint return) and current address. All returns should indicate Social Security number(s) and date of birth for individuals or the FEIN for businesses. If you moved during the year indicate prior address and date moved.
- CREDIT FOR TAXES PAID TO ANOTHER CITY: Credit is allowed for taxes paid to another city for income earned in that 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.**
- CREDIT WHEN TAX RATE IS GREATER THAN 1.5%:
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.**
- CREDIT WHEN TAX RATE IS EQUAL TO OR LESS THAN 1.5%:
If income was earned in a city with a tax rate equal to or 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-2 IS 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.

2015 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.

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

Complete Section A only if you (and spouse if filing jointly) meet the following requirements:

- only income is retirement benefits
- only income is from non-taxable source
- only income is active duty military pay
- taxpayer is under 18 years of age and is fully withheld

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 wages (which is generally Medicare wages located in box 5 of your W-2).

Line 1 – Add Tipp City tax withheld, other tax withheld, qualifying wages and enter totals in the appropriate boxes.

IF THE TAXPAYER'S ONLY INCOME IS FROM W-2 WAGES PROCEED TO LINE 3.

Line 2A – Enter total business income from Section E page 2 and attach copy of Federal Schedule C, F, Form 1065, 1120 or 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 – Total income – Individual filers should use the total of line 1-C and line 2D. Business filers should use the total from line 3, Section X on page 2.

Line 3A – (FOR BUSINESS FILERS ONLY) Enter the amount from the business allocation formula, page 2, Section Y, step 5.

Line 4 – Multiply line 3 or 3A by 1.5%.

TAX CREDITS

Line 5A – Enter total Tipp City tax withheld by employer (total box 1-A).

Line 5B – Enter credit for tax paid to another city (total box 1-B).

Line 5C – Enter total of estimated payments and/or prior-year credit.

Line 5D – Enter total of lines 5A, 5B, and 5C.

Line 6 – Enter sum of line 4 less line 5D. If line 4 is greater than line 5D a balance is due. If line 5D is greater than line 4 you have overpaid. Note: If the

balance due is less than \$5.01 no payment is due and if the overpayment is less than \$5.01 no refund or credit will be issued. In any event, you must file the annual Tipp City income tax return even if there is no tax due or overpayment claimed.

Line 7 – Returns filed late with no tax due will only need to add the \$20 late filing fee. If the return is filed late and there is a balance due add penalty, interest and the \$20 late filing fee. Penalty is 10% of the tax due (line 6 of return). Interest is 1% of the tax due (line 6 of the return) multiplied by the number of months or fractions of a month the return is late. The late filing fee is \$20.

Line 8 – Enter total of line 6 and line 7. If payment is due, make your check or money order payable to TIPP CITY TAX.

Line 9 – If line 5D is greater than line 4 the difference should be entered here. Indicate the amount of the overpayment that is to be refunded/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 OR CREDIT WILL BE ISSUED FOR AMOUNTS LESS THAN \$5.01.

SECTION C INSTRUCTIONS

NEW FOR 2016-PER HOUSE BILL 5

- A 2016 declaration of estimated tax is required to be filed by every taxpayer.**
- The 2016 declaration of estimated tax threshold increased from \$100 to \$200.**
- The 2016 due dates for individuals' estimated payments are now 4/18, 6/15, 9/15 and 12/15.**

WHO MUST FILE A DECLARATION

- (A) Every resident of Tipp City who expects to receive taxable income wherever earned, from which the city income tax is not fully withheld and the amount payable as estimated taxes is at least two hundred dollars for the year.
- (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 and the amount payable as estimated taxes is at least two hundred dollars for the year.
- (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 and the amount payable as estimated taxes is at least two hundred dollars for the year.

DUE DATES FOR DECLARATION PAYMENTS

The due dates for residents, non-residents and business entities are now the same. The quarterly payments are due on or before April 18th, June 15th, September 15th and December 15th. The Tipp City tax department does send quarterly statements for the 2nd, 3rd and 4th quarters if a declaration has been filed and the tax due for the quarter exceeds \$10.

AMENDED DECLARATIONS

A taxpayer may amend their declaration at any time. The amendment can be reported on the quarterly statement or by calling the income tax department at 937-667-8426.

UNDERPAYMENT PENALTIES

A taxpayer who is required to file and make estimated payments, may be subject to underpayment penalties if they do not have ninety percent (90%) of their tax liability for the taxable year paid on or before the due date of the last quarterly payment.

Line 10 – Estimate your total Tipp City taxable income for the year and multiply that figure by 1.5%. Enter the amount on line 10.

Line 11A – Enter the amount of anticipated Tipp City income tax to be withheld by your employer.

Line 11B – Enter the amount of credit for taxes paid to the work city. Note: credit is limited to 1.5% of the work city wages. For example, you earn \$10,000 in a work city which has an income tax rate of 2%. Your employer withholds and remits \$200 to the work city. However, the amount of credit that you can claim on your Tipp City return is limited to Tipp City's income tax rate of 1.5% of the work city's wages, or in this example \$150. The credit is limited because the work city keeps the tax withheld and remits none of that money to Tipp City.

Line 11C – Enter the amount of credit from a prior tax year.

Line 11D – Enter total credits (total of lines 11A, 11B and 11C).

Line 12 – Total estimated tax liability (line 10 less line 11D).

Line 13 – Multiply amount reported on line 12 by 90%. Note: if the result is less than \$200 estimated payments are not required, but may still be filed and paid.

Line 14 – Amount paid with this declaration (not less than 25% of line 13).

Line 15 – Balance of estimated taxes (line 13 less line 14) due quarterly on 6/15, 9/15, and 12/15.

Line 16 – Total due with this form (total of Section B, line 8 and Section C, line 14).

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.