

2018 VILLAGE OF JEFFERSON INCOME TAX INSTRUCTIONS

27 E. Jefferson Street
Jefferson, OH 44047
(440) 576-3947

www.jeffersonohio.us

Office Hours: Monday through Thursday 8:00AM to 4:30PM and Friday 8:00AM to Noon

These are Basic Instruction for the preparation of the Annual Income Tax Return and Estimated Tax Payments.

MANDATORY TAX FILING-ALL RESIDENTS AND PART YEAR RESIDENTS of Jefferson, Ohio eighteen years of age or older are required to file an Annual Tax Return with the Village of Jefferson Income Tax Dept.

RETIRED AND TAXPAYERS WITH NO TAXABLE INCOME-Retirees must complete our exemption certificate to be exempt from filing. Individuals with no taxable income are still required to file just check the category that applies to you, sign the form and file with the Tax Department. (Contact our office if you need assistance.)

The Tax Rate for Tax Year 2018 is 1.5%

BEFORE PREPARING YOUR RETURN-Please review the instructions and the following points:

- **ATTACH ALL REQUIRED FORMS** (Federal 1040 and any corresponding schedules), W-2, 1099)
- **SIGN THE RETURN** (taxpayer and spouse must both sign a joint return)
- **INCLUDE PAYMENT** of any tax due (late payment is subject to penalty and interest charges)
- **FILE YOUR TAX RETURN or your FILING EXTENSION REQUEST** by April 15th or the Federal Due Date. (The Late Filing Penalty is \$25.00 per month-maximum \$150.00)
- **CONTACT OUR OFFICE** if you need assistance

GENERAL INSTRUCTIONS

1. WHO MUST FILE: MANDATORY FILING

Resident individuals 18 years of age or older are required to file regardless of income. Partnerships, corporations and any other entity having income taxable by the Village of Jefferson from which total Village income tax due has not been fully/correctly withheld, and/or who engage in a business or profession in or outside the Village of Jefferson regardless of whether the business showed a profit or a loss. Nonresident individuals, partnerships, corporations and any other entity having earned income in the Village of Jefferson from which total Village income tax has not been fully withheld and/or who is engaged in business or profession in the Village of Jefferson whether the business showed a profit or loss; or any individual, partnership, corporation, or other entity owning property in the village.

2. WHEN AND WHERE TO FILE RETURNS:

The **FILING DUE DATE** is April 15th or the Federal Due Date. Businesses filing on a **FISCAL YEAR**, must file within 1-5 days following the end of the period.

The return should be filed with the Income Tax Department at the address shown on the return. Checks or money orders should be made payable to Village of Jefferson. Total amount due must be paid when filing this return. No payment due or refund paid if balance is less than ten dollars (\$10.00). The inability to pay taxes owed should not preclude the timely filing of this return.

3. EXTENSION OF TIME TO FILE:

If the deadline to file cannot be met, an automatic extension will be granted if taxpayer received an extension on his federal return. If an extension was not requested or received for federal purposes, a taxpayer may still request an extension to file his city tax by sending a request to the Tax office by the unextended due date. An extension of time to file is not an extension of time to pay. A copy of the extension must be attached to the return when filed or the return will be considered late and a late filing penalty applied.

4. PENALTY AND INTEREST

Except in those cases where an extension was filed, a late fee of \$25.00 per late month or fraction of a month up to a maximum of \$150.00 shall be due on returns filed after the due date, even when no tax is due. A late payment penalty of 15% of any balance due that remains unpaid after the due date will also be charged unless estimated tax payments of at least 90% of the entire liability has been paid by Dec. 15th (businesses) or Jan. 15th (individuals) of the period covered by the return. Interest will be charged from the original due date of the return until the date of actual payment. See ORC

5. DECLARATION OF ESTIMATED TAX FOR THE FOLLOWING YEAR:

Every taxpayer who anticipates any income or net profits not subject to total withholding of \$200 or greater shall file with the Village a **declaration of estimated tax**. The first installment must accompany the declaration. Individual filers shall file a declaration of estimated tax and remit payment of the first installment on or before April 15. Remaining quarterly installments should be paid on or before June 15, September 15, and December 15 (businesses) or January 15th (individuals). Any declaration of estimated tax that does not meet the payment requirements shall not be considered filed in good faith and shall be subject to penalty and interest.

6. TAXABLE INCOME

Income subject to taxation includes gross salaries, wages, commissions, bonuses, temporary disability income (not to include Worker's Compensation, SSI benefits, or insurance paid for by the employee), incentive payments, and other compensation.

- A. For **RESIDENTS**, taxable income also includes net profits of all unincorporated businesses to include rentals, farm income, sole proprietorships, and the distributive share of resident and non-resident partnership income which is not subject to payment by the partnership. These profits are taxable if they are from services rendered within or outside the Village of Jefferson.
- B. Income from unincorporated businesses shall be deemed to mean the net profits arising from a business or profession where so ever conducted.
- C. For **NONRESIDENTS**, income listed as taxable in the preceding paragraphs are taxable if the income is from services rendered and/or other activities conducted in the Village of Jefferson.
- D. Business and/or Rental losses may be carried forward for five (5) years. A loss may offset a gain as long as they are both in the Village. However, a loss may never offset a gain in another city. Business or Rental losses may not be used to offset wages earned.

Income subject to taxation includes the net profits earned of all corporations derived from work done or services performed or rendered and business or other activities conducted in the Village of Jefferson.

7. TAX CREDIT

Jefferson residents who have earned income in another city and pay local tax in that city. For the Tax Year, credit will be granted up to the Jefferson 1.50% Tax Rate for the full year. Supporting detail is required such as copies of all W-2's showing the taxable wage and taxes paid to cities or provide a copy of the tax return filed with the other city along with any supporting information.

8. RETIREES

As a convenience to retirees, the Village of Jefferson Income Tax Division, with approval of the Village of Jefferson Council, will allow retirees who receive only non-taxable income such as: Social Security, Pension, Dividends or Interest to file an "Exemption Certificate". In order to qualify for this exemption you must complete the **Retiree Exemption Certificate for Retired Individuals**. This form is available online.

9. PAYMENT BY CREDIT CARD

Village of Jefferson Income Tax payments can be made by Credit/Debit Card. Payments can be made in person, online or by telephone.

TO PAY BY CREDIT CARD
Visit www.officialpayments.com
Or call 1-888-272-9829
Use jurisdiction code 8447

"Official Payment Corporation" charges a nominal fee for this service

If you have any problem with your credit card payment call 1-866-487-4567

INDIVIDUALS-RETIRED OR WITH NO TAXABLE INCOME

- COMPLETE NAME, ADDRESS AND SOCIAL SECURITY #.
- INDICATE RESIDENCY STATUS
- TO MEET THE CITY MANDATORY FILING REQUIREMENT- REVIEW THE CATEGORIES IN THIS SECTION

If any category applies to you and/or your spouse for the ENTIRE YEAR, follow these instructions:

1. Place an X in the TAXPAYER box that applies, and explain as required.
 2. **Attach a copy of your 1040 and any corresponding schedules**
 3. **JOINT FILERS**-Place an X in the SPOUSE box that applies and explain as required. If You and Your Spouse has earned income, follow the Instructions for Individuals with Taxable Income.
 4. Sign the tax return.
 5. FILE WITH THE JEFFERSON TAX DEPARTMENT-Tax returns filed late are subject to the \$25.00 late filing penalty per month, up to six months, maximum \$150.00 (even when no tax is due) line 9b.
- **CATEGORY DESCRIPTIONS**
 1. **RETIRED**-For the entire year only: Social Security, Pension, Interest, or Dividend income, taxpayer is not self employed and does not own rental property. (You must complete a Retiree Exemption Certificate to be exempt from filing a return)
 2. **NON-TAXABLE INCOME**-The only income received during the entire year was from unemployment, welfare, ADC, SSI, etc.-indicate source
 3. **UNDER AGE 18**-Jefferson applies to persons age 17 and under
 4. **ACTIVE DUTY MILITARY**- Only if active duty member of U.S. Armed Forces for the entire tax year.
 5. **DECEASED**-Indicate date-list any taxable income on lines 1 and 2.

INDIVIDUALS-WITH TAXABLE INCOME

- COMPLETE NAME, ADDRESS AND SOCIAL SECURITY #.
- INDICATE RESIDENCY STATUS.
- **Attach a copy of your Federal 1040 with any corresponding schedules**
- LIST TOTAL QUALIFIED WAGES on line 1 (attach W-2's)
- **OTHER INCOME**- If you have income other than reported on form W-2, complete Page 2 (Schedules C, E, G, and H), return to Page 1 and line 2, total income, and compute tax due. (Attach a copy of any Federal Schedules used.)
- **CREDITS**-Line 8c Credits -Apply only to Jefferson residents.
NOTE: Credit is not permitted for any amount refunded by city of employment.
- **COMPLETE** the DECLARATION OF ESTIMATED TAX section.
- **GRAND TOTAL**-Pay the total amount due
- **SIGN** the tax return
- **FILE WITH THE JEFFERSON TAX DEPARTMENT**-Tax returns filed late are subject to penalty and interest charges (even when no tax is due) line 9b

BUSINESS-NET PROFITS

CORPORATIONS, PARTNERSHIPS, LLCs, ESTATES, TRUSTS, ACCOCIATIONS AND OTHER BUSINESS Entities

Net profits determined on basis of information used for Federal Income Tax purposes, reconciled to City Taxable Income.

- COMPLETE NAME, ADDRESS, FED ID#, INDICATE RESIDENCY STATUS
- Page 1-Line 2-enter Adjusted Federal Taxable Income (before Net Operating Loss and Special Deductions) Attach a complete copy of the Federal Return
- Reconcile this income using SCHEDULE X on page 2. Adjustments are reported on page 1 lines 4a and 4b.
- Follow Line instructions to calculate the Tax Due on Line 10
- Complete the DECLARATION OF ESTIMATED TAX section
- **GRAND TOTAL**-pay the total amount due
- Include a listing of all subcontractors who worked in Jefferson throughout the year.

SCHEDULE C -PROFIT/LOSS FROM BUSINESS/PROFESSION:
Attach Federal Schedule C. If you operate more than one business, and maintain separate books, a copy of Schedule C should be attached for each business, and the total entered on line 18 (page 2). Include a listing of all subcontractors who worked in Jefferson throughout the year.

SCHEDULE E -INCOME FROM RENTS:
Residents of Jefferson are subject to the City Income Tax on the net profits of all rental property, regardless of location.

Nonresidents of Jefferson are subject to tax on the portion of such net profit earned from property located in Jefferson.

Attached Federal Schedule E, and enter total on line 19.

SCHEDULE G -ORDINARY INCOME:
Gain on the disposition of certain depreciable property results in ordinary income subject to the municipal income tax. Federal form 4797 sets out these items and depreciation recaptured which is treated as ordinary income.

SCHEDULE H-OTHER INCOME
Taxable income includes: income from estates, trusts and partnerships (if not paid by the partnership entity), fees, tips, gifts, gaming, wagering, lottery, employee business expenses not included in form W-2. Enter total on line 21.

BUSINESS LOSSES:
The net loss from an unincorporated business activity may not be used to offset salaries, wages, commissions or other compensation. Starting in 2018, losses from the tax years beginning on or after 1-1-17 can be used at 50% for 5 years. A NOL schedule must accompany this return.

SCHEDULE X:
This schedule is used to adjust the Federal Net Income to the Jefferson Taxable Income.

SCHEDULE Y-BUSINESS APPORTIONMENT FORMULA:
For partnerships, Corporations, fiduciaries, associations and nonresident business entities doing business within and outside of Jefferson. If the taxpayer did not have a place of business outside Jefferson during the filing period, the business allocation percentage is 100%.

SCHEDULE Z-PARTNERS DISTRIBUTIVE SHARE OF NET INCOME:
All partnerships and S-corporations must complete this section.