

INDIVIDUAL RETURN INSTRUCTIONS

TAX FORMS:

2011 Income tax filing forms are available on the city website at www.cityofdefiance.com. Click on Income tax, then Tax Forms. Standard forms are available to be printed and completed manually. Fill-in tax forms can be completed on your computer, which calculates your tax and when completed can be printed. All W-2 forms and supporting documentation must be attached. Mail forms to **Defiance City Income Tax, P.O. Box 669, Defiance, OH 43512** or bring to the office at 324 Perry St., Defiance, OH. If you need Assistance with your filing, bring your income information to our office and we will be happy to complete your filing for you.

This form is to be used by individuals who receive income reported on federal forms W-2 or

1099-MISC or schedules C, E, F or K-1. Please send us a copy of all federal forms used to compute your local tax. Individuals who file as Sole Proprietors or Single Member LLC should also use this form.

(If there are more than 6 W-2 forms to enter you will need to download a tax return from the website www.cityofdefiance.com instead of using the fill-in calculated return. Additional W-2 forms will need to be shown on a separate sheet of paper attached to the return and the total brought forward to line 1 of the front page of the return.)

GENERAL INFORMATION:

1. "Qualifying wages" generally include amounts reported in the Medicare wage base (the amount in Box 5 on the W-2) and compensation of pre-1986 employees exempt from Medicare that is not in the Medicare wage base solely because of the Medicare grandfathering provision.
2. Third party sick pay shown on a W-2 form is subject to city income tax but is not required to be withheld by the employer.
3. Income tax returns are required to be filed by every resident in the City of Defiance that is 18 years of age or older even though no additional city tax is due.

Only those that have been exempt by the tax office are not required to file.

WORKSHEET A – TAX CALCULATION

Column 1: Enter name of employer

Column 2: Enter city where employed

Column 3: Enter qualifying wages.

Column 4: If you have Employee Business Expenses, attach Federal Sch. A & 1040 pages 1 & 2 and Form 2106
Form 2106 is reduced by 2% of AGI.

Column 5: Enter Defiance city tax withheld

Column 6: Enter other city tax withheld

Column 7: If other city tax rate is higher than 1.5% the tax tool will calculate so as not to exceed 1.5% allowable credit... If other city tax rate is lower than 1.5% column 7 will show amount in column 6 for allowable credit.

Line G7: This column will total other city tax withheld and carry over to Page 1, line 12.

WORKSHEET B – TAX CALCULATION

Schedule-Business Income: Residents are subject to Defiance tax on all business income no matter where earned. Non-residents of Defiance must multiply the net profit or loss from each Schedule C using the apportionment percentage derived on Schedule Y to determine the Defiance Taxable Income (loss). Combine the profits and losses from all businesses reported on Schedule C.

Schedule E-Rental Income: Defiance residents report all profits or losses from rental property no matter where property is located. Non-residents of Defiance report profits or losses only on properties located within Defiance. Total monthly rents collected must exceed \$100 per month for this activity to be classified as a business (taxed on income or eligible to deduct losses).

Schedule K-1-Partnership Income: The tax is levied on the partners, members or other owners of a flow-through entity excluding S-Corporations. Businesses operating in Defiance are required to report the portion of net profit earned in Defiance and to remit the tax on behalf of all their partners.

Residents of Defiance are to report their distributive shares of income or loss that was not withheld by the business. The resident taxpayer may claim a credit for taxes paid to other localities by the business.

Miscellaneous Income: Please provide documentation such as copies of Forms 1099-MISC. even though this amount(s) may be reported on Schedule C. (1099s reporting interest, dividends & retirement income are NOT taxable.)

NOL Carry forwards: Enter the amount of net operating losses apportioned to Defiance and claimed in this tax year. Operating losses may be carried forward for a **maximum period of three tax years**. Losses may offset any profits with the **exception of W-2 income and guaranteed payments to partners**. *An explanatory schedule is required to support the carry forward operating losses claimed on the return.*

Total Income (Loss): Line 6 will calculate Defiance Taxable Income totals 1-5 and will enter on Page 1, line 4.

Schedule Y-Business Apportionment Formula: To be completed by all nonresidents who earn a portion of their net profits in Defiance to determine the percentage of the Defiance portion of: Average original cost of real and tangible property; Total sales regardless of where made; Total compensation **paid** to all employees. If all three steps are used in column A, divide total percentages by 3, if two steps are used, divide by two.

Line 7: This line will show your Defiance taxable income.

Line 8: This line will calculate line 7 by 1.5% (.015).

Line 9: This line will fill-in from Worksheet A, Column G5.

Line 10: Enter prior year credits.

Line 11: Enter estimated tax payments.

Line 12: This line will fill-in from Worksheet A, line G7.

Line 13: Credit for taxes **PAID** (attach other cities return) limit 1.5%.

Line 14: Calculate lines 9-13.

Line 15: Balance Due – fill in will calculate (no tax due if less than \$3.00)

Line 16: Entries made on line a) penalty; b) interest; c) \$25 late filing; will total on line 16

Line 17: Total due will carry down to line 27.

Line 18: Overpayment. If line 8 is less than line 14, enter overpayment.

Line 19: Enter amount from line 18 to be REFUNDED (No refund if less than \$3.00).

Line 20: Enter amount from line 18 to be CREDITED to next year will fill in to line 24.

DECLARATION OF ESTIMATED TAX FOR 2012

Line 21: Enter amount subject to tax. Fill-in will calculate at 1.5%.

Line 22: Enter estimated amount to be withheld or paid to other cities.

Line 23: Estimated tax due will calculate.

Line 24: Credit from line 20 above will be shown.

Line 25: First Quarter Estimate Payment is due with this return by April 16, 2012. We will bill you for the remaining quarterly installments, second quarter due July 31, 2012, third quarter due October 31, 2012, and fourth quarter due January 31, 2013.

Line 26: If line 24 is greater than line 25 enter zero.

TAX DUE

Line 27: This line will show tax balance due from line 17

Line 28: This line will calculate line 26 and 27 showing total amount due.

WHEN RETURN IS COMPLETED PRINT A COPY TO BE SUBMITTED AND A COPY FOR YOUR RECORDS AS YOU WILL NOT BE ABLE TO SAVE. SIGN THE FORM AND ATTACH ALL SUPPORTING FEDERAL SCHEDULES AND W-2 FORMS.



CITY OF DEFIANCE
 TELEPHONE (419) 784-2117
 FAX (419) 784-4858

**INDIVIDUAL
 INCOME TAX RETURN 2011**

FORM D-1040

FORMS AVAILABLE ON INTERNET AT
 www.cityofdefiance.com

OR FISCAL PERIOD _____ TO _____

CALENDAR YEAR TAXPAYERS FILE
 ON OR BEFORE APRIL 16, 2012

PROVIDE NAME AND ADDRESS IN SPACE BELOW

YOUR SOCIAL SECURITY #

____ / ____ / ____

SPOUSE SOCIAL SECURITY #

____ / ____ / ____

PARTIAL YEAR RESIDENT:

DATE MOVED IN: ____ / ____ / ____

DATE MOVED OUT: ____ / ____ / ____

PROVIDE NEW ADDRESS IN FULL _____

TAX DEPARTMENT USE ONLY

Total Paid \$ _____
 Return \$ _____
 Estimate \$ _____
 Refund \$ _____

CASH CK MO CC
 FAX MAIL OPC

Initials _____

FOR TAX DIVISION USE ONLY

W-2 Schedule C K1
 2106 Schedule E _____
 1099 Schedule F

FILING STATUS

- Single
 Married filing joint return (even if only one had income). Did you file a joint or separate return last year? Joint Separate
 Married filing separate return. Enter spouse's social security number above and full name here. ► _____

ALL APPROPRIATE W-2'S, FEDERAL SCHEDULES, EXPLANATIONS MUST BE ATTACHED

INCOME

1. Total W-2 wages. Complete worksheet A on page 2. W-2's **MUST BE ATTACHED** 1 \$ _____
 2. 2106 Expenses. Complete worksheet A on page 2. See instructions. **MUST BE ATTACHED** 2 \$ _____
 3. TAXABLE WAGES. SUBTRACT LINE 2 FROM LINE 1 3 \$ _____
 4. Other income. From schedule C,E,K-1, or Misc. Income on page 2. **MUST BE ATTACHED** 4 \$ _____
 5. TOTAL INCOME. ADD LINES 3 AND 4 5 \$ _____
 6. Adjustments. From schedule X on page 2 6 \$ _____
 7. DEFIANCE TAXABLE INCOME. SUBTRACT LINE 6 FROM LINE 5 7 \$ _____

TAX

8. DEFIANCE INCOME TAX. MULTIPLY LINE 7 BY 1.5% 8 \$ _____

TAX WITHHELD, PAYMENTS AND CREDITS

9. Defiance income tax withheld. From W-2 and worksheet A on page 2 9 \$ _____
 10. Prior year credits 10 \$ _____
 11. Estimated payments 11 \$ _____
 12. Credit for taxes withheld to other cities (limit 1.5%). See instructions 12 \$ _____
 13. Credit for taxes paid to other cities (limit 1.5%). See instructions 13 \$ _____
 14. TOTAL PAYMENTS AND CREDITS. ADD LINES 9 THROUGH 13 14 \$ _____

BALANCE DUE, REFUND OR CREDIT

15. **BALANCE DUE.** If line 8 is more than 14, enter balance due here (No tax due if less than \$3.00) 15 \$ _____
 16 a. Penalty for late payment (1.5% of Line 15) per month or fraction thereof 16a \$ _____
 16 b. Interest (.5% per month or fraction thereof) of Line 15 16b \$ _____
 16 c. Failure to file by Due Date \$25 16c \$ _____
 16. Total Penalty and Interest (Line 16a plus 16b plus Line 16c) 16 \$ _____
 17. Total due. Carry to line 27 below (No tax due if less than \$3.00) 17 \$ _____
 18. **OVERPAYMENT.** If line 8 is less than line 14, enter overpayment here 18 \$ _____
 19. AMOUNT FROM LINE 18 TO BE REFUNDED (No refund if less than \$3.00) 19 \$ _____
 20. AMOUNT FROM LINE 18 TO BE CREDITED TO NEXT YEAR 20 \$ _____

DECLARATION OF ESTIMATED TAX FOR 2012

ESTIMATE FOR NEXT YEAR

21. Total income subject to tax \$ _____ Multiply by tax rate of 1.5% (.015) 21 \$ _____
 22. Subtract any estimated income tax to be withheld or paid to other cities 22 \$ _____
 23. Estimated tax due (subtract line 22 from line 21) If Net estimated tax due is zero, no declaration is required to be filed 23 \$ _____
 24. Credit from line 20 above 24 \$ _____
 25. First Quarter Estimate Payment (A minimum of 22.5% of line 23)* 25 \$ _____
 26. If line 24 above is greater than line 25 then enter 0 26 \$ _____

TAX DUE

27. Enter balance due from line 17 above (No tax due if less than \$3.00) 27 \$ _____
 28. TOTAL TAX DUE. ADD LINES 26 & 27. PLEASE MAKE CHECKS PAYABLE TO CITY OF DEFIANCE 28 \$ _____

*First Quarter Estimate should be paid with this return.

If this return was prepared by a tax practitioner, check here if we may contact him/her directly with questions regarding the preparation of this return.

The undersigned declares that this return (and accompanying schedules) is a true, correct and complete return for the taxable period stated and that the figures used herein are the same as used for Federal Income Tax purposes.

SIGNATURE OF PREPARER, IF OTHER THAN TAXPAYER

DATE

NAME AND ADDRESS OF PREPARER

TELEPHONE NUMBER

SIGNATURE OF TAXPAYER

DATE

SIGNATURE OF SPOUSE (IF JOINT RETURN)

TELEPHONE NUMBER

ATTACH W-2'S (THAT REFLECT BOX 5 WAGES AND CITY TAX WITHHELD) AND OTHER SUPPORTING DOCUMENTS TO THE BACK OF CITY RETURN

All appropriate Federal schedules must be attached. A return is not complete unless such schedules are included.

WORKSHEET A SALARIES, WAGES, TIPS AND OTHER EMPLOYEE COMPENSATION

COLUMN 1	COLUMN 2	COLUMN 3	COLUMN 4	COLUMN 5	COLUMN 6	COLUMN 7
NAME OF EMPLOYER	CITY WHERE EMPLOYED	INCOME FROM EACH LOCAL W-2 BOX 5 OR BOX 18 WHICHEVER IS HIGHER	EMPLOYEE BUSINESS EXPENSES AS REDUCED BY 2% OF AGI	DEFIANCE TAX WITHHELD	*OTHER CITY TAX WITHHELD	OTHER CITY TAX WITHHELD NOT TO EXCEED 1.5%
A.						
B.						
C.						
D.						
E.						
F.						
G.	TOTALS					

ENTER ON: PAGE 1 LINE 1 PAGE 1 LINE 2 PAGE 1 LINE 9 PAGE 1 LINE 12

Income reduced by 2106 and earned in another city must also reduce the tax withheld for that city by the same percentage.

*Attach 2106 form, as filed with the IRS, Federal Schedule A and pages 1 & 2 of 1040, and itemization of expenses reported or the deduction will be disallowed.

SCHEDULE C (If taxes paid to other cities, other cities' returns must be attached)

WORKSHEET B – BUSINESS INCOME OR LOSS (COLUMN B IS ALLOCATION PERCENTAGE, NOT TAX RATE)

** Enlose copies of all Federal Forms and Schedules used to compute your local income.**

SCHEDULES	Column A INCOME/(LOSS) FROM FEDERAL SCHEDULES	Column B ALLOCATED DEFIANCE PERCENTAGE	DEFIANCE TAXABLE INCOME (COLUMN A x COLUMN B FOR LINE 1 THROUGH 4)
1. SCHEDULE C – BUSINESS INCOME (A separate allocation schedule is required for each Schedule C)			\$
2. SCHEDULE E – RENTAL INCOME (Residents enter profit/loss from all properties. Nonresidents enter only profit/loss from DEFIANCE properties)			\$
3. SCHEDULE K-1 – PARTNERSHIP INCOME (Residents enter profit/loss from entities that do not withhold DEFIANCE tax on entire distributive share)			\$
4. MISCELLANEOUS INCOME – 1099-MISC., SCHEDULE F, ETC			\$
5. NET OPERATING LOSS CLAIMED TO OFFSET CURRENT YEAR BUSINESS INCOME (Enclose a worksheet showing prior year losses for up to 3 years and accounts previously claimed.) (Enter the amount claimed as a (deduction))			\$
6. TOTAL INCOME (LOSS) (Combine Lines 1 through 5 and enter this amount on Page 1, Line 4)			\$

SCHEDULE Y – BUSINESS APPORTIONMENT FORMULA

(To be completed by all nonresidents who earn a portion of their net profits in Defiance.)

	A. Located Everywhere	B. Located In Defiance	C. Percentage (B ÷ A)
STEP 1 Average original cost of real & tangible personal property	_____	_____	_____
Gross annual rentals multiplied by 8	_____	_____	_____
TOTAL STEP 1	_____	_____	_____
STEP 2 Wages, Salaries, and Other Compensation Paid	_____	_____	_____
STEP 3 Gross Receipts from Sales Made and/or Work or Services Performed	_____	_____	_____
STEP 4 Total Percentages. (Add Percentages from Steps 1-3)	_____	_____	_____
STEP 5 Apportionment Percentage (Divide Total Percentage by Number of Percentages Used)	_____	_____	_____

SCHEDULE X - ADJUSTMENT TO INCOME (Part year residents, income not subject to tax, miscellaneous income, etc.) (Attach Federal Schedules)

EXPLANATION	COLUMN 1 ADDITIONS	COLUMN 2 DEDUCTIONS
Net adjustment (combine Columns 1 & 2)		

ENTER ON PAGE 1 LINE 6