

# INDIVIDUAL RETURN INSTRUCTIONS

## TAX FORMS:

2015 Income tax filing forms are available on the city website at [www.cityofdefiance.com](http://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 **631 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](http://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 1.8% the tax tool will calculate so as not to exceed 1.8% allowable credit... If other city tax rate is lower than 1.8% 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 1.8% (.018).

**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 1.8%.

**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 2016 (MUST FILE IF NOT WITHHELD AND AT LEAST \$200.00)**

**Line 21:** Enter amount subject to tax. Fill-in will calculate at 1.8%.

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

**Line 23:** Estimated tax due will calculate. (If net estimate tax is less than \$200.00, no declaration is required to be filed)

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

**Line 25:** First Quarter Estimate Payment is due with this return by April 18, 2016. We will bill you for the remaining quarterly installments, second quarter due June 15, 2016, third quarter due September 15, 2016, and fourth quarter due December 15, 2016.

**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.**