

TIPP CITY  
DEPARTMENT OF TAXATION  
P.O. BOX 188  
TIPP CITY, OHIO 45371-0188

PRESORTED  
FIRST CLASS  
U.S. POSTAGE PAID  
PERMIT NO. 220  
TIPP CITY, OH 45371-0188

ADDRESS SERVICE REQUESTED

**CITY OF TIPP CITY  
TAX RETURN AND DECLARATION 2005**

**IMPORTANT**

**TO AVOID PENALTY - 2005 ESTIMATES MUST BE PAID BY JANUARY 31, 2006**

**NOTICE**

**FILING IS REQUIRED EVEN IF NO TAX IS DUE.**

**IT IS MANDATORY THAT TAXPAYERS FILE THIS  
TAX RETURN AND PAY ADDITIONAL TAX OWED.**

**DUE DATE IS APRIL 17, 2006**

(OR 3 1/2 MONTHS AFTER END OF FISCAL YEAR).

**EXTENSION FORM MUST BE FILED BY APRIL 17, 2006**

(OR 3 1/2 MONTHS AFTER END OF FISCAL YEAR).

**LATE FILING FEE IS \$20.00**

**Reminder: Effective January 1, 2003, Tipp City  
Income Tax Rate increased from 1.0% to 1.25%**

TO OPEN TEAR ALONG THE PERFORATIONS



## 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.
- 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.

#### NON-RESIDENTS

#### ALL PART-YEAR RESIDENTS

### FILING INFORMATION

#### DUE DATE:

All tax returns must be filed before midnight, April 17th following the close of the calendar year. Fiscal year taxpayers must file by 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 and proper federal schedules and local tax returns. Those taxpayers claiming deductions for commissions paid, contract labor, rents, fees, etc., must provide a separate schedule showing name, address, social security number and amount paid for work done in Tipp City. Copies of 1099's 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:

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, rental and farm income and other ordinary income are included.

#### 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 1.25%. 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, 403B, 457, Simple, deferred compensation or similar retirement plans.

#### REFUNDS:

Are allowed only when city income tax has actually been paid to or withheld for Tipp City. No refund under \$1.01 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 1.25%. Returns so submitted will be adjusted without notification to the taxpayer.

#### PENALTY AND INTEREST:

Returns received after April 17, 2006 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 percent (1%) per month or any part thereof and penalty will be assessed at the rate of the larger of ten percent (10%) or one percent (1%) per month or any part thereof. 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:

If preprinted name and address is incorrect or incomplete you should make the necessary changes. All returns should indicate Social Security Number 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 (residents only). The credit may NOT be THE ACTUAL AMOUNT OF TAX YOU PAID. **THE CREDIT IS REDUCED BY REFUNDS FROM OTHER CITIES.**

**TAX RATE 1.25% OR GREATER:** If income was earned in a city with a tax rate that is 1.25% or greater (for example: Dayton, Oakwood, etc.), determine what part of your total W-2 income had city tax withheld at the 1.25% or greater rate, and multiply those wages by 1.25%. This is your credit. Note: **THIS STEP MUST BE REPEATED FOR EACH CITY ON EACH W-2.**

**TAX RATE LESS THAN 1.25%:** If income was earned in a city with a tax rate less than 1.25%, 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 1.25%, the percentage owed to Tipp City must be determined.

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

**EXTENSION FORM**

1. An automatic 6-month extension of time to October 16, 2006 has been filed with the Internal Revenue Service.
2. Total income tax liability for 2005. Please pay this amount, as you must pay the balance in full with this form. \_\_\_\_\_

ACCOUNT NO. \_\_\_\_\_ SIGNATURE OF TAXPAYER \_\_\_\_\_ DATE \_\_\_\_\_

**EXTENSION FORM MUST BE COMPLETED AND RETURNED BY APRIL 17, FOR AN EXTENSION TO BE ALLOWED.**



PLEASE REMOVE FROM BOOKLET BEFORE COMPLETING THIS PAGE

ALL APPROPRIATE FEDERAL SCHEDULES MUST BE ATTACHED. ANY DEDUCTIONS NOT SUPPORTED BY SCHEDULES WILL BE DISALLOWED

SECTION E Profit (or Loss) from Business or Profession From Federal Schedule C, F, Form 1065, and/or Form 1120/1120S

Business Name

Business Address

Kind of Business

1. If deductions for commissions, rents, or other personal services are taken, supporting 1099's or facsimiles must be attached.

2. If deductions for "RENTS PAID" is taken, please list:

Rents paid to

Address

A. TOTAL PROFIT (OR LOSS) \$

B. PERCENT ALLOCABLE TO THIS MUNICIPALITY IF SCHEDULE Y IS USED %

C. AMOUNT SUBJECT TO TAX (CARRY TO LINE 2A, PAGE 1) \$

SECTION F Income from Rents — from Federal Schedule E (Carry to Line 2B, Page 1)

SECTION G Ordinary Income from Federal, Form 4797 - (Capital Gains NOT Taxable)

SECTION H All Other Taxable Income and 2106 Expense (Interest Income NOT Taxable)

Table with 3 columns: RECEIVED FROM, FOR (DESCRIBE), AMOUNT. Header: INCOME FROM FEES, TIPS, COMMISSIONS AND MISCELLANEOUS

NET INCOME SECTION H \$

TOTAL OTHER INCOME G and H (CARRY TO LINE 2C, PAGE 1) \$

SECTION X Reconciliation with Federal Income Tax Return As Required By O.R.C. 718

(SCHEDULE X PERTAINS TO BUSINESSES ONLY - NOT TO BE USED BY INDIVIDUALS)

Table with 4 columns: ITEMS NOT DEDUCTIBLE, ADD, ITEMS NOT TAXABLE, DEDUCT. Rows A through Z detailing various tax items and their amounts.

1. INCOME PER FEDERAL RETURN ATTACHED \$

2. A. ITEMS NOT DEDUCTIBLE (From Line M Schedule X Above) Add

B. ITEMS NOT TAXABLE (From Line Z Schedule X Above) Deduct

C. ENTER EXCESS OF LINE 2A OR 2B (CARRY TO LINE 3 PAGE 1) \$

3. ADJUSTED NET INCOME \$

SECTION Y Business Allocation Formula

Table for Business Allocation Formula with columns: a. LOCATED EVERYWHERE, b. LOCATED IN TIPP CITY, c. PERCENTAGE (b + a). Rows 1-5 detailing steps for calculating average percentages.

# INSTRUCTIONS FOR PREPARING TIPP CITY

## 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:

- only income is retirement benefits
- only income is from non-taxable source
- only income is active military pay
- only income is interest or dividends

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 (box B2), amount of Tipp City tax withheld (box B3), credit for tax paid to another city (box B4) and gross wages (box B5).

**Line 1** - Add total wages, Tipp City city tax and credit for taxes paid to other cities and enter totals in the appropriate boxes.

**NOTE:** A taxpayer may substitute an affidavit from the tax office of their city of employment in lieu of disclosing financial information. This affidavit may be used by only those taxpayers whose entire taxable income is derived from W-2 wages and the city tax has been fully withheld at no less than 1.25%. The affidavit must state that the taxpayer has met his tax obligation to his city of employment and no refund will be issued.

IF 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 income from Section F page 2 and attach Federal Schedule E.

**Line 2C** - Enter total Other Income (or 2106 Expenses) from Sections G and H and attach Federal Schedules, 1099 or 2106 form.

**Line 2D** - Total lines 2A, 2B and 2C.

**Line 3** - Enter adjustment from Schedule X page 4 (USED BY BUSINESSES ONLY - NOT TO BE USED BY INDIVIDUALS).

**Line 4** - Enter total of lines 1, 2D and 3.

**Line 4A** Enter amount allocable to Tipp City if Business Allocation Formula is used (Schedule Y page 2).

**Line 5** - Multiply line 4 or 4A by 1.25%.

**Line 6** - TAX CREDITS (See Page 1 Credits)

**Line 6a** - Enter total Tipp City Tax withheld by employer (total box B3).

**Line 6b** - Enter credit for tax paid to another city (total Box B4). Cannot exceed 1.25%.

**Line 6c** - Enter total of estimate 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 \$1.01 you do not have to pay but you must still file a return. Make all checks payable to Tipp City Department of Taxation.

**Line 8** - If return is filed after April 17th add penalty and interest. If an extension has been granted add interest charges only.

**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 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 LESS THAN \$1.01.

### SECTION C

#### 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 city tax will not be withheld.

**(c) EVERY BUSINESS ENTITY**, such as corporations, partnerships, fiduciary or active trust, unincorporated business or professional entities conducting activities or producing income within Tipp City.

Estimates must be filed on or before April 30th of the tax year. Fiscal year taxpayers shall file on or before the last 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 not less than 90% of the actual tax due. The estimated tax may be paid in full by July 31 or in equal quarterly payments on or before April 30, July 31, October 31, and January 31 for individuals, and April 30, June 15, September 15,

and December 15 for non-individuals. The estimate may be amended at the time of making any quarterly payment. Fiscal year taxpayers shall substitute the months which correspond to the months shown above.

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 ten percent (10%) or more.

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.

### SECTION C INSTRUCTIONS

**LINE 11** - Multiply total estimated income for 2006 by 1.25%. Include all income subject to Tipp City tax such as salaries, wages, commissions, net income from business and professional and rental activities.

**Line 12** - TAX CREDITS

**Line 12a** - Enter tax to be withheld by employer.

**Line 12b** - Enter any tax to be paid to another city (cannot exceed 1.25%).

**Line 12c** - Enter total of lines 12a and 12b.

**Line 13** - Subtract Line 12c from Line 11.

**Line 14** - Enter the current year's overpayment which you request be applied to next year's tax.

**Line 15** - Enter amount you are paying, must be at least 1/4 of Line 14.

**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 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 (Page 5)

Extension form must be completed and returned by **April 17**, for an extension to be allowed.



**REMEMBER TO ATTACH ALL W-2's, FEDERAL SCHEDULES AND FORMS TO THE RETURN!**

FROM

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

REFUND

PLACE STAMP ABOVE  
The Post Office  
will not deliver  
mail without  
postage.



**TIPP CITY  
DEPARTMENT OF TAXATION  
P O BOX 188  
TIPP CITY OH 45371-0188**

