

2017 General Information – Individual Filers

The following documents must be attached to your Tipp City return (when applicable):

1. Page one of your federal return.
2. W-2 forms that show qualifying wages and all local income taxes withheld.
3. Copies of other Ohio city/village returns when a credit is claimed for taxes paid.
4. All applicable federal schedules & forms to support income reported or credits claimed.

Who must file a Tipp City individual income tax return?

- All residents:** Tipp City has a mandatory filing requirement. This means that every resident 18 years of age and older who is or was domiciled within the corporation limits of Tipp City at any time during the tax year must file an annual city tax return. This would include active duty military personnel, college students, unemployed persons, or persons with no reportable income or loss for the current year. Residents who are 16 or 17 years of age are subject to the city income tax, but only need to file if tax is due.
- Non-residents:** Non-residents of Tipp City (those domiciled outside the corporation limits the entire year) who had income or loss from activities conducted within the city (Schedule C – sole proprietorship, Schedule E – rental properties) and 1099-MISC income) shall file a Tipp City return and report the income or loss from such activities. This would also include non-residents that earned W-2 wages within Tipp City and did not have any or an incorrect amount of Tipp City taxes withheld from their income.
- Part-year residents:** If you only lived within the corporation limits of Tipp City during part of the taxable year, you must file a Tipp City return and report the income received during the time of residency. Taxable income and credits can be calculated using a daily or monthly proration. You may also use a pay statement dated on or about the time you moved. Income earned in Tipp City should not be prorated as it is 100 % taxable to Tipp City since it was earned in Tipp City. Please attach a copy of the pay statement (if used) or provide a worksheet explaining how you calculated your Tipp City taxable income and credits.
- Exemptions:** Exemptions to the mandatory filing requirement include permanently retired or permanently disabled persons with only nontaxable sources of income (such as social security, pensions, interest and dividends) may file for a permanent exemption from the mandatory filing requirement by submitting an Exemption Form. Forms are available in the office or on our website.

Taxable and nontaxable income and calculations.

- Taxable income:** Taxable income includes but is not limited to the following: salaries, wages, business income (Schedule C), rent income, (Schedule E), farm income (Schedule F), partnership income, K-1, 1099-miscellaneous, tips, commissions, bonuses, stock options, incentive payments, directors fees, property in lieu of cash, dismissal or severance pay, vacation and sick pay, holiday pay, wage continuation plans, gambling and lottery winnings and other compensation earned, received or accrued.
- Nontaxable income:** Interest, dividends, capital gains, unemployment compensation, worker's compensation, ADC (aid to dependent children), child support, alimony, retirement distributions – reported on Form 1099-R, active duty military pay, insurance proceeds and income from which Tipp City is specifically prohibited from taxing.
- Netting of Income:** All other income (other than wage income) including income or loss from self-employment, rentals, partnerships, fees, ordinary gains and losses reported on Form 4797, gambling winnings and any other activity must be netted together to arrive at an overall net profit or loss for the current year. Please note the method for computing overall net profit or loss has changed effective January 1, 2016 as a result of

changes made to Chapter 718 of the Ohio Revised Code. Please refer to the instructions found on page 2 of the individual return under worksheet B.

Allowable and non-allowable adjustments to Tipp City taxable income.

- Other Losses:** Losses from other types of Tipp City taxable income may be netted by residents but can no longer be used to offset W-2 income.
- Net operating loss:** Tipp City does not currently permit a net operating loss (NOL) carryforward.
- S-Corps:** Tipp City residents should not include any gain or loss from an S-Corporation on their Tipp City individual income tax return.
- 2106 expenses:** Business expenses reported on Federal Form 2106 are deductible on your Tipp City income tax return but shall be limited to the amount deducted on your federal income tax return as shown on Federal Schedule A. If wages are allocated between cities, Form 2106 expenses should likewise be allocated and tax credit reduced accordingly. Please attach a copy of your Form 2106 and Federal Schedule A to your return.

Filing your Tipp City income tax return.

- Due date:** Individual returns are due every year on or before April 15th (unless on extension). Returns must be received or postmarked by this date in order to be exempt from late fees.
- Extensions:** Taxpayers who have requested an automatic 6 month extension for filing their federal income tax return shall automatically receive a 6 month extension for the filing of their city tax return. Taxpayers who have not requested a 6 month extension for their federal income tax return may be granted a 6 month extension by submitting a request to the tax department by the original due date of the return (extension request forms are available on the city website). An extension of time to file is **not** an extension to pay taxes due. Extended returns filed with balances due may be subject to underpayment penalty and interest if estimated taxes were not paid in accordance with the Tipp City Tax Code.
- Payments:** Checks and money orders should be made payable to Tipp City Tax. Online payments can be made on our website at www.tippcityohio.gov via electronic check, credit card or debit card. A convenience fee will be added to all online payments. No payment required if the amount due is \$10 or less and likewise no refund or credit will be issued if the amount is \$10 or less.
- Attachments:** Attach page one of your Federal 1040 and supporting documents to verify each income, credit, loss or deduction reported on your Tipp City return. Examples include Federal Schedule(s) A, C, E, F and Forms K-1, 2106, 1099-Misc., W-2 and W-2G.
- Estimated taxes:** Individual taxpayers who anticipate a net tax liability to the city of \$200 or more for the next tax year are required under the Ohio Revised Code to make estimated tax payments. Quarterly estimated tax payments are due on April 15th, June 15th, September 15th and January 15th of the next year.
- Penalty & interest:** A late filing penalty will be imposed for the failure to timely file a return (regardless of liability shown) at the rate of \$25 per month (or fraction thereof) not to exceed \$150. If the return indicates a balance due, the taxpayer will also be subject to a 15% penalty imposed on all tax remaining unpaid after becoming due and interest at the rate of **6%** per annum or **.50%** per month (or fraction thereof) for each month the return is past due.

Disclaimer

Directions are instructional only. The Tipp City Income Tax Code and the Ohio Revised Code supersede any interpretation presented.