

# CITY OF NAPOLEON, OHIO INCOME TAX INSTRUCTIONS

## IMPORTANT – PLEASE READ

This is your Napoleon City Income Tax Package. Included are basic instructions, the Annual Return, instructions to file Estimated Tax, four (4) Estimated Tax Coupons and a return envelope.

The Napoleon tax office is open Monday through Friday from 8 A.M. to 5 P.M. Phone: 419-599-2821 and Fax: 419-592-6748 to assist you with the preparation of your city return or to answer any questions you may have. We are located at 255 W. Riverview Ave.

Every Taxpayer who anticipates an estimated tax due of \$300.00 or more which is not subject to total withholding shall file a Declaration of Estimated Tax. This declaration is to be filed with the Tax Department by April 15.

Make sure that your **return is signed and your remittance for the tax due is enclosed along with copies of W-2 forms, schedules and appropriate Federal forms as necessary for support documentation.** Make checks payable to: CITY OF NAPOLEON - INCOME TAX. There will be a \$25.00 fee for any returned checks.

### GENERAL INFORMATION

#### WHO IS REQUIRED TO FILE A RETURN:

- All Napoleon Resident individuals, 18 years of age or older.
- College students whose parents claim as deductions are considered residents for municipal tax purposes where their parents are residents. School district number for Napoleon (#3503) used on the Ohio State Return, establishes residency for municipal tax purposes.
- Nonresident individuals with income earned from work or services performed in the City of Napoleon and not covered by a withholding plan.
- Every Business Entity (individual proprietorship, partnership, corporation, profession, etc.) whether a resident or nonresident who conducts a business in Napoleon must file a return and pay any tax on net profit. If you have a loss you are still required to file a return.

#### PARTIAL YEAR RESIDENT:

If you were a resident of Napoleon for only a portion of the year, you are only subject to tax on the income earned during the period of your residency. If your W-2 indicates wages for 12 months, you must attach one of the following:

- Obtain a statement from your employer on the wages earned and local taxes paid during partial year residency in Napoleon.
- Sign a Wage Release Form available at the tax office.
- Attach a copy of your check stub that reflects move in or out date that pertains to your partial year Napoleon residency.

#### WHEN AND WHERE TO FILE RETURNS:

File with the Tax Administrator, City of Napoleon, 255 W. Riverview Ave., Napoleon, Ohio 43545 or by mail Napoleon City Tax, PO Box 151, Napoleon, Ohio 43545-0151. Taxpayers who end their year on December 31, must file on or before April 15th of the following year. Taxpayers on a fiscal or partial year basis, must file on or before the 15th day of the fourth month following the end of such period.

#### EXTENSION TO FILE:

A copy of the taxpayers' Federal Extension(s) must be filed with the tax office on or before April 15th for calendar filing and on or before the 15th day of the fourth month following the close of a fiscal year. **If no request for extension is filed before the due date, a late filing fee of \$25.00 will be applied.**

#### PENALTY, INTEREST AND LATE FILING PENALTY:

If the Annual Return is past due, compute penalty and interest. Interest 1% per month, Penalty 2% per month, Late Filing Penalty \$25.00.

#### TAXABLE INCOME:

Income from qualifying wages (box 5 of the Form W-2), tips, salaries, commissions, sick pay, third party sick pay, severance pay, 401-K, vacation pay, group term life insurance protection over fifty thousand dollars (\$50,000), bonuses, incentive payments, director fees, profit from rental property, farm income, non-qualified pension plans, ordinary income portion of stock options, sub pay, strike pay, jury duty pay, moving allowance (into Napoleon), bartering, ordinary gain 4797. This list is not intended to be inclusive. If you have any questions regarding what may or may not be taxable, please contact the City Tax department.

**NOTE:** Medicare Exempt Employees are subject to the requirements for qualifying wages in the Medicare Wage Box of the Form W-2 even though that box will remain blank.

#### NON-TAXABLE INCOME:

Interest, dividends, unemployment compensation, military pay, alimony, social security and other retirement and/or pension benefits as they are received. (Interest is only deductible if it is included in gross receipts income.)

#### FEDERAL ADJUSTMENTS NOT ALLOWED:

Keogh, IRA, 401-K, Tax Sheltered Annuities. This list is not intended to be all-inclusive, contact office with any questions on adjustments.

#### TAX CREDITS:

When filing the Napoleon City Tax Return, taxes paid to another city that were properly withheld, credit for Napoleon cannot exceed 1.2% on each W-2. Do not take credit for taxes withheld for a school district or a county tax.

#### REFUND/OVERPAYMENT:

An overpayment less than \$1.00 shall not be refunded nor will it be credited towards the next year's tax liability.

#### SCHEDULE Y - BUSINESS ALLOCATION:

- (1) The average original cost of the real and tangible personal property owned or used by the taxpayer in the business or profession in Napoleon during the taxable period to the average original cost of all of the real and tangible personal property owned or used by the taxpayer in the business or profession during the same period, wherever situated;
- (2) Wages, salaries, and other compensation paid during the taxable period to persons employed in the business or profession for services performed in Napoleon to wages, salaries, and other compensation paid during the same period to persons employed in the business or profession, wherever their services are performed, excluding compensation that is not taxable by the city under section 718.011 of the Revised Code;
- (3) Gross receipts of the business or profession from sales made and services performed during the taxable period in Napoleon to gross receipts of the business or profession during the same period from sales and services, wherever made or performed.

If the foregoing apportionment formula does not produce an equitable result, another basis may be substituted, under uniform regulations so as to produce an equitable result.

# FORM INSTRUCTIONS FOR PREPARING NAPOLEON CITY INCOME TAX

**Heading** - If this return is made for a period of time other than the calendar year, insert the beginning and ending date of the period. Make any corrections to your name(s), address and social security number(s) in this section. Please mark resident status. Please notify us if you have retired or if you had only non-taxable income and the source.

**Line 1** Enter the **total** amount of all compensation from all W-2 forms for the tax year listed on your return. Use the qualifying wage on each W-2 form. Income taxable by the city may differ from that of the Federal and State. **Be sure to attach all W-2 forms.** A legible photocopy of a W-2 is accepted.

**Line 1a** Schedule A must be attached for credit to be given. Enter the amount of form 2106 (Employee Business Expense) on Line 1a. However, if part of the income was in another tax entity, form 2106 must be prorated.

**Line 2 FOR INDIVIDUAL AND JOINT FILING:**  
Enter total amount of other income from side 2, Line 13 (total of section(s) C, E and H). For part year filing of other income, carry total to Line 2c and complete allocation formula. **A COPY OF FEDERAL SCHEDULE(S) REQUIRED.**

**FOR BUSINESS FILING:**

Enter total amount of **Business Net Income** from side 2, Line 1 for all **Corporations, Partnerships or Fiduciary filings. A COPY OF SUPPORTING FEDERAL FORMS REQUIRED.**

**Line 2a** Add back items not deductible from schedule X, line I, on side 2 of tax form. (State and City taxes based upon income are not deductible and must be added back to income. Guaranteed payments to partners are not deductible and must be added back into income.)

**Line 2b** Deduct items not taxable from schedule X, line T, on side 2 of tax form.

**Line 2c** Complete this section for percentage of income applicable to Napoleon.

**Line 3 FOR INDIVIDUAL AND JOINT FILING:**  
Total of other income. **Do not deduct loss from W-2 income.** Total profit to be reported on Line 3. Losses report on Line 3a to be carried forward.

**FOR BUSINESS FILING:**

Enter the amount of other income allocated to Napoleon on Line 3.

**Line 4** Enter the total amount subject to Napoleon Income Tax. **Individual/Joint filing** (Line 1 plus Line 3) **Business** (Line 3 carry to Line 4)

**Line 5** Multiply amount on Line 4 by 1.2% (.012). Enter total on this line. This is your **Tax Liability.**

**Line 6 CREDITS**

- (a) Enter Napoleon city tax withheld from W-2(s).
- (b) Enter amount paid on a Declaration of Estimated Tax (this includes credits).
- (c) Enter the total of tax credits withheld from other cities; not to exceed 1.2% on each W-2. List the other city(s).
- (d) Add together credit lines 6a, b, c. Enter total on Line 6.

**Line 7** (a) Subtract Line 6 from Line 5. If Line 6 is greater than Line 5, this is your **overpayment.** Enter the overpayment on Line 7a and mark the appropriate box, refund or credit (less than \$1.00 not refundable or credited).

(b) If Line 6 is less than Line 5, this is your **Tax Due.** Enter the amount due on Line 7b (less than \$1.00 not payable).

**Line 8** **If filing this return after April 15th,** or filing past extended due date as granted by our office, add a Late File penalty of \$25.00. Also, include Penalty of 2% per month, or fraction thereof, and Interest of 1% per month, or a fraction thereof. Enter the total amount of all penalties and interest on Line 8.

**Line 9** Line 7b added to Line 8. Enter **AMOUNT DUE WITH THIS FORM** on or before April 15, or postmarked on or before April 15.

**Declaration of Estimated Tax** - Please see Instructions, Computation Worksheet and Coupons included in this packet.

## INSTRUCTIONS TO FILE ESTIMATED TAX

Every taxpayer having or anticipating any income **under withheld or not subject to local Withholding by Employer,** shall file a declaration setting forth the estimated annual income, together with an estimate of the amount of tax due when the tax liability is \$300.00 or more. If you are uncertain as to whether or not you are required to pay estimates, please phone the income tax office at 419-599-2821.

The estimates for the first (1st), second (2nd), third (3rd) and fourth (4th) quarters shall be due April 15, 2006, July 31, 2006, October 31, 2006 and January 31, 2007. The amounts due on those dates are not to exceed 22.5%, 45%, 67.5% and 90% respectively of the tax estimated to be due. (ORC 718.8)

Taxpayers reporting on a fiscal year basis shall file an estimate within four months and fifteen days after the beginning of each fiscal year and thereafter at the end of the 7th, 10th and 13th months.

**Computation of Estimated Tax on worksheet below:**

1. Enter here the total estimated income subject to Napoleon Income Tax as indicated in the General Instructions.
2. Enter here 1.2% (.012) of amount shown on line 1.
3. Enter here total of line 2. (Enter on voucher 1, line A.)
4. Enter here 22.5% of the amount shown on line 3.
5. Enter here overpayment on last year's return.

**How To Use The Declaration – Voucher**

(DETACH VOUCHER BEFORE FILLING IN INFORMATION)

1. Enter amount shown on line 3 of the worksheet on Amount Line A of the voucher.
2. Enter amount shown on line 4 of the worksheet on Amount Line B of the voucher.
3. Enter amount of overpayment from last year on Amount Line C of the voucher. Subtract the overpayment credit on Amount Line C from Amount Line B. If credit applied is in excess of voucher 1 payment, carry difference down to voucher 2. Voucher must still be filed even if amount due is zero.

**Penalties and Interest**

Penalty and Interest will be assessed against any taxpayer if the taxpayer fails to pay the estimated tax by the due dates or if the total estimate payments made throughout the year are less than 90% of the total tax liability.

## COMPUTATION OF 2006 ESTIMATED TAX WORKSHEET

1. ESTIMATED TAX INCOME \$ \_\_\_\_\_
2. ESTIMATED TAX DUE 1.2% OF LINE 1 \$ \_\_\_\_\_
3. NET ESTIMATED TAX DUE \$ \_\_\_\_\_
4. AMOUNT DUE WITH EACH ESTIMATE \$ \_\_\_\_\_  
(22.5% of line 3) (Also enter on column B of worksheet at right)
5. OVERPAYMENT 2005 RETURN \$ \_\_\_\_\_  
(Also enter on column C of worksheet at right)

No.	Voucher Date Paid	Amount Due With Each Estimate  Column B	Last Year Credit Apply To Estimates  Column C	Amount Due Col. B Less Col. C  Column D
1				
2				
3				
4				
	<b>TOTAL</b>			

**ALL W-2 FORMS AND APPROPRIATE FEDERAL SCHEDULES AND ANY REQUIRED FORMS MUST BE ATTACHED TO THE BACK OF THE RETURN TO BE COMPLETE. ALL MISSING ATTACHMENTS, UPON REQUEST AFTER THE DUE DATE, MUST BE RETURNED WITHIN 10 DAYS OR MAY BE SUBJECT TO A LATE FEE.**

**SIGNATURE – YOUR TAX RETURN MUST BE SIGNED AND DATED. A RETURN IS NOT CONSIDERED FILED UNLESS SIGNED. IF A SIGNATURE NEEDS TO BE OBTAINED AFTER THE DUE DATE, IT MUST BE RETURNED WITHIN 10 DAYS OR MAY BE SUBJECT TO A LATE FEE.**