

CITY OF AMHERST INCOME TAX INSTRUCTIONS

WHO MUST FILE:

Every Resident, full or partial year, 18 years of age and older, must file a tax return, whether or not taxes are due, unless that resident is retired with no earned income. See definition of earned income in the **RETIREE** section below.

Every Business Entity, whether a resident or non-resident, who conducts a business in Amherst must file a return and pay any tax on that profit. If you have a net loss you are still required to file a return. ("Business" includes rental income.)

Individuals, earning income in Amherst not subject to the withholding of Amherst income tax must also file a return.

If you received a preprinted form from this office, be sure to file, even if you had no taxable income for the year. If you are not subject to Amherst tax complete the exemption certificate on pg. 2 of the return.

RETIREEES: Retirees who earn wages, operate a business, own rental property or earn other income, are required to file. If your **ONLY** income source is retirement income (ie. SSI, other pensions, interest, dividends, IRA and 401k distributions), complete the exemption certificate on pg. 2 of the return.

UNDER 18: If a person is under 18, was employed in the city of Amherst and had Amherst taxes withheld, send in W-2(s) with a copy of a driver's license or birth certificate and a refund will be issued.

FILING STATUS: Taxpayers who prepare their federal and state tax returns using the "married filing separate" status to lower their overall tax liability may still file a joint return for the city of Amherst. Filing a joint return will neither increase nor decrease your City of Amherst tax liability. Husband and wife may file joint returns, in which case both must sign the return and submit their social security numbers.

WHEN TO FILE: Taxpayers who end their taxable year on December 31 must file on or before the following April 15th. Taxpayers on a fiscal year must file on or before the 15th day of the fourth month after the close of that fiscal year or other period.

EXTENSIONS: If the deadline cannot be met, a copy of the federal request for extension or a letter, which includes name, address, social security or federal identification number, must be filed by the due date of the return. **An extension request is not an extension of time to pay.** Payment of any estimated tax due should accompany the extension request. If no request for extension is filed, a \$25 late charge will be applied. Also see declaration of estimated tax payments.

PARTIAL YEAR RESIDENTS: If you only lived in Amherst during part of the year you must file a tax return covering that time. Report the amount of income you earned while you lived in Amherst. Pay statements with year-to-date figures or a statement from your payroll department must be used if available. When the actual amount you earned while living in Amherst cannot be determined, you may break down your earnings by the number of months employed at the job arriving at a monthly earnings figure. Use the monthly earnings figure multiplied by the number of months of residency to find your taxable amount. If you pro-rate your income you must also pro-rate your city tax that was withheld on the same income. **Attach a worksheet explaining your calculations.**

DECLARATION OF ESTIMATED TAX FOR THE COMING YEAR: Taxpayers who expect to receive taxable income for the coming year may declare estimated tax payments (25% of full amount may be paid at the time of filing the Annual Return – April 15th). The estimated tax payments due July 15th, October 15th, and December 15th will be billed. This declaration is not mandatory.

PENALTY AND INTEREST: Except in those cases where an extension was filed, a late fee of \$25.00 shall be due on returns filed after the due date, even when no tax is due. Interest at the rate of 1.5% per month will be charged from the original due date of the return until date of actual payment.

NET OPERATING LOSSES: The net loss from an unincorporated business activity may not be used to offset salaries, wages, commissions or other compensation. The portion of a net operating loss, based on income taxable under the ordinance allocable to Amherst may be applied against the portion of the profit of succeeding years until exhausted, but in no event for more than five (5) years. **An NOL schedule must accompany this return.**

AMENDED RETURNS: Amended returns are accepted by completing an income tax return with the words "Amended Return" written in red ink across the top and indicating the year being amended. The amended return is required within three (3) months of the final determination of any changed tax liability resulting from the Federal audit, Judicial decision, or other circumstances.

TAXABLE INCOME: Amherst income tax is levied at the rate of 1.5%. Income taxable to the city is listed below. While this list is not comprehensive, it encompasses most of the taxable situations. In addition to the listing, the net profits of all unincorporated businesses, professions, rentals or other activities conducted by residents and non-residents of the city of Amherst are taxable.

TAXABLE INCOME	
Wages, salaries and other compensation Bonuses, stipends and tip income Commissions, fees and other earned income Sick pay Employee contributions to retirement plans and tax deferred annuity plans (including Sec. 401k, 403b, 457b, etc) Net rental income Net profits of businesses, professions, sole proprietorships, etc Income from partnerships, s-corporations, estates or trusts Employee contributions to cost of fringe benefits Vacation pay Stock options Net farm income	Income from guaranteed annual wage contract Prizes and gifts, if connected with employment, to the same extent as taxable for Federal Income Tax purposes. Director fees Income from jury duty Strike pay Uniform, automobile, moving and travel allowances Employer-provided educational assistance, taxable to the same extent as taxable for Federal Income Tax purposes. Executor fees Disability payments from employer Supplemental Unemployment Benefits (SUB pay) Lottery Winnings after 10/28/04

NON-TAXABLE INCOME	
Interest or dividend income Pre-tax contributions made by or on behalf of employees to cafeteria plans (Sec 125 Plans, etc) Welfare benefits Social Security Income from qualified pension plans State unemployment benefits Worker's compensation Proceeds of life insurance Third Party Sick Pay after 1/1/08 Alimony	Government disability payments Poll worker income Active duty military pay (including National Guard when on active duty) Earnings of persons under 18 years of age Capital gains Patent and copyright income Royalties derived from intangible property Annuity distributions Compensatory insurance proceeds derived from property damage or personal injury settlements "C" Compensation

LINE BY LINE INSTRUCTIONS

Complete the worksheet detailing the salaries received on your W-2s. If you are only reporting on one W-2 and have no 2106 expenses, it is not necessary to complete this worksheet. Proceed to Line 1 of the tax return.

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Column 1 – Enter the city where employed. If your W-2 states “various” or “all cities,” please attach a copy of the itemized breakdown.

Column 2 – Enter the wages earned on each W-2. In most cases the amount shown in Box 18 of the W-2 should be used. However, if Box 5, minus “C” compensation, is higher, that wage must be used to calculate total wages earned.

Column 3 – Unreimbursed employee business expenses in excess of 2% of Federal Adjusted Gross Income may be deducted. If income is allocated between cities, 2106 expenses should likewise be allocated. **Federal Form 2106 and Schedule A must be included with the return.**

Column 4 – Enter City of Amherst tax withheld from Box 19 on the W-2.

Column 5 – Amherst allows a tax credit for taxes withheld by another city up to 1%. Credit may not exceed 1% of the wages actually taxed by another city on each W-2 form. When you reduce income earned in another city by 2106 expenses, you must also reduce the tax credit in Column 5. If a portion of your gross wages is not taxed by another city, 1.5% tax is owed on that portion. (For example, township wages are not withheld on; therefore, no credit is given and the wages are taxed at the full 1.5%.)

Line 1 – Enter total amount of W-2 wages from Column 2. Attach all W-2s on the side of the return as indicated.

Line 2 – Enter 2106 expenses from Column 3.

Line 3 – Subtract Line 2 from Line 1.

Line 4 – Enter the amount of other income from schedules C, E, or H from the back of the return, but not less than -0-. Attach appropriate schedules and documentation. Attach 1099s on the side of the return with the W-2s.

Line 5 – Add Lines 3 and 4.

Line 6 – Multiply Line 5 by 1-1/2% (.015).

Line 7 – Enter tax withheld for Amherst from Column 4.

Line 8 – Enter any prior year credits.

Line 9 – Enter any estimated payments made.

Line 10 – Enter credit for taxes withheld by other cities from Column 5.

Line 11 – Enter credit for taxes paid to other cities not shown on a W-2. Credit may not exceed 1% of the income actually taxed by the city of Amherst. No credit will be given on profit negated by loss. Attach appropriate documentation verifying credits from other cities. (Copy of other city tax returns will be acceptable.)

Line 12 – Add Lines 7 through 11.

Line 13 – Subtract Line 12 from Line 6. If Line 6 is more than Line 12, enter balance due.

Line 14 – Enter Late Filing Penalty, if applicable.

Line 15 – Enter Interest at 1-1/2% per month on the balance due, if applicable.

Line 16 – Add Lines 13, 14, and 15. Enter total here.

Line 17 – If Line 6 is less than Line 12, enter overpayment.

Lines 18 & 19 – Indicate disposition of overpayment either by refund or credit to next year.

NOTE: If you do not wish to make estimated payments for the next tax year, proceed to Line 25, enter -0- and enter balance due from Line 16 on Line 26.

Line 20 – Enter total estimated tax on income subject to tax, multiplied by a tax rate of 1.5%.

Line 21 – Enter any Amherst tax to be withheld or credit for tax withheld/paid to another city.

Line 22 – Enter net tax due by subtracting Line 21 from Line 20.

Line 23 – Enter amount due with estimate, 25% of Line 22.

Line 24 – If applicable, enter overpayment from previous year (Credit Line 19). If credit Line 19 exceeds Line 23, credit will carry over into 2nd Quarter payment. No estimated tax will be due at this time, unless you want to pay your remaining estimated balance in full for the year.

Line 25 – Subtract Line 24 from Line 23.

Line 26 – Enter amount from Line 16.

Line 27 – Add Lines 25 and 26. **Sign and date return and make check payable to the Amherst Income Tax Department.**

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SCHEDULE C: Net profits shall be determined on the basis of the information used for Federal income tax purposes, adjusted to the requirements of the ordinance. All business entities must attach copies of appropriate Federal Schedules.

SCHEDULE E: Rental income is taxable only if the aggregate monthly rental exceeds \$100.00.

SCHEDULE H: This schedule is used to list all other taxable income not reported elsewhere on this return.

SCHEDULE X: See ORC 718.01(A) (1) for items that are taxable and deductible. For further guidance see www.amherstohio.org.

SCHEDULE Y: To be used only when the books and records of the taxpayer do not disclose with reasonable accuracy the net profit attributable to Amherst. A business allocation formula consisting of the average property, wages paid, and gross receipts may be used by business entities not required to pay tax on entire net profits.

Try Our Online Tax Preparation Tool on the Web at www.amherstohio.org You will need the PIN found in the top right hand corner of the front of the tax return included in this package.