

**REGULATIONS
THE DEPARTMENT OF TAXATION**

Who must file a return?

All residents who work outside of his/her city of residence, regardless of whether the tax is withheld or not, are required to file a tax return reporting total income earned during the year. In addition, anyone who receives income from rental properties, partnerships, distributive shares from Sub Chapter S corporations, self-employed business ventures, etc. must file an annual return regardless of any tax due or where the venture is situated. Please see "Taxable Income" below.

Tax Rate: 1.5%

Part-year Residents: You will only be taxed on the income received after the date that you moved. When filing your first return, it will be necessary to attach both your W-2 and a year to date pay statement, (provided by your employer), as of the beginning date of your residency.

Retired Individuals: Social Security and other forms of retirement and permanent disability income are not taxable. However, retired and disabled persons with other sources of income must file and pay tax on those other sources of income. Sick pay benefits are not considered disability payments even though the provider may use the term "disability."

Income that is not taxable: Unemployment benefits, interest and dividends that are reportable on Schedule B of your federal tax return.

Taxable Income: Includes wages, self-employment, farm income, rental property, partnerships, certain trusts, certain royalties, baby sitting, subcontract work, non-employee compensation, distributive shares from Sub Chapter S Corporations, sick pay, third party sick pay benefits, cars and housing provided by the employer, stock incentive plans, proceeds from gambling, etc.

Deferred compensation plans are not allowed as a reduction to income.

Federal Form 2106 expenses are allowed in accordance with Federal guidelines in the city in which your wages are taxable. Allowable expenses are reduced by the 2% AGI and must be supported by including a copy of your 2106, Schedule A and 1040.

Losses: Losses resulting from business and rentals can be used to off-set income taxable to the city of residence if the loss did not occur in another taxing jurisdiction.

Credit: Credit will be given for taxes paid to another city up to 1.5% on those wages that taxes were paid to another city. Sub Chapter S shareholders can take credit for city taxes paid by the corporation.

Extensions: Extensions are granted for the filing of tax information when a Federal Extension has been granted. A copy of the Federal Extension must be received in this office prior to the original filing date. 90% of the prior year's tax liability or 100% of the current year's liability must be paid by the original due date of the tax return, (April 15). Payments in excess of 10% of the liability received after April 15 will result in penalty charges being assessed. All payments made after April 15 will incur interest charges.

Due Date: The filing deadline is April 15 of each year. Returns postmarked on April 16 and thereafter will be assessed penalty and interest.

Assistance: Any questions can be directed to our office. Our hours are 8:00 am to 5:00 pm, Monday through Friday. We are located at 106 E. Spring St. in St. Marys, Ohio and our phone number is (419)394-3303 extension 106, 107, and 108. Our office will be happy to complete your city returns free of charge.