

WHAT IS TAXABLE FOR CITY INCOME TAX – EFFECTIVE JANUARY 1, 2016

1. TAXABLE INCOME

A. Gross wages, salaries, commissions and other compensation to include:

1. Bonuses.
2. Compensation paid in property or the use thereof at fair market value to the same extent as taxable for Federal tax purposes and so indicated on the Form W-2.
3. Contributions made by or on behalf of employees to a qualified deferral plan (401K and the like) - taxed at year earned, deferral not permitted.
4. Contributions made by or on behalf of employees to a tax deferred annuity or stock purchase plan(includes any plan where employee has the option to defer)
5. Cost of group term life insurance over \$50,000.
6. Director fees.
7. Disability pay if received as a benefit of employment (includes third party plan).
8. Employee contributions to cost of fringe benefits.
9. Employer paid death benefits.
10. Excess employee discounts
11. Golden parachute payments.
12. Income from guaranteed annual wage contracts.
13. Income from jury duty.
14. Income from wage continuation plans (includes retirement incentive plans and buyouts).
15. Income received as a result of a covenant or agreement not to compete.
16. Interest on below market loans.
17. Moving expense reimbursements (follow Federal rules but non-reimbursed expenses are not deductible).
18. Prizes, awards and gifts - if connected with employment.
19. Profit sharing.
20. Royalties (unless derived from registered copyrights, patents or trademarks).
21. Severance pay.
22. Sick and/or vacation pay.
23. Stipends - if work required (vow of poverty not recognized).
24. Stock bonus incentive plans.
25. Stock options - taxed when exercised on amount indicated on W-2 form (market price less option price).
26. Strike benefits paid by employer.
27. Supplemental unemployment pay paid by employer.
28. Taxes paid by employer on employees behalf.
29. Tips.
30. Union steward fees.
31. Gambling winnings.

B. Net profits from:

1. Sole proprietorships - Schedule C, Federal Form 1040
2. Rental properties - Schedule E, Federal Form 1040
3. Partnerships, Joint Ventures and other type associations (These businesses must file a partnership return).
4. Farm Net Income - Schedule F, Federal Form 1040

II. NON-TAXABLE INCOME

32. Alimony.
33. Annuities - at time of distribution.
34. Capital gains.
35. Dividends.
36. Government allotments.
37. Housing for clergy.
38. Income earned while under 18 years of age.
39. Income of religious, fraternal, charitable, scientific, literary or educational institutions to the extent that such income is derived from tax-exempt real estate, tax-exempt tangible or intangible property or tax exempt activities.
40. Income from Foster Grandparent Program.
41. Insurance benefits - unless your employer paid the premiums. (Pro-rating is allowed if you paid a portion of the premium.)
42. Interest.
43. Meals and lodging required on premises.
44. Military pay including reserve pay.
45. Patent and copyright income.
46. Pension income - includes lump sum distributions.
47. Prizes - unless connected with employment.
48. Royalties - if derived from intangible property.
49. Salaries of the mentally retarded or developmentally disabled while working in a government funded workshop for less than minimum wage.
50. Social security benefits.
51. State unemployment benefits.
52. Welfare payments.
53. Workers compensation.
54. Gain on the sale of business property from Form 4797.
55. Executor fees.

NOTE: This list is intended for reference purposes only. It may not be all inclusive and is revised without notice.

12/2015

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