

Instructions for Form IR-25

Individual Return

For use in preparing
2016 Returns

Municipal tax is paid first to the city where work is performed or income earned. Taxpayers may also have an additional tax liability to their city of residence based on how much credit the home city allows for taxes paid to where you work or earn your income.

Westerville Administers for:

Westerville	2%
Blendon Township JEDZ	2%

Filings for JEDZ please use IR-25J.

If you are working or living within these areas, you are liable for the income tax. These instructions are applicable to Westerville and the Blendon JEDZ listed for which Westerville administers the tax. If you have any questions about completing any of our forms and/or need tax forms, please call (614) 901-6420. **All forms and instructions are also available on-line at www.westerville.org.**

Do I need to file?

You only need to file if any of the following apply:

1. You filed and paid the previous tax year. A final return is required to inactivate a tax account if you are no longer required to file..
2. Residents of the City of Westerville are required to file a tax return.
3. You earned income in a municipality listed above from which city income tax was not fully and/or correctly withheld. (Multiply the largest wage figure shown on your W-2 in Box 5 or 18 by the tax rate of the appropriate city above. If the withholding is correct, your result should equal the withholding shown in Box 19 of your W-2).

4. You are a resident of Westerville or within the JEDZ listed above and engaged in a business or profession, including rental real estate, whether the business showed a profit or a loss.
5. You were not a resident of one of the municipalities listed above, but you engaged in a business or profession in any of the municipalities listed above, whether the business showed a profit or loss.

Can we file a joint return?

A married couple may file a joint return regardless of the filing method used on their federal return. **Joint returns must be signed by both spouses and include both social security numbers.**

Can I use Form IR-25?

You can use Form IR-25 if you had income taxable to the municipalities for which Westerville administers the tax. Corporations (including S-corporations), partnerships, joint ventures, and fiduciaries (estates and trusts) must file using Form BR-25.

When and where do I file?

This return must be filed on or before the fifteenth day of the fourth month following the close of the tax year. For calendar year taxpayers, this means the return is due April 15th.

Any taxpayer that has requested an extension for filing their Federal income tax return shall automatically receive the same extension for the filing of the City tax return. Taxpayers who have not received or requested a Federal extension may request an extension from the Income Tax Division provided the request is received before the original due date of the return. An extension of time to file is **not** an extension of the time to pay any tax due.

If payment is due with your extension request, it should be made using the City Extension Form. If you are unable to pay any taxes owed, you should still file your annual return timely with the Division. Mailing information is listed on the forms.

What if I file or pay late?

All municipalities listed for which Westerville administers the tax impose penalties and interest on taxes remaining unpaid after April 15th. Thus, if you are unable to pay the full amount of tax owed, you should still file your return along with payment of as much of the tax due as possible.

Are there any special rules for refunds?

Refunds and credit carryforwards resulting from an overpayment of estimated tax or the deduction of employee business expenses may be requested using Form IR-25. You must attach a copy of your Federal

Form 2106 and Federal Schedule A to claim employee business expenses on Form IR-25. Federal Form 2106 which has expenses reported on Line 4 only are not required to be filed with I.R.S. and will not be allowed on the city return. The 2% floor on the Federal return will apply to any 2106 expenses.

- Refunds and overpayments due you must be greater than \$10.00 or they will not be issued.
- There is a three (3) year statute of limitations for claiming a refund or credit of any overpayment of city tax.
- **Mail refunds to:** Westerville Income Tax Division
PO Box 130
Westerville, Ohio 43086-0130

What is taxable income?

For **RESIDENTS**, taxable income includes all salaries, wages, commissions and other compensation, before any deduction for such things like 401(k) deferrals, regardless of where it was earned. The income is taxable whether paid in cash, property or other consideration, including the reasonable value of meals, lodging and the like. You may reduce your taxable wage income by your allowable Federal Form 2106 expenses. Also, taxable income includes the net profits of all unincorporated businesses such as real estate and equipment rentals, sole proprietorships, trusts and a resident's share of partnership income (whether distributed or not). Net operating loss carry forwards and carry backs are not permitted for city tax purposes for tax year 2016.

These unincorporated business profits are taxable regardless of where the business was conducted. You may be entitled to a credit for taxes paid to the city where your income was earned. If you are a partner in a partnership, you may be entitled to a credit for city taxes paid by the partnership. Such credits shall be allowed only to the extent of the tax assessed per Westerville City Code Section 191.081.

For **NON-RESIDENTS**, taxable income includes all salaries, wages, commissions and other compensation, before any deduction for such things like 401(k) deferrals, earned in any of the municipalities for which Westerville administers the income tax. You may reduce your taxable wage income by your allowable Federal Form 2106 expenses. Taxable income also includes the net profits of all unincorporated businesses such as real estate and equipment rentals, sole proprietorships, and trusts if the business was conducted in any of the municipalities for which Columbus administers the income tax.

Determine net profits from unincorporated business in accordance with the accounting method used for Federal income tax purposes. Any expenses claimed must be ordinary and necessary. Passive activity losses are deducted in the year incurred: PAL carry forwards are not allowed for city tax purposes. In addition, net

operating loss carryforwards and carrybacks are not permitted for city tax purposes for tax year 2016.

If you are engaged in two or more unincorporated businesses in the same city, the net loss of one unincorporated business may be used to offset the profits of another for purposes of arriving at overall net profits from unincorporated businesses for that city. **Income from pass-through entities shall not be reflected on your individual non-resident return for Tax Year 2016 per Ohio Revised Code Section 718.01(B)(1)(d).**

City taxable income does not include proceeds of insurance policies if the employee paid all the premiums. City taxable income also does not include compensation for personal injury and property damages. Expenses, costs, and losses incurred in connection with income not subject to city income tax may not be used to reduce your city taxable income.

What is taxable "Other Compensation"?

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 W-2 form.
3. Contributions made by or on behalf of employees to a qualified deferral plan (401K and the like) - taxed in year earned, deferral not permitted. Exception: employer matching contributions offered under a cafeteria plan are not taxable. Deferrals even under a cafeteria plan are always taxable.
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. Contributions made by or on behalf of employees to a non-qualified deferred compensation plan.
6. Cost of group term life insurance over \$50,000.00 (unless part of a cafeteria plan).
7. Director's fees.
8. Adoption assistance payments (unless part of a cafeteria plan).
9. Excess employee discounts.
10. Golden parachute payments.
11. Income from guaranteed annual wage contracts.
12. Income from jury duty.
13. Income from wage continuation plans (includes retirement incentive plans and buy-outs).
14. Income received as a result of a covenant or agreement not to compete, which relates to employee wages.
15. Interest on below market loans.
16. Moving expense reimbursements (follow Federal rules but non-reimbursed expenses are not deductible).
17. Pre-retirement distributions from retirement plans (except previously taxed income from deferred plans).
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.
26. Strike benefits paid by employer.
27. Supplemental unemployment paid by employer.
28. Taxes paid by employer on employee's behalf.
29. Tips.
30. Union steward fees.
31. Clergy income per Ohio Revised Code §718.01(R)(2)(e).
32. Gambling Winnings (effective 1/1/16). Losses may not offset winnings.
33. Prizes and winnings from sweepstakes (effective 1/1/16)

18. Prizes - unless connected with employment.
20. Royalties - if derived from intangible property.
21. Salaries of the mentally retarded or developmentally disabled while working in a government funded workshop for less than minimum wage.
22. Short-term disability payments paid after 7/1/07.
23. Social Security benefits.
24. State unemployment benefits.
25. Welfare payments.
26. Worker's Compensation.
27. Income from serving as a precinct election official less than \$1,000.



This list is intended for reference purposes only. It may not be all inclusive and is subject to revision without notice.

Can I reduce my taxable wages with unincorporated business losses?

No. All of the municipalities administered by Westerville do not allow the net loss from an unincorporated business to be used to offset wages, salaries, commissions or other compensation.



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What are unincorporated businesses?

- a) Sole proprietorships – Schedule C, Federal Form 1040
- b) Rental properties - Schedule E, Federal Form 1040
- c) Partnerships, Joint Ventures and other type associations (These businesses file their own returns using Form BR- 25; however, you must report your share of their city taxable income on your individual return if you are a partner).
- d) Farm Net Income - Schedule F, Federal Form 1040

What income is not taxable?

1. Alimony.
2. Annuities - at time of distribution.
3. Capital gains.
4. Dividends.
5. Gambling winnings prior to 12/31/15.
6. Government allotments.
7. Exempt rental allowance for clergy per IRS.
8. Income earned while under 18 years of age.
9. Income from Foster Grandparent Program.
10. 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.
11. Insurance benefits - unless your employer paid the premiums. (Pro-rating is allowed if you paid a portion of the premiums).
12. Interest.
13. Long-term disability payments paid after 1/1/04.
14. Meals and lodging required on premises.
15. Military pay including reserve pay.
16. Nonresident subchapter S corporation income to a resident shareholder (effective 1/1/03) is no longer subject to the tax.
17. Patent and copyright income.
18. Pension income - includes lump sum distributions.

Completing Form IR-25

1. Please enter the information in the spaces provided for name, current address and SSN. If you are filing a joint return, provide your spouse's name and social security number also.
2. If you are anticipating a refund for the year in which you are filing, place an "X" in the box marked REFUND located in the upper right section. The requested amount of the refund should appear on Line 6B. If you are amending a tax year, place an "X" in the box marked **AMENDED** and be sure to indicate the tax year that you are amending in the space provided. If you are amending the City return based upon an amended return that you filed with the I.R.S., you must include a copy of the amended Federal return, including any applicable schedules that pertain to the amendment. If you are filing an amended City return based upon an audit that the I.R.S. conducted, you must include documentation pertaining to the audit and note any changes that were made by the I.R.S. to reduce or increase your taxable income.
3. Indicate your filing status.
4. If you moved, enter the date of your move. Attach a statement to your return indicating your former address. If you are allocating your income as a result of your move, you will need to attach documentation to your return explaining the allocation (such as a copy of a paystub dated close to your move date).

5. If you are requesting that your account be inactivated, indicate the reason (taxes fully withheld by employer, sold business or rental property, etc.) and attach supporting documentation such as Federal Form 1040, W-2P or Statement of Social Security Earnings.
6. Enter your occupation. If you are self-employed, enter the nature of your business and your trade name.
7. Enter the names of the cities in which you worked. If you worked in more than three (3) cities, attach a list of all the cities to the back of your return.
8. Enter city (or cities) of residence for the year. For residency clarification, please call (614) 901-6420.

Part A: Taxable Wages

1. Indicate your employer(s) and the address(es) where you actually reported for work (this may differ from your employer's address printed on your Form W-2). If you run out of space, please attach an additional page.
2. For a refund or adjustment to taxable wages. Complete Part D.
3. Indicate city taxable wages from each employer.



Wages for city tax purposes may differ from the Federal Medicare wages reported in Box 5 of your W-2 as adjusted under §718.03 of the Ohio Revised Code. City taxable wages include all wages that may be deferred or excluded from Federal and State taxable wages under §401 of the Internal Revenue Code. These deferrals appear in Box 12 of your W-2 with codes D, E, F, G and S. You may be subject to additional tax due to residency if your employer does not collect and remit courtesy withholding or your employer has incorrectly reported taxable income.

4. Indicate net wages after deduction of Form 2106 expenses (if applicable).



Your Form 2106 expenses may not exceed your earnings from the job to which the expenses relate.

If you adjusted any of your taxable wages enter the adjusted wages next to the appropriate employer. Be sure to attach copies of any applicable forms to the back of the return that pertain to your adjustments (Federal Form 2106 and Federal Schedule A, days out listing, birth certificate or driver's license).

Part D: Adjustments to Taxable Wages

Lines 1-3 (Form 2106 Expenses). You may offset your earnings using Form 2106 expenses subject to a few limitations. First, you must attach a copy of Form 2106 and Schedule A, and it must clearly indicate to what job the expenses relate. If you are claiming Form 2106 expenses for several jobs, you need to attach a separate Form 2106 for each job. Second, your Form 2106 expenses may not exceed your earnings from the job to which the expenses relate. Third, you must be required to complete a Form 2106 to claim the expenses on your Federal return. Form 2106 expenses are limited on the city return to the amount of the expenses actually deducted for federal income tax purposes for the year, subject to the 2% floor limitation. Thus, if you can claim all the expenses reported on your Form 2106 directly on Schedule A of your Federal return without being required to file Form 2106, you may not claim these expenses on your city return. Form 2106 expenses (and the associated wages) related to your work as a nonresident truck driver or nonresident railroad employee are reported on Lines 14 and 15 below. Form 2106 expenses (and the related wages) associated with your work as a nonresident claiming a refund for wages earned outside of our taxing districts are reported on Lines 18-24 below.

Lines 4-6 (Under Age 18). You may reduce your taxable wages by the amount of wages you earned while under the age of 18. To do so, you must enter your date of birth on Line 5, and attach a copy of your driver's license or birth certificate. **Do not send originals** — they will not be returned. A notarized statement from either parent stating your birthday may be substituted for the copy of your driver's license or birth certificate.

Lines 7-9 (Improperly Withheld Taxes). Complete these lines only if your employer withheld tax in error to one of the cities listed on Page 1 of Form IR-25. For example, non-residents who:

- 1) are air carrier, motor carrier, or railroad employees;
- 2) are regularly assigned duties in *two* or more states; and
- 3) had tax withheld to a city other than the city where they live.

You **MUST** attach W-2s and supporting documentation. We will not process your refund unless Part 2 (Certification by Employer) is completed.

Lines 10-13 (Improperly Withheld Tax from Disability Payments). Complete these lines only if your employer withheld tax in error to one of the municipalities listed on page 1 for which Westerville administers the tax. Short-term disability payments paid after 7/1/2007 are exempted from municipal taxable income. Commencing

1/1/2004 payments from long-term disability payments are exempted from municipal taxable income. You must complete Part 2 (Certification of Employer).

Lines 14-17 (Nonresidents who are Truck Drivers, Air Carrier Employees or Railroad Employees). Use these lines only if you are a nonresident employee working in one of these industries and are regularly assigned duties *within Ohio only*. Nonresident employees in these industries regularly assigned duties in **two** or more states should see Lines 7-9. Claim Form 2106 expenses associated with these jobs on Line 15. Be sure to complete Part 2 (Certification by Employer).

Lines 18-28 (Nonresident Days Worked Out). Lines 18-28 guide you through a formula based on a work year consisting of 260 days (representing five (5) days per week times 52 weeks). Sick, vacation and holiday pay are prorated by the formula, as are Form 2106 expenses associated with this job. Be sure to attach a list of all the dates you worked outside of the administered cities, along with the locations (city and state) at which you worked on those dates. Also, you must complete Part 2 (Certification by Employer).

Part B: Tax Calculation

Report all taxable income and withholding to the city where the income was earned. If income was earned in a non-tax area or a city that is not listed on this form, that income (with related withholding) should be reported to your city of residence.

The alternate city line is used by residents of the municipalities listed in Part B to report tax due to their resident city on income earned in another municipality with a lesser tax rate. For example, a resident of Westerville (a 2.0% city) working in Harrisburg (a 1% village) would owe Westerville city tax at a tax rate of 1.0%.

- Column B - Enter all income from wages, salaries, commissions and other compensation net of Form 2106 expenses in this column.
- Column C - Enter all income from net profits, rents and other taxable income. Individuals engaged in business or holding partnership interests should complete Parts C, D & E before completing Column C.
- Column D - Column B plus Column C.
- Column E - Multiply the figures in Column D by the appropriate tax rate(s).
- Column F - Enter all of the following, credit allowable is limited to our 2.0% rate, if applicable:

- 1) city tax shown as withheld on the W-2s taxes withheld to cities, limited to 2.0% tax rate (with allocated 2106 expenses should be reduced proportionately);
- 2) city tax paid directly to a city not listed on Form IR-25 (attach a copy of the return filed with that city); and
- 3) city tax paid on your behalf by a partnership, credit limited to amount subject to tax for the city of residence (attach a copy of the K-1 reflecting city tax).



DO NOT enter declaration payments in this column: they are entered on Line 2 of Part B. You cannot claim credit for taxes withheld to the city of income that exceed:

- 1) *that city's tax rate times that job's city taxable income after Form 2106 expenses; or*
- 2) *your resident city's tax rate times that job's city taxable income.*

- Column G - Enter net tax due (Column E less Column F).
- Line 1 - Enter total net tax due (total of Column G).
- Line 2 - Enter all declaration payments made during the current tax year and any overpayment carried forward from the prior year. Do not enter tax withheld or paid by a partnership on your behalf (see Column F).
- Line 3 - Subtract Line 2 from Line 1 to arrive at the net tax due. However, if the result is an overpayment, indicate amount with parentheses and carry to Line 5.
- Line 4 - Enter penalty and interest, if applicable. All taxes unpaid after April 15th are subject to a 15% penalty. Taxes due Westerville or Blendon Township JEDZ remaining unpaid after April 15th are subject to interest at a rate of .42% per month. The annual interest rate of 5% applies to all administered municipalities.



Taxpayers may incur a penalty of \$25.00 per month up to a maximum of \$150.00 for failing to file this return in a timely fashion.

- Line 5 - Enter total amount due - Line 3 plus Line 4. If tax due is \$10.00 or less, no payment is necessary.
- Line 6 - Enter overpayment, if applicable; from Line 3 as a positive number (do not use parentheses).

Line 6A - Enter amount of the overpayment from Line 6 you want credited to your next year's tax estimate.

Line 6B - Enter the amount of the overpayment from Line 6 you want refunded. Refunds and overpayments must be greater than \$10.00. You must sign your return and attach all documentation for your refund to be issued.

to discuss it with the City of Westerville, just enter "Preparer" in the space for the designee's name. You do not have to provide the other information requested.

If you check the "YES" box, you, and your spouse if filing a joint return, are authorizing the City of Westerville to call the designee to answer any questions that may arise during the processing of your return. You are also authorizing the designee to:

- Give the City of Westerville any information that is missing from your return,
- Call the City of Westerville for information about the processing of your return or the status of your refund or payment(s),
- Receive copies of notices or transcripts related to your return, upon request, and
- Respond to certain City of Westerville notices about math errors, offsets, and return preparation.

You are **not** authorizing the designee to receive any refund check, bind you to anything (including any additional tax liability), or otherwise represent you before the City of Westerville. The authorization will remain in effect for the specific return and tax year on which it appears, unless rescinded on a subsequent return for the same tax year or in writing by the taxpayer.

Part C: Income from Sources other than Wages, Salaries, Commissions etc.

Taxable income from net profits should be entered into the proper city in the following manner:

Column H - Enter net income (or loss) from Part E, Line 21 or from Schedule Y if you are allocating your income. If you attached a copy of your Federal Schedule C in lieu of completing Part E on Page 2, enter your income from Schedule C. Schedule Y is used only if you engaged in business in more than one taxing district. A Schedule Y is provided in your packet.

Column I - Enter net income (or loss) from Part F, Section 1, Line 6, or from your Federal Schedule E if attached in lieu of completing Part F. Separate accounting is required to be used when calculating net rental profit subject to city tax. Common or shared rental real estate expenses shall be allocated equally among all rental properties. Net operating losses are to be applied using separate accounting.

Column J - Enter your share of city taxable income from Part F, Section 2, or from your Federal Schedule E which must be attached to your return. Passive activity loss carryforwards are not allowed for city tax purposes. In addition, net operating loss carryforwards and carry backs are not permitted for city tax purposes.

Column K - Enter total income (or loss) from Columns H through J. Carry income figure(s) shown in Column K to the appropriate city line(s) in Column C. If loss is indicated, enter zero in Column C.

Sign Your Return

Form IR-25 is not considered a complete return unless you sign it and attach all W-2 statements and applicable federal tax documents. If you are filing a joint return, your spouse must also sign.

Paid Preparers Must Sign Your Return. Anyone you pay to prepare your return must sign and date it in the space provided, and provide their Paid Preparer Tax Identification Number (PTIN).

Part E: Schedule C - Income From Self-Employment

The questions on Schedule C should be answered in full. List income and subtract expenses to determine net profit or loss from business or profession. A copy of your Federal Schedule C will be accepted in lieu of completion of Part E on Form IR-25. *All schedules and/or forms supporting the information listed should be attached to your tax return.*

Part F: Rental and Partnership Income

Section 1: Income or Loss from Rental Real Estate

Enter income (loss) produced from rental property by providing the detailed information in the appropriate columns. Federal Form 1040, Schedule E should be provided on all property reported. Beginnings in 2016 net profits from rental real estate are only subject to tax in the city in which the property is located or the city in which the owner receiving the net profit resides. Separate accounting is therefore required to be used

Third Party Designee

If you want to allow a friend, family member, or any other person you choose to discuss your tax return with the City of Westerville, check the "YES" box in the "Third Party Designee" area of your return. Also enter the designee's name, phone number and SSN. But if you want to allow the paid preparer who signed your return

when calculating net profit subject to city tax. Common or shared rental real estate expenses shall be allocated equally among all rental properties. Net operating losses are to be applied using separate accounting. If the property is not located in any taxing city, income is taxed to owner's city of residence.

Section 2: Partnership Income

Partnership Income – Beginning in 2016 only residents of Westerville will be required to report partnership income on the IR-25. The taxable amount to be used is the net partnership income as reported on the Federal Schedule E. Credit for tax paid is limited to the amount of tax due for the city of residence. Include copies of Schedule K-1 and Schedule E with your return.

S-Corporation Income – do not report any S corporation gains or losses on this return. Subchapter S corporations are taxed at the corporate level for municipal tax purposes.

Schedule Y – Business Allocation Formula

Provide a completed IR-25, Schedule Y, to properly allocate your city taxable income. In order to promote uniformity and consistency in the calculation of net profits, it is the City of Westerville' policy to strictly interpret the changes in Ohio Revised Code §718.02.

Commencing with tax year 2004, the use of Separate Accounting in the calculation of Net Profits is no longer an available option.

Column A, Line a- For each locality listed in which you conducted business, list the average original cost of all real and tangible personal property owned or used by the taxpayer that was situated within the city limits. Include on each line the annual rental on rented and leased real property situated within the city limits multiplied by 8.

Column A, Line b- Divide Column A, Line a, by the amount on Line 3. If the amount of Line 3 is zero, enter "n/a" on this line.

Column B, Line a- For each locality listed in which you conducted business, list the wages, salaries and other compensation paid to W-2 employees for services performed within the city limits except compensation exempt from municipal taxation under O.R.C. §718.11.

Column B, Line b- Divide Column A, Line a, by the amount on Line 4. If the amount of Line 4 is zero, enter "n/a" on this line.

Column C, Line a- For each locality listed in which you conducted business, list the gross receipts from sales made or services performed within the city limits.

Column C, Line b- Divide Column C, Line a, by the amount on Line 5. If the amount of Line 5 is zero, enter "n/a" on this line.

Column D- For each locality listed in which you conducted business, divide the sum of line b for Columns A-C by the number of factors used.

Example 1: Line 5 shows no wages companywide. If Line b for Westerville shows 30%, 60%, and n/a for Westerville A-C respectively, you would divide 90% (30% + 60%) by 2 (since only two columns had numbers).

Example 2: Line 5 reports wages companywide. None of those wages are earned in Columbus. Thus, if Line b for Westerville shows 30%, 60%, and 0% for columns A-C respectively, you would divide 90% (30% + 60% + 0%) by 3 (since all three columns had numbers... even though Column C's number was zero).

Column E- For each locality listed in which you conducted business, multiply the amount shown on the taxable form (Example Schedule C, Schedule E, etc.) by the percentage shown in Column D. If the amount is zero or less, enter zero on the appropriate city lines on Form IR-25, Page 1, Column H or I. If Column D is more than zero, enter the amount on the appropriate city lines on Form IR-25, Columns H or I.

Instructions for Filing Form Q-1 –

Declaration of Estimated Tax and Quarterly Payment Vouchers (Form Q-1)

Taxpayers who anticipate owing greater than \$200.00 city tax to Westerville must complete this form. Nonresidents who have taxable income in any municipality for which Westerville administers must also complete this section. Individuals anticipating no income subject to the tax in the year 2016 must complete this section, showing zero in Column G.

The declaration (Form Q-1) should be filed by April 15th. Your first quarter payment should be submitted with the declaration. No extensions of time to file or pay will be granted. Each subsequent quarterly payment should be filed using one of the vouchers (Forms Q-1). Your second, third and fourth payments are due on the 15th day of June; September and December. Each estimated tax payment must show a credit carryforward, (greater than \$10.00) and/or be accompanied by a payment of at least one-fourth (1/4) of the total estimated tax shown on your declaration. To be considered as filed in good faith and not subject to penalty and interest, your timely paid estimated tax must not be less than **90%** of the total tax liability shown on your tax return. We will also consider your estimated taxes as filed in good faith if your timely payments equal or exceed 100% of the tax shown on your prior year return. Failure to make timely estimated tax payments will result in penalty and interest assessments. Each municipality is considered a separate entity in the calculation and payment of a good faith estimate.

AN AMENDED DECLARATION - may be filed by each quarterly due date to increase or decrease the original declaration as deemed necessary by marking "AMENDED" at the top right of the form. If an amended declaration is filed, the balance of the estimated tax, as amended, should be paid in equal installments on or before the remaining payment dates. If no amended declarations are filed, it shall be assumed that estimated income in the amount shown on the original declaration is earned ratably throughout the year. Documentation may be requested to verify the date and nature of unanticipated income resulting in the filing of an amended declaration of estimated tax.

Report all estimated taxable income and withholding to the city where the income will be earned. If income will be earned in a non-tax area or a city that is not listed on this form, that income (with related withholding) should be reported to your city of residence.

Line Instructions for Form Q-1

- Column A - Enter estimate tax due as declared.
- Column B - Enter any overpayment carried forward from the prior year. This credit will be applied entirely to the first installment.
- Column C - Enter current year payments from previous quarters.
- Column D - Divide Column A by 4 to determine the amount of each quarterly installment payment. The first payment due (less credits from overpayment of the prior year) should be shown in Column D.
- Column F - Enter amount of payment enclosed for quarter.

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