

INSTRUCTIONS FOR 2023 WAUSEON INDIVIDUAL INCOME TAX RETURN

GENERAL INSTRUCTIONS

WHO IS REQUIRED TO FILE:

All residents 16 years of age or older. College students whose parents claim them as deductions are considered residents where their parent(s) reside. Married residents may file individually or jointly.

Partial year residents (only income earned during residency is subject to Wauseon tax)

Nonresident individuals who perform work or services within the city limits that are not subject to local income tax withholding.

Any business entity (individual proprietorship, partnership, corporation, profession, etc) who conducts business in Wauseon regardless of profit or loss.

WHEN AND WHERE TO FILE RETURN:

Taxpayers who end their year on December 31, must file on or before April 15 OR THE IRS DUE DATE. Taxpayers on a fiscal or partial year basis, must file within 105 days following the end of such period. This return is to be filed with the Tax Commissioner at City of Wauseon, Municipal Building, 230 Clinton Street, Wauseon, OH 43567.

EXTENSION OF TIME FOR FILING RETURNS:

Taxpayers granted a Federal extension of filing time may be granted an extension of time for filing their city return by mailing a copy of the Federal extension to the Tax Commissioner on or before the date due of the return. The extension of filing time does not extend the date for payment of tax due. Failure to receive the return or extension by date due will result in a late fee being assessed.

INCOME SUBJECT TO THE TAX:

Income from qualifying wages (W-2 box 5 or box 18, whichever is higher), tips, salaries, commissions, bonuses, rental property, farm income, self-employment income, third party sick pay, vacation pay, 401-k, lottery winnings, jury duty pay, strike pay, ordinary gain 4797, etc. Other income may be subject to local income tax, contact the Wauseon tax department with any questions.

Net profit of any business entity is the same as recognized by the IRS with adjustments for Wauseon as required by the Codified Tax Ordinance and ruling of the Tax Commissioner. For tax purposes, net profit is taxable income after all ordinary and necessary expenses and before net operating loss and special deductions.

THE FOLLOWING ARE NOT DEDUCTIBLE IN DETERMINING NET PROFITS FOR WAUSEON INCOME TAX:

- All taxes based on income (Federal, State, or municipal income taxes).
- Gift, Estate, or Inheritance tax.
- Taxes for local benefits or improvements to property which tend to increase its value.
- Taxes on property producing income and taxable by the Codified Tax Ordinance.
- Interest and/or Other Expense incurred in the production of non-taxable income (at least 5% of the total of items not taxable).
- Payments to partners per Federal Form 1065 and S-Corp shareholder distributions.
- Self-employed 401(k), Keough, HR10 or similar tax deferred plans.
- Other expenses not considered ordinary and necessary expenses of doing business.

INCOME NOT TAXABLE:

Unemployment or Worker's Compensation; IRS qualified retirement plans or annuities received as a result of retirement; interest; dividends; active or reserve military pay; life insurance proceeds; and income of taxpayers under the age of 16.

TAX CREDITS:

Credit for Wauseon income tax cannot exceed 1% tax paid to other municipalities. No credit is given for school district tax, county tax, or out of state local income tax withheld.

TAX PREPARER INFORMATION:

Return must be signed by the preparer and name of preparer printed legibly, Name and address of firm, and phone number. A signed form giving the tax preparer authority to discuss the taxpayer's tax matters with the Tax Commissioner must accompany the tax return.

TAXPAYER:

All returns must be signed by the taxpayer who is affirming that all information contained therein is true and correct as filed with the Federal IRS. Return must be signed to complete filing requirement.

SPECIFIC INSTRUCTIONS

LINE 1. Enter total wages from pg. 2 worksheet A, box A. I

LINE 2. Enter total income/loss from pg. 2 worksheet B line 6. Include copies of all Federal forms and schedules used to compute local income. Up to 1% credit will be given for taxes paid to other municipalities. Please include copies of all other local returns.

LINE 3. Total of lines 1 and 2. Losses cannot be subtracted from W-2 income.

LINE 4. Multiply taxable income on line 2 by 1 ½% (.015) to determine tax due before applicable credits.

LINE 5. Total credits

- Enter total from page 2 worksheet A Box B, Wauseon income tax withheld
- Enter total from page 2 worksheet A Box C, Other city tax withheld. Credit for taxes paid to other municipalities is limited to 1%.
- Enter the total of estimated payments made to the City of Wauseon and also any prior year overpayment.
- Enter tax paid to other cities on income shown on Line 2. Credit for taxes paid other municipalities is limited to 1%. Attach a copy of other city tax returns to support tax shown. If any portion of the credit is refunded by the other city, the credit is not allowed.
- Total credits. Add line 5a+5b+5c+5d and enter on line 5.

LINE 6. Balance of tax due. Subtract line 4 from line 5. Amounts under \$10 are not due, credited, or refundable.

Line 7. Overpayment if line 5 is greater than line 4.

- Enter the amount to be refunded.
- Enter the amount to be credited to next year.

Line 8. Penalty and interest

- Underpayment Penalty on tax due of \$200 or more. If Line 5 does not equal 90% of the tax liability shown on Line 4 or 100% of the prior year tax liability (provided the prior year tax was not zero), an underpayment penalty must be computed and entered on this line. Multiply the amount on Line 6 by 15% (.15). If the return is filed or balance paid after the due date, there is a 15% penalty on any tax due.
- Interest due on balance of line 6. Interest due regardless of extension. See website for interest rates.
- If the tax return is filed after April 15 OR THE IRS DUE DATE or a copy of the Federal extension of filing time was not received by the Tax Commissioner by April 15 OR THE IRS DUE DATE, a Late Fee of \$25.00 must be entered on this line.
- Add lines 8a + 8b + 8c and enter total on line 8.

Line 9. Total tax, Penalties & interest. Add lines 6 and 8.

WORKSHEET A

Wages earned as an employee. From your W-2 form(s), enter your employer's name, location you performed the work, total wages earned (box 5 or box 18 whichever is higher), Wauseon tax withheld, and other city tax withheld (1% limitation). Include any W-2G income (Gambling winnings). **DO NOT INCLUDE ACTIVE DUTY/RESERVE PAY.** Attach all W-2's to the return.

WORKSHEET B

Business income or loss

- Schedule C Income. Combine the net profit and loss of all Schedule C's. If taxes were paid to other municipalities, include copies of the returns for up to 1% credit. Attach copies of all Schedule C's to the return.
- Schedule E rental income. Wauseon residents enter profit/loss from all properties. Nonresidents enter only profit/loss from Wauseon properties. Attach copies of all Schedule E's to the return.
- Schedule K-1 Partnership income. Wauseon resident enter profit/loss from entities that do not withhold Wauseon tax on entire distributive share. Include K-1 and copies of other city returns for tax credit of up to 1%.
- Miscellaneous Income. Enter any miscellaneous income from 1099-misc, Schedule F (farm income), Etc. **DO NOT INCLUDE DISABILITY, RETIREMENT, OR UNEMPLOYMENT.**
- Net operating loss claimed to offset current year business income. Beginning in tax year 2023, available losses may be used to reduce net profit by up to 100%. Losses may be carried forward for a maximum of five (5) years per ORC 718.01. Enclose a worksheet showing prior year losses for up to 5 years and amounts previously claimed.
- Total Income/Loss. Combine lines 1 thru 5 and enter this amount on Page 1 line 2.

WORKSHEET C- BUSINESS APPORTIONMENT FORMULA

- The average original cost of the real and tangible personal property owned or used by the taxpayer in the business or profession in Wauseon 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 at every location.
- Wages, salaries, and all compensation paid to employees for services performed in Wauseon during the taxable period to wages, salaries, and other compensation paid to employees for services performed in all locations during the same taxable period. Exclude compensation not taxable by the city under ORC 718.011.
- Gross receipts from sales made or work/services performed in Wauseon during the taxable period to gross receipts from sales made or work/services performed at all locations during the same taxable period.
- Total percentages add column C step 1 thru 3.
- Divide the total percentage by the number of percentages used.

***ALL RETURNS MUST INCLUDE ANY W-2'S, FEDERAL RETURN PAGES 1 & 2, AND ANY RELEVANT FEDERAL SCHEDULES OR FORMS USED TO COMPUTE LOCAL INCOME. INCLUDE OTHER CITIES RETURNS IF TAXES WERE PAID FOR WORK OR SERVICES PERFORMED.**