

2005 INSTRUCTIONS FOR SYLVANIA INCOME TAX RETURNS

NOTICE TO TAXPAYERS

PLEASE READ THE INSTRUCTIONS AND TAX RETURN CAREFULLY.

Mail returns accompanied by payment to City of Sylvania, Division of Taxation, PO Box 510, Sylvania OH 43560-0510. Mail all other returns to City of Sylvania, Division of Taxation, 6730 Monroe St., Sylvania OH 43560-1949.

If you need assistance, call the tax office at (419) 885-8940 or visit our office at 6730 Monroe St., Sylvania OH 43560-1949. Our fax number is (419) 885-3442. Additional forms are available at the Sylvania branch of the Toledo-Lucas County Library or on the internet at www.cityofsylvania.com/tax

GENERAL INSTRUCTIONS

THIS RETURN IS USED FOR BUSINESSES AS WELL AS FOR INDIVIDUALS. PARTS OF THE RETURN WILL NOT APPLY TO EVERY TAXPAYER.

1. WHO IS REQUIRED TO FILE THIS RETURN

ALL RESIDENTS having earned income, MUST file a City Income Tax Return no later than April 15th of each year, even though the entire tax has been withheld. Failure to comply is considered a misdemeanor under the Tax Ordinance, subject to severe penalties. The Ordinance imposes the tax on all salaries, wages, commissions and other compensation from all sources, regardless of where it is earned. A full tax credit is allowed for each city receiving tax if the tax rate is 1½% or less.

Husbands and wives may file their city return separately or jointly. However, if both spouses' incomes are reported on one tax return, the income of each spouse will be segregated and no losses of one spouse will be permitted to reduce the income of the other spouse.

Non-resident business entities and/or individuals, must file a return on income attributable to and/or earned in Sylvania on which no tax was paid or withheld to Sylvania.

2. PRIMARY AND SECONDARY SOURCES OF INCOME

W-2 income cannot be reduced by losses.

A person's total income is often the sum total of several sources of income. These sources are grouped according to type in determining the one source comprising the greatest income or Primary source of income. Primary source income can change according to type from year to year. Primary source income can not be reduced by secondary source losses.

Secondary source income is the aggregation of the remaining types of income. If the aggregation is a net profit, the income is taxable. If the aggregation is a net loss, the loss may be carried to any of the succeeding 5 tax years to be used against an aggregated net profit. Credit for tax paid to another municipality on secondary source income will not be allowed on the Sylvania tax return unless the income is reported as taxable and not aggregated.

Secondary source income loses its individual type characteristics when it is aggregated. Therefore, it is not necessary to keep track of individual types of losses. It is important to keep track of the loss carry forward for each spouse.

3. EXTENSIONS

The Sylvania Tax Ordinance allows an extension of time to file a return. **It does not extend the time to pay the tax.** Taxpayers granted extensions of time for filing their Federal income tax returns may have an extension for filing their Sylvania tax return **PROVIDED** a copy of the Federal extension is filed with the Commissioner on or before the original due date of the Sylvania tax return and is accompanied by any tax which may be due. If a second Federal extension is granted, a copy of this extension must be filed with the Commissioner on or before the date the first extension expires.

If no Federal extension was granted, a taxpayer may request an extension to file his Sylvania tax return. This request must be in writing and filed with the Commissioner on or before the original due date of the Sylvania tax return and be accompanied by any tax which may be due.

If the extension is not filed on time, the Sylvania tax return will be considered late. The Sylvania Tax Ordinance assesses a penalty of **\$25.00** for late filing even though no tax is due.

4. OTHER CITY REFUNDS FOR TAXPAYERS WHO TRAVEL

(A) If your position requires you to travel or work outside your base city of employment, on behalf of your employer, be sure to indicate the number of FULL WORK DAYS on the line above Schedule "A." We will send you the necessary form for filing your refund claim of other city tax withheld on the travel time. Your base city of employment **can not** be the City of Sylvania.

(B) After filling out the non-resident refund form, you may send it to the City of Sylvania or to the city in which you were employed. We check all forms to be sure they are complete and then forward them to the proper city. If you send the form directly to your city of employment, please send a photocopy with your Sylvania tax return, noting date sent.

(C) The Sylvania tax return allows you a tax credit, not to exceed 1½%, for tax withheld to another city.

(D) Tax is due Sylvania on your travel days refund. If your city of employment has a tax rate of 1½% or less, the whole refund is due Sylvania. If your city of employment has a tax rate of more than 1½%, you may be entitled to a refund based on the difference between the tax rates.

5. OTHER CITY TAX CREDITS

Credits claimed for withholding to any municipality must be supported by copies of your W-2's. Attach the itemized breakdown if your W-2's are marked "Various" or "All Cities."

Credits claimed for paying tax directly to another municipality must be supported by a copy of your check or a copy of the return filed with the other municipality.

6. SCHEDULE "X" ADJUSTMENTS

If your Schedule "X" adjustments entitle you to a refund, you must claim your refund from the city in which the tax was withheld. Sylvania has no money to refund if the tax was paid to another municipality.

7. RESIDENT EMPLOYED IN NON-TAXING AREAS

Any income earned in a non-taxing area, such as Sylvania township, or in a city in another state which has no municipality income tax, is taxable to your resident city.

If the tax has been withheld on this income to another city, please show the location of your employment under Schedule "A." On proof of claim, city tax withheld in error will be refunded to the city of residency. If the tax was withheld at a rate greater than 1½%, you may be entitled to a refund based on the difference between the tax rates.

8. REFUNDS

A refund will not be processed unless all Federal schedules used to calculate the tax return have been sent with your return. Federal schedules and/or explanations are needed if you reduce your W-2 wages, add additional income which has no supporting documentation or take deductions without supporting documentation.

Employee business expense refunds are given for items found on Federal form 2106. These expenses must be reduced by 2% of your federal AGI. The 2106 form and Federal Schedule A, Itemized Deductions must be filed with your Sylvania return.

Travel time refunds for Sylvania residents can not be processed until our tax office has received the money from your city of employment. The earlier you file your non-resident refund form, the sooner you will receive your refund.

Non-residents who did not work in the City of Sylvania but their employers withheld Sylvania income tax must file a non-resident refund form. This form is to be completed by the employee and verified by his employer.

9. Additional income items to be reported in Schedule "X," page 2, if applicable.

ITEMS NOT DEDUCTIBLE	ITEMS NOT TAXABLE
1. Health insurance premiums paid by self-employed taxpayers as permitted by IRS	1. Pensions and/or social security benefits.
2. Self-employment tax paid by self-employed taxpayers as permitted by IRS	2. Interest and/or dividends
3. Contributions to IRA or Keogh plans made by taxpayers as permitted by IRS	3. Capital Gains reported on Federal schedule D
4. Contributions to Federal tax sheltered annuities	4. Moving expenses reimbursed employee by employer
	5. Military or reserve pay
	6. Alimony
	7. Unemployment compensation

"All information requested for City of Sylvania tax purposes is mandated to be Confidential by Section 171.09, V of the Codified Ordinances of Sylvania, as amended, and compliance with such section by the City does not infringe on any protection afforded to taxpayers by applicable Privacy Act Regulations."

INSTRUCTIONS FOR PREPARING MUNICIPAL INCOME TAX RETURNS

Heading: Print your name, address, social security or federal identification number plainly or make necessary corrections if already printed. Indicate your residency status including dates if you were a partial year resident of Sylvania.

Schedule "A" is for wages earned as an employee. From your W-2 form(s), enter your employer's name, the location you performed your work, the name of the municipality which received your city tax, the amount of city tax withheld (box 19, separate Sylvania tax from other city tax) and the total wages paid. Your total wages include, but are not limited to, **deferred compensation, tax shelters, annuities, etc.**

NOTE: If you are filing on W-2 wages only, compute your tax on Line 8.

Line 2(A) - Primary Source income other than wages. See page 2 of the tax return. **Copies of all federal schedules must be attached to your city return. COPIES OF K-1'S FOR 1065 AND 1120S RETURNS ARE REQUIRED.** List gross income from gaming, wagering, lotteries or schemes of chance in excess of \$9999.99.

2(B) - The net profits or losses from business activities or investments other than from your principal source of income shall be aggregated for each tax year. If the aggregation is a net profit, tax is due.

2(C) - If the aggregation is a net loss, the loss may be carried forward to the succeeding 5 tax years to be used against an aggregated net profit. A secondary source loss of one spouse will not be allowed to reduce the secondary source income of the other spouse.

Schedule E - If the total gross monthly rental from all property taxable to Sylvania does not exceed \$250.00, this income need not be reported on your personal city return.

Schedule K-1 (1065) - The distributive share of the net profits of a partnership is taxable to Sylvania.

Schedule K-1 (1120S) - The distributive share of the net profits of an "S" corporation is taxable to Sylvania. An "S" corporation is treated as a partnership and not a corporation.

Line 3 - Adjustments to reconcile your Federal adjusted gross to your taxable city income and/or to report unreimbursed business expenses. Reimbursed moving expenses may be deducted on line s of Schedule X.

Line 4 - Total lines 1, 2, and 3.

Line 5 - Corporations, unincorporated businesses, partnerships, professions or other entities doing business within and without this municipality will need to use Schedule "Y" if actual records of their local business are not maintained.

Line 6 - Allowable loss carry forward. Losses going back further than 5 years are not allowed. An aggregated secondary source loss can be carried forward for the succeeding 5 tax years.

Line 7 - Enter the net of Line 4 minus Line 6 or Line 5 minus Line 6.

Line 8 - Enter 1½% (.015) of Line 7. If your only source of income is from wages, enter 1½% (.015) of Line 1.

Line 9(A) - Enter the total of all municipal income tax withheld by your employer for Sylvania.

9(B) - Enter the total of all estimate payments made to Sylvania for this taxable year including any credit from overpayment of the prior year's city return.

9(C) - Sylvania Residents ONLY – Enter the tax withheld to, paid to or to be paid to other municipalities on taxable income. The amount listed must not exceed one and one-half percent (1½%) of the income taxable to the other municipalities. **The credit for each W-2 must be calculated separately. If you work for one employer in several different municipalities, the credit for each municipality must be calculated separately.**

Resident's businesses need to submit proof of tax paid to other cities in order to take credit.

9(D) - Enter the name of the municipality, the partnership or S corporation name and the tax paid by the partnership or S corporation on rental income or K-1 income.

9(E) - Add lines 9 (A), (B), (C) and (D).

Line 10 - If line 8 is greater than line 9(E), the difference is entered here. Remittance of this amount must accompany the return when filed. If this amount is less than \$10.00, no tax is due. If line 8 is less than line 9(E), the difference is entered here. Refunds will not be made for amounts under \$10.00. However, you will receive a credit which may be used against the amount due on your next year's tax return.

Line 11 - Even though no tax is due, a penalty of \$25.00 is assessed for filing a return after the due date. A return also is considered to be filed late if the extension is not filed by the Federal due date. If a second Federal extension is filed, a copy must be sent to the City on or before the date the first extension expires.

Penalty and interest charges of 1½% each, for a total of 3% are assessed every month on any unpaid tax balance.

Line 12 - Add lines 10 and 11. Make your check payable to the City of Sylvania.

Line 13 - If line 9(E) is greater than line 8, enter the difference here.

13(A) - Enter the amount of the overpayment you wish credited to next year.

13(B) - Enter the amount of the overpayment you wish refunded.

YOU ARE REQUIRED TO ATTACH COPIES OF YOUR W-2'S AND ALL FEDERAL SCHEDULES USED TO PREPARE YOUR CITY RETURN. SIGN YOUR TAX RETURN.