2014 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 in the tax office, 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 if 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, including rental, partnerships and passthrough income regardless of where it is earned (exception: S-Corp passthrough taxable to extent allocated to the state of Ohio). A full tax credit is allowed for each city receiving tax if the tax rate is 1.5% or less.

   Married taxpayers 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 losses of one spouse will not 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.

   If a taxpayer has multiple sources of income subject to Sylvania tax, the principal source of income is generally considered to be that source subject to Sylvania tax, which produced the highest dollar amount of income, either on a form W-2 or on the net profit as shown on various federal tax forms. Primary source income can change 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 income will be allowed on the Sylvania tax return to the extent the income is taxable.

   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, and whether it is primary or secondary.

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.** Tax not paid will be subject to statutory interest. 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 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. Tax due will be subject to penalty and interest. The Sylvania Tax Ordinance assesses a late filing fee of $25.00 even if 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." Forms are available on the web site or in the office 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 to which you were withheld. If you send the form directly to your city of employment, please send a photocopy with your Sylvania tax return, noting date sent.

   (C) Tax is due Sylvania on your travel days refund. If your city of employment has a tax rate of 1.5% or less, the whole refund is due Sylvania. If your city of employment has a tax rate of more than 1.5%, 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 the return filed with the other municipality.

6. SCHEDULE "X" ADJUSTMENTS

   Adjustment to reconcile your Federal adjusted gross income to your taxable city income and/or to report unreimbursed business expenses. Reimbursed moving expenses may be deducted on line S of Schedule X.

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 municipal income tax, is taxable to your resident city.

   If 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 can be refunded to the city of residency. If the tax was withheld at a rate greater than 1.5%, you may be entitled to a refund based on the difference between the tax rates.

   No credit will be given for city taxes withheld to another city in error.

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.

   If your Schedule X adjustments entitle you to a refund, you must claim your refund from the city to which the taxes were withheld. 2106 expenses are not allowed if the only expenses are on line 4. If the 2106 expenses apply to income with withholding to multiple cities, the 2106 must be prorated. 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.

   Amounts less than $10.00 shall not be refundable.

INSTRUCTIONS FOR PREPARING MUNICIPAL INCOME TAX RETURNS

Heading: Print your name, address, social security or federal identification number clearly 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. DO NOT INCLUDE LONG TERM DISABILITY, UNEMPLOYMENT, OR ACTIVE DUTY OR RESERVE PAY.**

NOTE: If you are filing on W-2 wages only, skip to Line 8 and compute the tax.

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. Once a minimum of $9999.99 is reached, total winnings are taxable.

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 results in a net profit, tax is due. One spouse may not aggregate with the other spouse.

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 to the extent the distribution is allocated to the State of Ohio.

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. Enter totals from Schedule X Page 2. Individuals will only use lines S and T of Schedule X, businesses will use lines A-S.

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 1.5% (.015) of Line 7. If your only source of income is from wages, enter 1.5% (.015) of Line 1.

Line 9(A) - Enter the total of all municipal income tax withheld by your employer for Sylvania. From Schedule A, Line 1. Column D

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 (1.5%) 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. From Schedule A, Line 1, Column F Copies of W-2's showing other city tax withheld must be attached.** 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. Attach Documentation.

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

Line 10 - If line 8 is greater than line 9(E), enter the difference is 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 late fee of $25.00 is assessed for filing a return after the due date. A return is also considered to be filed late if the extension is not filed on or before the original due date of the Sylvania tax return.

Penalty and interest charges of 1.5% 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, INCLUDING BUT NOT LIMITED TO SCHEDULE C, E, 4797, A, 2106, 1099, PAGE 1 OF 1040, USED TO PREPARE YOUR CITY RETURN. SIGN YOUR TAX RETURN.

"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."