

City of Montgomery Individual Tax Form Instructions
Revised January 2016
Lines 1 through 21, Pages 1 and 2

Remember!! The Tax Office offers assistance preparing Montgomery returns at no cost and no appointment is necessary. Contact the Tax Office at 513-891-2424 for information.

This form is to be used by individuals who receive income reported on Federal Forms W-2, W-2G, Form 5754, 1099-MISC, and/or Federal Schedules C, E, F or K-1. Individuals who file as Sole Proprietors of Single Member LLC's should also use this form. The following forms must be provided in order for tax return to be considered complete: Copies of all W-2 forms, the Federal 1040 form, and all supporting Federal Schedules for income shown on Lines 12, 17, 18 and 21 of the Federal 1040 form. Please help us use your tax dollars wisely by including this information with your Montgomery tax form.

LINE 1: List total of all qualifying wages from all W-2 forms. "Qualifying wages" generally includes amounts reported in the Medicare wage base (the amount in Box 5 of the W-2); and compensation of pre-1986 employees exempt from Medicare solely because of the Medicare grandfathering provision. Qualifying wages include, but are not limited to: Commissions, tips, settlements, 401-K contributions (Deferred Compensation), deferred annuity plans and stock options.

Attach all W-2 Form(s), page one of the applicable Federal form (1040, 1040A or 1040EZ) and Federal Schedules for income shown on Lines 12, 17, 18 and 21 of Federal 1040 Form, if any.

*****Interest, dividends, capital gains, and/or pension/retirement income are not taxable.*****

LINE 2: Deductible employment expenses: Allowable only on **W-2 wages** that are taxable to Montgomery, and applicable on same percentage basis as wages allocated, and tax paid to the City of Montgomery. Attach Federal Form 2106 and/or other supporting documentation. Moving expense deduction may not be taken unless reimbursement is included in Line 1. Attach Federal Form 3903.

Non-taxable income. **Part year residents:** Deduct the amount of gross wages included on Line 1 that were earned outside of Montgomery during the period when you were not a resident. Income may be pro-rated for residents who move into or out of Montgomery during the current year. It is also necessary to pro-rate any credit claimed for other city tax withheld or paid. You may pro-rate your taxable income and credit by dividing the number of days lived in Montgomery by the total days in the year. Please provide documentation showing calculations.

Non residents working in and out of the City limits: Determine the tax liability by taking the total number of days worked in Montgomery divided by the total number of days worked during the year. Multiply the resulting percentage by the total annual income from wages, including sick leave and vacation pay. Include a schedule of calculations and an itinerary of days worked outside Montgomery, listing the dates and the location of the work site. Where no record can be substantiated for number of days worked, the number 254 is to be used as the total number of days worked.

LINE 3: Amount on Line 1, minus allowable deductions from Line 2.

LINE 4: All other taxable income. Other taxable income includes, but is not limited to: Schedule C business income, Schedule E rental and business income, 1099 Misc income not reported on Schedule C, lotteries and gambling winnings. **See instructions regarding Page 2, Lines 15-21.**

****Business losses may not be used to offset W-2 wages or other compensation.****

Schedule C, F – Business Income: Residents are subject to Montgomery tax on all business income no matter where earned. You may combine the profits and losses from all businesses reported on Schedule C. The resident taxpayer may claim a credit for taxes paid to other localities on Schedule C income. Attach copy of other city return for credit. (See instructions for Line 16)

Schedule E – Rental Income: Montgomery residents must report all profits or losses from rental property unless the property is located in, and profit/loss is filed with another municipality. Non-residents of Montgomery must report profits or losses only from properties located within Montgomery. (See instructions for Line 17)

Schedule E – Flow-through Profits or Losses: The tax is levied on the partners, members or other owners of a flow-through entity, excluding S-Corporations. Businesses operating in Montgomery are required to report the portion of net profit earned in Montgomery, and to remit the tax on behalf of all their partners. Residents of Montgomery are to report their distributive shares of income (or loss) that was not withheld on by the business. The resident taxpayer may claim a credit for taxes paid to other municipalities by the business. (See instructions for Line 17)

Other Income: ***NOTE: Business losses (Schedule C, E, F) may not be used to offset this income.*** Please provide documentation such as copies of Federal schedules or Forms 1099-MISC not already reported on Schedule C. Also taxable are all prizes, awards and income derived from gaming, wagering, or lotteries, regardless of where derived. Income reported on 1099-INT (interest), 1099-R (pension/retirement) and 1099-D (dividends/capital gains) is not taxable.

****SEE FURTHER INSTRUCTIONS BELOW FOR PAGE 2, LINES 15 – 21****

LINE 5: Total taxable income (Line 3 plus Line 4)

LINE 6: Montgomery tax: 1% of Line 5.

LINE 7a: Enter the amount of Montgomery tax withheld by employer(s). This amount is generally shown in Boxes 19 and 20 of the W-2 form.

LINE 7b: Enter the total amount of paid estimated tax payments, including any amounts paid with extension.

LINE 7c: Enter the amount of taxes withheld for, and paid to another city, subject to the following limitations: Residents of Montgomery may claim a credit for taxes paid to another city, JEDD, or JEDZ up to 1% of those wages actually taxed on the W-2. The amount of tax credited against the obligation due Montgomery shall only apply to that portion of the taxpayer's income reported to and taxed by the other municipality. Any excess credit may not be applied against other income that would otherwise be taxable by Montgomery. For example: The City of Cincinnati tax rate is 2.1%. The difference of 1.1% excess may not be used to offset other W-2 income.

Calculating credit: Tax withheld at a rate higher than 1% must be reduced to the 1% allowable by Montgomery. For example: The amount of tax withheld and paid to Cincinnati must be divided by 2.1 to determine the amount of allowable Montgomery credit. If a refund was issued from another city, please provide documentation, such as the city tax return or refund request. If a resident is only partially taxable to the municipality where employed, that portion of income which is not taxed by another municipality becomes taxable to the City of Montgomery at a rate of 1%. Montgomery allows credit for taxes paid to a JEDD or JEDZ; however, no credit is given for county taxes or school district taxes.

Partners claiming credit for taxes withheld or otherwise paid to another municipality by a partnership must provide documentation to support this credit. Note: Credit for taxes paid to other municipalities on business income may not exceed 1% of the net business income reportable elsewhere.

****Please note** – if a wage base is used other than Qualifying Wages (Box 5 of W-2), and/or it is not fully withheld at that municipality's tax rate, adjustments could be made to your return.

LINE7d: Enter any prior year overpayment.

LINE7e: Total credits (Lines 5a through 5d)

LINE 8: Balance of tax due must accompany return. If paying by credit card, please include full card number, expiration date, and 3 or 4-digit code verification code. Payment is not required if amount due is less than \$1.01. No refund or credit will be given for amounts less than \$1.01.

Any balance greater than \$1.01 must be received on or before the due date of the return. Any tax remaining unpaid after the due date will be subject to penalty and interest charges as prescribed by Ordinance.

LINE 9: Overpayments will be applied to following year estimate unless a refund is requested in writing. By law, all refunds and credits in excess of \$10.00 are reported to IRS, and a 1099-G will be issued.

LINE 10: Enter the amount of estimated taxable income for the next year. Multiply estimated income by 1%, and enter total estimated tax due for next year.

LINE 11a: Enter the estimated amount of Montgomery tax to be withheld by employer.

LINE 11b: Enter the estimated amount of allowable payments to another municipality, not to exceed 1% of that portion taxed.

LINE 12: Enter the net estimated tax due for next year (Line 10 less Line 11a and 11b.)

LINE 13a: Enter the amount of estimated tax due for first quarter (not less than 22.5% of Line 12).

LINE 13b: Enter any credit that was carried over from the prior year (from Line 9 above)

LINE 13c: Subtract Line 13b from 13a and enter the amount of the net first quarter payment. This is the first of four quarterly estimated tax payments and should be remitted with your current year return. Subsequent estimated payments are due on the 15th of June, September and December. Statements are based on your declaration, and will be sent prior to due date of each payment. The full amount of estimated tax may be paid with this filing or at any time throughout the year. Due to changes mandated by the passage of Substitute House Bill 5 by the Ohio General Assembly, 90% of tax liability is due by December 15, or the 15th day of the 12th month.

LINE 14: Enter and remit the total amount due (Line 8 plus Line 13c).

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LINE 15: Enter any taxable income not reported on W-2 form(s), Schedule C, E or F. Please provide documentation such as copies of Federal schedules or Form(s) 1099-Misc not already reported on Schedule C. Also taxable are all prizes, awards and income derived from gaming, wagering, and lotteries regardless of where derived, as reported on IRS Form W-2G, IRS Form 5754 or any other form required by IRS to report such income. Income reported on 1099-INT, 1099-R and 1099-D is not taxable.

LINE 16: Net profit (loss) from business operation and/or profession. Attach copy of Federal Schedule(s) C or Schedule F. The resident taxpayer may claim a credit for taxes paid to other localities by the business. Attach copy of other city return.

LINE 17: Total net profit (loss) from business activities, rents*, royalties, partnerships, estates, trusts, etc. (Montgomery does not tax flow-through profit/loss from S-Corporations). Attach copy of Federal Schedule(s) E and Form(s) K-1, if applicable. The resident taxpayer may claim a credit for taxes paid to other localities by the business. Attach copy of other city return. See Line 19 instructions regarding losses reportable to another municipality.

*If rental property is located within the City of Montgomery, a current tenant listing must accompany this tax filing. A tenant listing includes name, address, move in/move out date, and phone number, if available.

LINE 18: Total of Lines 16, and 17.

LINE 19: Enter the amount of net allowable loss per prior year(s) Montgomery Income tax returns.

Note: Operating losses from business activities may be carried forward for a maximum period of five years. The net loss from an unincorporated business activity may not be used to offset salaries, wages, commissions, or other compensation. If a taxpayer is engaged in two or more taxable business activities to be included on the same return, the net loss of one unincorporated business activity may be used to offset the profits of another for purposes of arriving at overall net profits, except any portion of a loss or profit reportable for municipal tax purposes to another taxing entity. Losses reportable to another municipality cannot be used to offset gains that are taxable to Montgomery.

LINE 20: Subtotal Line 18 and Line 19.

LINE 20a: If the result is a loss, enter the amount on this line. The loss will be posted and may be carried forward for up to five years.

LINE 20b: If the result is a gain, enter the amount on this line

LINE 21: Enter the net taxable income (Line 15 plus Line 20b.) Enter this amount on Page 1, Line 4.

Extension Policy: Extension requests must be made in writing and received by the Montgomery Tax Office on or before the due date of the return. The City of Montgomery Tax Office accepts a copy of the Federal Extension form as an extension request, and must be filed with Tax Office on or before April 15 or the Federal equivalent. Only those extension requests received in duplicate with a self-addressed, postpaid envelope will have a copy returned after being appropriately marked.

Filing an extension does not grant an extension of time to pay.

Exemptions from filing: Any person who has not previously filed a return; is under 18 years of age and has no earned income; or any retired person who has previously filed a return establishing retired status with the City's Tax Office and who will continue to have no earned income.

Statute of Limitations Requirements: Refund requests must be made within three years from the date of your tax payment, the date the tax return was due, or within three months after the final determination of your federal income tax liability, whichever is later.

Sign and date your return. **In order to be considered a complete legal final return, you must include all W-2 forms, (showing amounts listed in Box 5, 18, 19 and 20, if applicable), the front page of the Federal 1040 form, supporting schedules for income shown on Lines 12, 17, 18 and 21 of the Federal 1040 form, and all other appropriate copies of federal forms and other documentation.** Please include payment of any tax due. If you wish to pay by check, please make it payable to the City of Montgomery.

Returns and payment should be mailed to:

City of Montgomery Income Tax Office
10101 Montgomery Road
Montgomery, OH 45242

****The City of Montgomery does not currently have the capability to accept electronically filed returns.**

Phone: 513-891-2424 Ask for the Tax Office
Website: www.montgomeryohio.org

Fax: 513-891-2994
Email: cabner@ci.montgomery.oh.us