CITY OF DUBLIN, OHIO
DIVISION OF TAXATION
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City of Dublin

Additional Forms Available at www.dublintax.com

DUBLIN INDIVIDUAL INCOME TAX RETURN INSTRUCTIONS 2014

WHO MUST FILE: Every Dublin resident eighteen years of age and older must file a Dublin Income Tax Return. Every person earning income in Dublin not subject to the withholding of Dublin income tax must also file an annual Dublin Income Tax Return. See page two of the instructions for a list of items that are not taxed. If a person is under 18 and employed with Dublin city tax withheld, a return must be filed, with proof of age, to receive a refund. Any person or unincorporated business having income within the City is required to file a return.

FILING STATUS: Taxpayers who prepare their federal and state tax returns using the "married filing separate" status to lower their overall tax liability may still file a joint return for the City of Dublin. Filing a joint return will neither increase nor decrease your City of Dublin tax liability.

WHEN AND WHERE TO FILE: This return must be filed on or before April 15th. Make checks or money orders payable to **CITY OF DUBLIN** and mail to: **Dublin Income Tax Division, P.O. Box 9062, Dublin, Ohio 43017-0962**. Refund requests should be mailed to P.O. Box 800, Dublin, Ohio 43017-0900.

When the due date for doing any act for tax purposes – filing a return, paying taxes, etc.--falls on a Saturday, Sunday or legal holiday, the due date is delayed until the next business day.

If the deadline cannot be met, a copy of the Federal request for extension or a letter requesting an extension which includes name, address, social security or federal identification number **MUST BE FILED WITH THE INCOME TAX DIVISION BY THE ORIGINAL DUE DATE OF THE RETURN**. An extension request is not an extension of time to pay. Payment of any estimated tax due should accompany the extension request. If no extension is filed, penalty and interest charges will apply. A copy of the extension request should also be attached to the return when it is filed.

PARTIAL YEAR RESIDENTS: If you only lived in Dublin during part of the taxable year, you must file a return covering that time. You must calculate both your tax liability and tax credit on only that portion of your income earned as a Dublin resident, wages earned in Dublin may NOT be pro-rated, complete Schedule X (including your previous address).

Pay statements with year-to-date figures or a statement from your payroll department must be used if available. When the actual amount you earned while living in Dublin cannot be determined, you may break down your earnings by the number of months employed at the job arriving at a monthly earnings figure. Use the monthly earnings figure multiplied by the number of months of residency to find your taxable amount. If you pro-rate your income, you must also pro-rate your city tax that was withheld on the same income. Attach a worksheet explaining your calculations.

ESTIMATED TAX PAYMENTS: Every person who anticipates any taxable income which is not subject to withholding of income tax or who engages in any business, profession, enterprise or activity subject to Dublin taxation shall file and pay estimated tax, if the amount of tax estimated is $100 or more. Such payments are due on April 15, July 31, October 31, and January 31 of the following year. The first estimated tax voucher is found at the bottom of the income tax return. Estimated payment vouchers for 2nd, 3rd and 4th quarters are available at www.dublintax.com or by calling the Tax Division. A declaration and payment of estimated tax which is less than ninety percent (90%) of the tax shown on the final return or less than one hundred percent (100%) of the previous year's tax shall not be considered in good faith and the difference shall be subject to penalties and interest as provided by ordinance. No penalty for failure to pay estimated tax will apply to an entity (individual, corporation, association) whose tax for the year, after credit for tax withheld/paid other cities is less than $100.

UNDERPAYMENT/NON-PAYMENT OF ESTIMATED TAX:
10% penalty is assessed on the difference between 100% of the previous year's tax or 90% of the current year's tax and interest is assessed at 18% (1.5% per month or fraction thereof). Interest will start to accrue beginning with the month the 4th payment is due and continuing through the month the return is filed and tax paid.

LATE FILING/LATE PAYMENT PENALTY shall be imposed at the rate of 10% as provided by ordinance. Failure to file a timely tax return may result in a maximum penalty of $100 per year.

Interest is imposed at 18% (1.5% per month or fraction thereof) as provided by ordinance.

PAYMENTS UNDER ONE DOLLAR: Payments of less than one dollar and one cent ($1.01) of net tax due are not required to be paid, nor will refunds of less than one dollar and one cent ($1.01) be made.

TAXABLE INCOME:

A. **For RESIDENTS**, taxable income includes all salaries, wages, commissions and other compensation 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 income by your allowable Form 2106 expenses. Taxable income also includes the net profits of all unincorporated businesses such as real estate and equipment rentals, sole proprietorships and your share of partnership income (whether distributed or not).

ATTACHMENTS REQUIRED WITH ALL RETURNS: W-2'S AND FEDERAL SCHEDULES

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 (up to 2.0%).

B. **For NONRESIDENTS**, taxable income includes all salaries, wages, commissions and other compensation earned in the City of Dublin after 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 your share of partnership income (whether distributed or not) if the business was conducted in the City of Dublin.

Taxable wages are calculated before **ANY DEDUCTIONS** for such things like 401(k) deferrals. For Dublin tax purposes, partnerships include LLCs and joint ventures.

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

NET PROFITS from:
Sole proprietorships – Schedule C

- Rental properties – Schedule E
- Partnerships, Joint Ventures and other type associations (These businesses can file their own returns or each individual partner must file a return. If each individual partner files, the business must also file an Informational Return). Schedule E
- Farm Net Income – Schedule F

RENTAL PROPERTY: Individual taxpayers who report more than one rental property on Federal Schedule E are considered by the City of Dublin to be in the business of renting property. Per Section 718.02 of the Ohio Revised Code a business or profession conducted within and without the boundaries of a municipal corporation is required to use the three part allocation formula when calculating net profits for municipal taxation.

Therefore, individual taxpayers with more than one rental property are now required to use Schedule Y to allocate income from business rental activity when completing the Dublin return. (See Form D-1040 for Schedule Y). Rental income is first taxed to the city where the income has been allocated, and then paid to the city of residence (if the allowable credit for taxes paid to the city where the income has been allocated is not equal to or greater than tax due your city of residence). If the property is not located in any taxing municipality, income is taxed to owner's city of residence.

NON-TAXABLE INCOME: Non-taxable income includes military pay, reserve pay, income earned while under age 18, alimony, capital gains/losses, interest, dividends, social security benefits, welfare payments, annuities at the time of distribution, pension income, royalties derived from intangible property and income which the City is specifically prohibited from taxing.

EMPLOYEE BUSINESS EXPENSES: Employee business expenses, as shown on Federal Form 2106, may be deducted against income subject to city taxation. If income is allocated between cities, 2106 expenses should likewise be allocated, and tax credit reduced accordingly. To receive a deduction, Form 2106 must be required to be filed for Federal tax perposes. Federal Schedule A expenses are not deductible. Form 2106 which has expenses reported on Line 4 <u>only</u> will <u>not</u> be allowed on the city return. Federal Form 2106 MUST be included with return. Form 2106 expenses may not exceed earnings from the job to which the expenses relate.

UNINCORPORATED BUSINESS ACTIVITY: The net loss from an unincorporated business activity may not be used to offset salaries, wages, commissions or other compensation. However, 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, except any portion of a loss separately reportable for municipal tax purposes to another taxing entity, may be used to offset the profits of another for purposes of arriving at overall net profits.

S-CORPORATIONS: The City of Dublin does not recognize corporate income at the individual level. S-Corporations doing business in Dublin must file a City of Dublin Business Income Tax Return. Distributions from S-Corporations are not taxable nor losses recognized at the individual level.

AMENDED RETURNS: Amended returns are accepted by completing an income tax return with the words "Amended Return" written in red ink across the top and the year being amended. There is a three-year limitation on amended returns for refunds.

REFUNDS: A special refund form is required to be filed for taxpayers who have income tax withheld in error or those non-residents who spend time outside Dublin, yet have Dublin tax withheld on their entire income. There is a three (3) year statute of limitations for claiming a refund or credit of any overpayment of city tax. This form is entitled Non-Resident Employee Refund Application and is available on our website.

DISCLAIMER: Definitions and instructions are illustrative only. Chapter 35 of the Dublin Codified Ordinance supersedes any interpretation presented.

INSTRUCTIONS FOR PREPARING CITY OF DUBLIN INCOME TAX RETURN

Line 1.	Enter total amount of wages, salaries and other employee compensation. If you have multiple W-2's or 2106 expenses, complete Worksheet A on back of return. Attach all W-2's and 1099's.
Line 2.	Enter 2106 expenses from Worksheet A, Column 4E. When you reduce income earned in another city by 2106 expenses, you must also reduce the tax withheld by the same percentage. Form 2106 MUST be attached. (see instructions)
Line 3.	Subtract line 2 from line 1.
Line 4.	Enter the amount of other income from schedules C, E or O from the back of the return, but not less than -0-. Attach appropriate schedules and documentation. For residents, percentage amount allowable to the Municipality is 100%.
Line 5.	Add lines 3 and 4.
Line 6.	Use this space to enter income exempt from taxation from Schedule X on the back of the return. This would include part-year resident income and any other income included on line 5 which is not taxable. Please attach appropriate documentation.
Line 7.	Subtract line 6 from line 5.
Line 8.	Multiply line 7 by 2% (.02)
Line 9.	Enter tax withheld for Dublin from W-2's.
Lines 10 & 11.	Enter any prior year credits or estimated payments.
Lines 12 & 13.	Enter other city credits from Worksheet A, W-2's or other city returns. Attach appropriate documentation verifying credits. (Limit 2.0%)
Line 14.	Add lines 9 through 13.
Line 15.	Subtract line 14 from line 8. If line 14 is less than line 8, enter balance due. If line 14 is greater than line 8, skip lines 16, 17 and 18 and enter overpayment on line 19.
Lines 16 & 17.	Enter penalty and interest, if applicable. (see instructions)
Line 18.	Add lines 15, 16 and 17.
Line 19.	If line 14 is greater than line 8, enter overpayment.
Line 20 & 21.	Indicate disposition of overpayment either by refunding or crediting the overpayment to next year.
Lines 22 through 27	Complete only if you are required to make estimated payments. Estimated payments are required for those individuals who anticipate any taxable income which is not subject to withholding of income tax or where the income tax is not fully paid to another city. If Line 24 is less than $100, no estimate payment is required.
Line 28.	Enter amount from line 18.
Line 29.	**Add line 27 and line 28.** Make checks payable to the City of Dublin.

TAXABLE INCOME

Gross wages, salaries, commissions and other compensation to include:

- Bonuses.
- 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 Form W-2.
- Contributions made by or on behalf of employees to a qualified deferral plan (401K, 403b, 457b, etc.) – taxed at 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.
- Contributions made by or on behalf of employees to a tax deferred annunity or stock purchase plan (including any plan where employee has the option).
- Contributions made by or on behalf of employees to a non-qualified deferred compensation plan.
- Cost of group term life insurance over $50,000 (unless part of a cafeteria plan).
- Director's fees.
- Disability pay if received as a benefit of employment (includes third party sick plan).
- Adoption assistance payments (unless part of a cafeteria plan).
- Employer paid death benefits.
- Excess employee discounts.
- Executor fees.
- Gambling/lottery winnings (losses not deductible).
- Golden parachute payments.
- Income from guaranteed annual wage contracts.
- Income from jury duty.
- Income from wage continuation plans (includes retirement incentive plans and buyouts).
- Income received as a result of a covenant or agreement not to compete.
- Interest on below market loans.
- Moving expense reimbursements (follow Federal rules but nonreimbursed expenses are not deductible).
- Gain on the sale of business property from Form 4797.
- Pre-retirement distributions from retirement plans (except previously taxed income from deferred plans).
- Prizes, awards and gifts – if connected with employment.
- Profit sharing.
- Royalties (unless derived from registered copy-rights, patents or trademarks).
- Severance pay.
- Sick and/or vacation pay.
- Stipends – if work required (vow of poverty not recognized).
- Stock bonus incentive plans.
- Stock options – taxed when exercised on amount indicated on W-2 form (market price less option price).
- Strike benefits paid by employer.
- Supplemental unemployment pay paid by employer.
- Taxes paid by employer on employee's behalf.
- Union seward fees.

NON-TAXABLE INCOME

- Alimony.
- Annuities – at time of distribution.
- Dividends.
- Government allotments.
- Housing for clergy.
- Income earned while under 18 years of age.
- Income of religious, fraternal, charitable, scientific, literary or educational institutions to the extent such income is derived from tax-exempt real estate, tax exempt tangible or intangible property or tax-exempt activities.
- Income from serving as a precinct official less than $1,000.
- Interest.
- Insurance benefits – unless your employer paid the premiums. (Pro-rating is allowed if you paid a portion of the premiums).
- Long term disability payments paid after 1/1/04.
- Meals and lodging required on premises.
- Military pay including reserve pay.
- Non-resident subchapter S corporation income to a resident shareholder.
- Patent and copyright income.
- Pension income – includes lump sum distributions.
- Royalties – if derived from intangible property.
- Short term disability payments paid after 7/1/07.
- Social Security benefits.
- State unemployment benefits.
- Welfare payments.
- Worker's Compensation.

NOTE: This list is intended for reference purposes only. It may not be all inclusive and is revised without notice.