

2008 Instructions for City of Fairfield Individual Income Tax Returns – Form IR

General Information

Filing – ALL FAIRFIELD RESIDENTS 18 years or older, or 16 years and older if working, are required by City Ordinance to file a City tax return each year **on or before** the federal due date, or **APRIL 15th**, WHETHER OR NOT TAX IS DUE. Please be sure to sign the return in the bottom left corner. There is a **\$50.00 late filing penalty** for returns **RECEIVED** after the due date.

Non-Taxable Income (For use with lines 1 and 2) – The following list is not all inclusive. For all other items, please contact the Income Tax Division at **(513) 867-5327**.

- Interest & dividends
- Alimony received
- Capital gains
- Income from S-Corporations
- Welfare, State Unemployment & Social Security Benefits
- Income from qualified pension and annuity distributions
- Insurance and/or life insurance proceeds
- Royalties generated by intangible property
- Worker's Compensation
- Military pay
- Stock options
- Lottery and gambling winnings

Extensions To File – Submit a copy of the federal extension or Fairfield Extension Request Form to the Income Tax Division on or before **April 15, 2009**. A payment equal to the amount estimated to be owed **must** accompany the extension request. If the estimated payment is not consistent with the final filing, interest and penalty will be charged. **Failure to provide an extension request by APRIL 15, 2009 will result in a \$50.00 minimum penalty and if applicable, interest charges at 1% per month.**

Questions – Questions regarding Fairfield income taxes, please contact the Income Tax Division at (513) 867-5327 or walk-in assistance is available from 8:00 a.m. to 5:00 p.m., Monday through Friday in the Fairfield Municipal Building Annex, 701 Wessel Drive, Fairfield, OH 45014-3611. Tax forms are also available on our website: www.fairfield-city.org/Finance/tax.

General Line by Line Instructions (If your situation does not fit these general instructions, please contact our office.)

Retirees – If without taxable income, enter your SS#, place an “x” in the box (above Filing Status), sign, date and return the form.

Filing Status – Check the appropriate box for filing status.

1. Enter the total of qualifying wages from all W-2 forms for the tax year. Each W-2 form should be examined as the local wage should equal the Medicare wages (Box 5 on W-2). Qualifying wages **INCLUDE** 401K contributions, deferred annuity plans, but **EXCLUDE** stock options.
2. Enter Total other taxable or deductions amount from line 23. See lines 15-23 to determine applicability. Part-year residents refer to the instructions for line 22.
3. Enter sum of lines 1 and 2. **Note: Losses are not deductible from wage income.** Only Employee business expenses and/or wages earned outside the City of Fairfield while a non-resident are allowed to be deducted from wages.
4. Multiply line 3 by 1.5% (.015). This is the tax liability for Tax Year 2008.
- 5A. Enter taxes withheld for Fairfield by employer(s). The amount should be located in box 19 of the W-2. **If the W-2 does not indicate the local taxing city(ies), the information must be requested from the employer. City credit will be DISALLOWED if local taxing city(ies) are not identified.**
- 5B. Enter taxes withheld for other cities by the employer(s). **Credit is permitted for taxes withheld up to 1.5% (.015)** of the portion of wages taxed by the other municipality since those tax dollars remain in the city to which they were paid. For example, tax withheld (Box 19) divided by that city's tax rate equals portion of income taxed. Multiply that income by 1.5% (.015) to equal the allowable credit. **Credit for taxes paid to other municipalities MUST BE CALCULATED SEPARATELY on each W-2.** Part-year residents refer to the instructions for line 22.
- 5C & 5D. Enter any credit received or requested from the 2007 Fairfield Return (line 5C). Indicate any estimated payments made directly to the City of Fairfield for Tax Year 2008 (line 5D). 5E. Enter the sum of lines 5A through 5D.
6. If line 4 is greater than line 5E, enter the difference on this line. If the sum is one dollar (\$1.00) or more, this is the outstanding tax balance for 2008. **Full payment must be received on or before April 15, 2009.** Any tax remaining unpaid after the due date is subject to interest and penalties per the City Ordinance. If paying by check, make it payable to “**FAIRFIELD INCOME TAX**”. If paying by MasterCard, Visa, or Discover Card make sure to include the expiration date.
7. If line 5E is greater than line 4, there is an overpayment. If it is one dollar (\$1.00) or more, please indicate if the amount is to be refunded on line 7A or credited toward Tax Year 2009's tax liability on line 7B.
- 8 - 14. **Declaration of Estimated Tax for 2009** – This section must be completed if estimated tax paid is less than 90% of all the tax liability and the amount owed is greater than \$200. To determine if this section applies, divide line 5E by line 4, if the percentage is less than 90%, and then subtract line 5E from line 4. If the difference is \$200 or greater, complete this section.
 8. Enter estimated income for 2008 on the first line and multiply it by 1.5% (.015) and enter it on the second line.
 9. Enter estimated taxes withheld / paid to City of Fairfield or other cities.
 10. Enter difference from Line 8 and line 9. If the balance is **less than \$200**, then estimated payments are not required. If the balance is **greater than \$200**, this amount **MUST** be paid by January 31, 2009 in order to avoid interest and penalty.
 11. Multiply Line 10 by 22.5% (.225).
 12. Enter amount requested to be credited from line 7B above.

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8 - 14. Declaration of Estimated Tax for 2009 – Continued

13. Enter difference from Line 12 and Line 11. If the total is less than zero, enter 0.00; however if the total is greater than zero (0.00), then enter the difference.
14. Enter the sum of Line 6 and line 13. If paying by check, make it payable to “FAIRFIELD INCOME TAX”. If paying by MasterCard, Visa, or Discover Card make sure to include the expiration date.

Paid Preparer Box – By checking “YES” we are authorized to discuss *this* return with the preparer listed on the return.

15. Enter any taxable income that has not been reported on a W-2 or Federal Schedule, C, or E. **Income on 1099-INT, 1099-R, and 1099-D is not taxable. Attach the appropriate form(s) 1099-MISC, front page of 1040, etc.**
- 16A – 16B. Enter the net profit (loss) from a business. List the business name, address, date started and/or ended and profit/loss for each business. Attach additional listings if more than 2 businesses. **Federal Schedule “C” must be attached.** Attach additional copies of page 2 if you have more than two Schedule C businesses.
- 16C. Enter the sum of lines 16A – 16B.
- 17A – 17D. Enter the net profit (loss) from a rental property for each location. Rentals must include exact location to allow the loss. **Federal Schedule “E” must be attached.** Attach additional copies of page 2 if you have more than five (5) rental properties.
- 17E. Enter sum of lines 17A – 17D.
- 18A – 18C. Enter the net profit (loss) from partnerships. Partnership information must include name, federal identification and address. Partnerships must include exact location to allow the loss. **Federal Schedule “E and “K-1s” must be attached.** Attach additional copies of page 2 if you have more than four (4) partnerships.
- 18D. Enter the sum of lines 18A – 18D.
19. Enter the sum of lines 15, 16C, 17E and 18D. This represents the total of Other Taxable income, Schedule “C”, and Schedule “E” profits (loss). If this amounts to a loss, **the loss is NOT PERMITTED to be a deduction against W-2s or 1099 income.** However, a loss may be carried forward to offset any Schedule “C” or Schedule “E” profits incurred during the next three (3) tax years or until such loss has been exhausted.
20. Enter any prior loss carry forward from previously filed Fairfield returns (attach schedule). Losses that have been exhausted against prior profits may not be used.
21. If line 19 is a loss or less than line 20, enter zero (0.00) otherwise subtract line 20 from line 19. 22A – 22D. Deductions that may be taken against taxable income include: 2106 Employee Business Expenses, Moving Expenses, and Part-Year Residency (please contact the income tax office for items not listed).
- 22A. **Business Expense** – all Federal Form 2106 Employee Business Expenses must be adjusted to the portion of taxes paid directly to Fairfield. For example, if a portion of the qualifying wages for which expenses are being claimed against were taxed and paid to another city we are required to reduce the allowable tax credit for that city by the available refund. **Form 2106 must be attached** and supporting schedules and/or receipts must be furnished upon request or deduction will be disallowed.
- 22B. **Moving Expenses** – Moving expenses on Federal Form 3903 may be deducted only if incurred with job-related transfers when moving into Fairfield. **Form 3903 must be attached** in order to receive the deduction.
- 22C. **Part-Year Residents** – A deduction is allowed for part of the qualifying wages that was earned prior to moving into or after moving out of the City of Fairfield. An exact move-in/move-out date must be provided on the return to allow the deduction. If those wages are specific to a particular W-2, please clearly mark the applicable W-2 or attach a pay stub or a letter from the employer to verify the actual amount. If the actual amount cannot be determined, the income must be pro-rated based on the number of months NOT in Fairfield.
- To calculate an income deduction**, take the qualifying wages multiplied by the months outside of Fairfield, and divide that number by 12 months. This figure is the wage deduction. Enter this figure on line 22A, B or C.
- To calculate a credit deduction**, take tax withheld (Box 19) divided by the city’s tax rate equals portion of income taxed. Take that income multiplied by 1.5% (.015) to equal the allowable credit. Multiply the allowable credit by the months outside of Fairfield then divide it by 12 months to equal the prorated credit deduction. This amount needs to be deducted from the allowable credit on that W-2. This equals the amount to be included on line 5B.
- 22D. Enter the sum of lines 22A – 22C.
23. Subtract line 22D from line 21. Enter final amount on line 2 on Fairfield Return.

Penalty and/or Interest, if applicable, will be calculated by the Income Tax Division. Penalties include: Late Filing - \$50; Estimated Tax (see Lines 8-14) - \$50; Late Payment – greater of \$50 or 2% per month for up to twelve months past original due date OR 5% per month if over twelve months on the outstanding balance. Interest is 1% per month on the outstanding balance.