

2016 Instructions for City of Fairfield Individual Income Tax Returns – Form IR

General Information

Filing – ALL FAIRFIELD RESIDENTS (including part year) 18 years or older, are required by City Ordinance to file a City tax return each year **on or before** the federal due date, or **APRIL 18th**, WHETHER OR NOT TAX IS DUE. Please be sure to sign the return in the bottom left corner. There is a **late filing penalty** of up to **\$150.00** 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 • Welfare, State Unemployment & Social Security Benefits • Worker's Compensation • Alimony received • Income from qualified pension and annuity distributions • Military pay • Capital gains • Insurance proceeds • Stock options • Income from S-Corporations • Royalties generated by intangible property

Extensions To File – Any taxpayer that has duly requested an automatic six-month extension for filing the taxpayer's federal income tax return shall automatically receive an extension for the filing of a municipal income tax return provided the taxpayer's account is current. This includes, but is not limited to, all prior year tax returns are filed and paid in full and estimate payments have been paid. The extended due date of the municipal income tax return shall be the fifteenth day of the tenth month after the last day of the taxable year to which the return relates. **An extension of time to file is not an extension of the time to pay any tax due.** A payment equal to the amount estimated to be owed **must** be paid by April 18th. If the estimated payment is not consistent with the final filing, interest and penalty will be charged. A taxpayer that has not requested or received a six-month extension for filing the taxpayer's federal income tax return may request that the tax administrator grant a six-month extension of the date for filing the taxpayer's municipal income tax return by filing an extension request with the tax administrator on or before the date the municipal income tax return is due.

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/tax.

Taxpayer Information – Print or type name and current address, social security number(s) and check residency status. Provide move-in and move-out dates, if applicable.

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 Social Security number; place an "x" in the box (above Filing Status), sign, date and return the form.

Filing Status – Check filing status. Provide spouse information (name and address) if married filing separate.

Note: Attach a copy of Federal Income Tax Return form 1040, 1040A, or 1040EZ.

1. Enter the total of qualifying wages in whole dollars from all W-2 forms (Box 5), **including W-2G**. Each W-2 form should be examined and the sum of local wages should equal the Medicare wages (Box 5 on W-2). Qualifying wages **INCLUDE** 401K contributions, deferred annuity plans, but **EXCLUDE** stock options. Income reported on W-2R is not taxable. If no wage is in Box 5, use the higher of: Box 1 plus deferred compensation (Box 12), or Box 18. **Lottery and gambling winnings are taxable to Fairfield effective January 1, 2016.**

2. Enter total other taxable income in **whole dollars** or deductions amount from line 27. See instructions for lines 19-26 to determine applicability. Part-year residents refer to the instructions for line 26.

3. Enter sum of lines 1 and 2 in **whole dollars**. **Note: Losses are not deductible from wage income.** Only Employee business expenses, active duty military pay, and 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 2016 in **whole dollars**.

5. Tax Credits – Enter the sum of lines 5A and 5B.

5A. Enter taxes withheld to Fairfield. This amount is located in Box 19 of the W-2.*

5B. Enter taxes withheld to other cities. 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. If that city's rate is greater than 1.5%, multiply that income by 1.5% (.015) to equal the allowable credit. **No credit shall be allowed without proper documentation (W-2(s) or other city returns). Credit for taxes paid to other municipalities MUST BE CALCULATED SEPARATELY on each W-2. * Part-year residents refer to the instructions for line 26. No credit shall be allowed for taxes paid to school districts or amounts refunded by other municipalities. Line 5B cannot be greater than line 4. *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) is not identified.**

6. Subtract line 5 from line 4.

7. Enter any prior year overpayment in **whole dollars** received or requested from the 2015 Fairfield Return. Indicate any estimated payments made directly to the City of Fairfield for Tax Year 2016. Sum and enter total on line.

8. If line 6 is greater than line 7, there is a balance due; enter the difference between lines 6 and line 7 on line 8. If line 6 is less than line 7, there is an overpayment; subtract line 6 from line 7 and refer to instructions for line 11.

9. Interest and penalties shall be calculated by the tax office (if applicable).

10. Enter the sum of lines 8 and 9. No remittance is required if the amount shown to be due is ten dollars or less. If the sum is greater than ten dollars (\$10.00), this is the outstanding tax balance for 2016. **Full payment must be received on or before**

April 18th. 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 make sure to include the expiration date and three digit CCV code which can be found on the back of the card.

11. If overpayment is greater than ten dollars (\$10.00), please indicate if the amount is to be refunded on line 11A or credited toward Tax Year 2017 on line 11B.

Declaration of Estimated Tax for 2017 – This section must be completed if line 6 is \$200.00 or more.

12. Enter estimated income for 2017 in **whole dollars** on the first line and multiply it by 1.5% (.015) and enter it on the second line. Use line 3 income unless 2017 income will be more or less.

13. Enter estimated taxes withheld / paid to City of Fairfield or other cities.

14. Enter difference of line 12 minus line 13. If the balance is **less than \$200**, then estimated payments are not required. If the balance is **equal to or greater than \$200**, this amount must be paid in quarterly installments due on April 18, June 15, September 15 and December 15.

15. Multiply line 13 by 25% (.25) and enter in **whole dollars**.

16. Enter amount requested to be credited from line 11B above.

17. If line 16 is greater than 15, enter zero (0), otherwise enter the amount of line 15 less line 16.

18. TAX DUE – Enter the sum of line 10 and line 17. If paying by check, make it payable to **“FAIRFIELD INCOME TAX”**. If paying by Discover, MasterCard or Visa, make sure to include the expiration date and three digit CCV code which can be found on the back of the card.

SIGNATURE(S) – Return is not considered valid unless signed. If you are filing a joint return, your spouse must also sign.

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

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Other Taxable Income

19. Enter any taxable income that has not been reported on a W-2, or federal schedules C, E, or F. **Include any income less than \$600.00 (not reported on 1099-MISC) and 1099-MISC income. Income from 1099-A through 1099-LTC is not taxable. Lottery and gambling winnings are taxable to Fairfield effective January 1, 2016.**

Schedule C or F

20A – 20B. Enter the net profit (loss) from a business or farm. List the name, address, start date, end date (if applicable), and profit/loss for each business/farm. **Federal Schedule's C or F must be attached.** Attach additional copies of page 2 if you have more than two Schedule's C or F.

20C. Enter the sum of lines 20A – 20B.

Schedule E

21A – 21D. Enter the net profit (loss) from 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 four (4) rental properties. Landlords must also submit landlord tenant reports as required by § 181.14 - REPORTS REQUIRED ON TENANTS AND LESSEES. Landlord Tenant reporting form located at www.fairfield-city.org/tax/miscforms.cfm

21E. Enter sum of lines 21A – 21D.

22A – 22C. 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, including schedule K-1 (1065 & 1041), must be attached.** Attach additional copies of page 2 if you have more than three (3) partnerships.

22D. Enter the sum of lines 22A – 22C.

23. Enter the sum of lines 20C, 21E and 22D. This represents the total of Schedule C, E and F profits (loss). If this amounts to a loss, **the loss is NOT PERMITTED to be a deduction against W-2s.** However, a loss may be carried forward to offset any Schedule C, E and F profits incurred during the next three (3) tax years or until such loss has been exhausted.

24. 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.

25. If line 23 is less than zero or less than line 24, enter zero (0.00), otherwise subtract line 24 from line 23.

26. Other Deductions – Deductions that may be taken against taxable income include: 2106 Employee Business Expenses, Moving Expenses, and Part-Year Residency (contact the income tax office for items not listed). Enter these amounts on line(s) 26A, B or C.

Business Expenses – 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 with supporting schedules and letter from employer stating that they do not reimburse employee expenses; receipts must be furnished upon request or deduction will be disallowed.

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.

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, 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 prorated 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 26A, 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.

26D. Enter the sum of lines 26A – 26C.

27. Line 19 plus line 25 minus line 26D. Enter final amount on line 2 on Fairfield Return. Penalty and Interest, if applicable, will be calculated by the Income Tax Division.