

City of Orrville, Ohio, Income Tax General Information

WHAT IS NEW FOR 2016:

As in 2015, the Individual Income Tax Return form will not be mailed. Prior to 2015, return forms were mailed to all active taxpayers. Since most tax preparers use their own city tax form, a large percentage of the returns that were mailed did not get used. To save taxpayer dollars, the necessary filing forms are now available for download from the city website, www.orrville.com. Return forms are in PDF format and can be filled in and printed to your printing device. Once you have completed and printed the return, attach all W2 forms and other necessary schedules. Sign the return, include payment and mail or drop off at the ORRVILLE INCOME TAX DEPARTMENT. The ability to electronically file your tax return is not yet available. Tax forms will still be available at the City Hall Building and at the Orrville Public Library. If you cannot obtain a form by these methods, you may request a tax return be mailed to you.

RETIREEES:

Retirees who earn wages, operate a business or own rental property, are required to file annual tax returns. If your ONLY income source is retirement income (ie: SSI, pension, interest, dividends, IRA and 401 K distributions), you may file a 'one time' return, indicating that you are fully retired and your account will be inactivated. If you return to work, it will be your responsibility to notify the tax office so that your account can be re-activated.

DECLARATION OF ESTIMATED TAX:

With the recent passage of Ohio House Bill 5, municipalities must require all residents, who anticipate a tax liability for the next taxable year of \$200 or more, to file a 'declaration' and make quarterly estimated tax payments. The declaration is located on the individual return. The first payment is due with the return on April 15. The second payment is due on June 15, the third on September 15 and the fourth is due on December 15. The estimated tax payment coupons (form Q1) are also available on the City's website.

WHO IS REQUIRED TO FILE:

1. Every resident, 18 years of age and older, must file a tax return whether or not taxes are due, unless that resident is retired. See RETIREEE section, above.
2. College students whose parents claim as dependents on their federal income tax return are considered residents of Orrville for municipal tax purposes and must file a return.
3. Nonresident individuals with income earned from work or services performed in the City of Orrville and not covered by an employer withholding plan.
4. Non-residents who own rental property located within the City of Orrville.
5. Businesses, contractors and sub-contractors located or doing business within the City of Orrville.

W2 TAXABLE INCOME:

Orrville's tax is a "gross earnings" tax. The wages subject to Orrville city tax are those shown in box #5, (Medicare Wages) of the Federal W2 form, or box #18, (Local Wages), whichever is larger.

UNDER AGE 18:

If you were under the age of 18, and your Orrville employer withheld Orrville tax from your earnings, advise the employer that you are not subject to Orrville tax until your 18th birthday and ask that the over withheld tax be reimbursed directly to you.

PARTIAL YEAR RESIDENTS:

If you were a resident of Orrville for a portion of the year, you are subject to tax on the income earned during the period of your residency. You may break down your earnings by the number of months employed to calculate a monthly earnings figure. Use the monthly earnings figure, multiplied by the number of months of residency in Orrville. If you pro-rate your income you must also pro-rate your city tax that was withheld on the same income when taking the credit on line #8 of the return form. Attach a worksheet of this calculation.

EXTENSIONS:

To receive an extension of time to file a City of Orrville income tax return, a copy of the taxpayers' Federal Extension form must be filed with the tax office on or before April 15th for calendar year filers and on or before 105 days following the close of a fiscal year. **An extension request is not an extension of time to pay the due tax.**

WHEN TO FILE:

Taxpayers who end their year on December 31, must file on or before April 15th. Taxpayers on a fiscal year must file on or before the 15th day of the fourth month after the close of that fiscal year.

NET OPERATING LOSS:

For the 2016 tax year, no carry forward or carry back is allowed per tax ordinance. Taxpayers with self-employment or rental losses cannot deduct the loss from W2 wages reported on line #1 of the return form.

FEDERAL SELF EMPLOYMENT TAX:

No credit or deduction is allowed for any portion of federal self-employment tax paid by sole proprietor taxpayers.

FILING STATUS:

Joint or separate returns are permissible for married taxpayers. The amount of tax is generally the same regardless of filing status.

REFUNDS:

Per section 181.05(g) of the Orrville Income Tax Ordinance, refunds of less than ten dollars (\$10.00) shall not be made.

TAX CREDITS:

Residents of Orrville are allowed a credit for taxes paid to another city. This credit is limited to 1.0% of the wages earned within another city, when at least 1.0% of that city's tax has been withheld. When computing this credit, calculate the earnings and credit for each city separately.

PENALTY AND INTEREST:

Postmark dates are used to determine interest and late penalties. The late filing penalty is \$25 per month, to a maximum of \$150. (Example: if the tax return is due April 15 and is postmarked April 20, there is a \$25 penalty. If the return is postmarked May 20, the penalty is \$50.). The non/late payment penalty is 15% of the tax due and is applied only once per year. (Example: if the tax return is due April 15 and is postmarked April 20, and \$100 of tax is due with the return, the penalty is \$15 (15%). Interest charges are per the Ohio Revised Code, section 718.27. Calculated at the federal short term rate plus 5%.

ATTACHMENTS:

Documentation supporting all income shown on your return must accompany the return. This includes all W2 forms, 1099's, copies of Federal schedules C, E, F, etc. Worksheets used to calculate earnings for partial year residents and calculations of credits for tax paid to other cities must be attached to the return.

SCHEDULE Y – BUSINESS ALLOCATION:

To be used by non-resident businesses who performed business activity both inside and outside Orrville. This schedule enables the business to allocate taxable income to Orrville based on:

1. Average value of real and tangible property, gross rentals paid.
2. Gross receipts from sales made and/or work or services performed.
3. Wages, salaries, etc.

Total the percentages, divide by the number of percentages used, to determine the average percentage.

TAXABLE INCOME:

Wages, salaries and other compensation
 Bonuses, stipends and tip income
 Commissions, fees and other earned income
 Sick pay (including third party sick pay)
 Vacation pay
 Stock options
 Net rental income
 Income from partnerships, s-corporations, estates and trusts
 Net farm income
 Employee contributions to retirement plan and tax deferred annuity plan including (deferred compensation, 401k, 403b, 457b, etc.)
 Employee contribution to fringe benefits (except for section 125)
 Lottery and gambling winnings (losses not deductible)
 Executor fees
 Disability payments from employers
 Guaranteed annual wage contracts
 Union steward fees

NON-TAXABLE INCOME:

Interest and dividends
 Capital gains
 Qualified pension plan income
 Welfare benefits
 Social Security
 State Unemployment benefits
 Workers Compensation
 Proceeds from life insurance
 Alimony
 Government disability payments
 Election worker income
 Jury pay
 Active military duty pay
 Earnings of persons under 18 yrs.
 Patent and copyright income
 Royalty income
 Annuity distributions
 Housing allowance for clergy
 Health and welfare benefits distributed by governmental, charitable, religious or educational organizations
 Employee contributions made to cafeteria plan
 Compensatory insurance proceeds from property damage or personal injury settlement