



# SCHEDULE OF INCOME FROM OTHER THAN WAGES

RETURNS WILL NOT BE ACCEPTED WITHOUT COPIES OF FEDERAL SCHEDULES C AND E, FORMS 1120, 1120S, FORM 1065 WHEN APPLICABLE. MUST INCLUDE ALL PAGES, SCHEDULES & STATEMENTS

FORM OR SCHEDULE	INCOME OR LOSS FROM FEDERAL SCHEDULE	TAX CREDIT ALLOWED FOR TAX PAID TO OTHER CITIES (LIMITED TO 0.5% OF INCOME)
1. SCHEDULE C – BUSINESS INCOME (Attach copy of form and any referenced schedules)		
2. SCHEDULE E – RENTAL INCOME (Residents enter profit/loss from all properties) Nonresidents enter only profit/loss from Port Clinton properties.		
3. SCHEDULE F - FARM INCOME (Attach copy of form and any referenced schedules)		
4. SCHEDULE K-1 (Residents enter profit/loss from entities that do not pay Port Clinton tax on entire distributive share.) (Attach copy of K-1)		
5. FORM 1120, 1120S, 1065, 1041 (Attach copy of form and any referenced schedules)		
6. TOTAL OF LINES 1 THRU 5		
7. Previous Year Net losses (See instructions for limitations - schedule must be attached)		
8. SUBTRACT LINE 7 from Line 6		
9. MISCELLANEOUS INCOME – 1099 MISC, W-2G, ETC. (Attach copy of supporting document)		
10. TOTAL INCOME (LOSS) (Combine Lines 8 & 9 and enter amount from 10A on Line 25 below and amount from 10B on Line 8 on page 1.	10A	10B

## SCHEDULE X RECONCILIATION WITH FEDERAL INCOME TAX RETURN (NOT FOR INDIVIDUAL NON-BUSINESS USE)

ITEMS NOT DEDUCTIBLE	ADD	ITEMS NOT TAXABLE	DEDUCT
a. Capital Losses (Excluding Ordinary Losses).....	\$ _____	k. Capital gains (Excluding Ordinary Gains) .....	\$ _____
b. Expenses incurred in the production of non-taxable income ...	_____	l. Interest Income.....	_____
c. Taxes based on income (Including Franchise Tax) .....	_____	m. Dividend Income.....	_____
d. Net operating loss carry forward from Federal Return .....	_____	n. Section 179 Deduction .....	_____
e. Amounts paid or accrued on behalf of owners/partners for qualified self employed retirement plans, health insurance and/or life insurance.....	_____	o. Other (explain).....	_____
f. Officers Compensation not included in W-2 wages .....	_____	_____	_____
g. Other expenses not deductible (explain) .....	_____	_____	_____
h. Total additions (enter on Line 26a).....	\$ _____	p. Total Deductions (enter on Line 26b) .....	\$ _____

## SCHEDULE Y BUSINESS ALLOCATION FORMULA

	a. LOCATED EVERYWHERE	b. LOCATED IN PORT CLINTON	c. PERCENTAGE (b ÷ a)
STEP 1 Avg. Original Cost of Real & Tang. personal property	_____	_____	
Gross annual rentals paid multiplied by 8	_____	_____	
Total Step1	_____	_____	_____ %
STEP 2 Gross receipts from sales made and/or work or services performed	_____	_____	_____ %
STEP 3 Wages, salaries, and other compensation paid	_____	_____	_____ %
STEP 4 Total percentages	_____	_____	_____ %
STEP 5 Average percentage (Divide Total Percentages by Number of Percentages Used)			Carry to Line 27b below _____ %

25. Total from Schedule of Income From Other Than Wages above (Line 10A) .....	\$ _____
26. a. Items Not Deductible.....	ADD \$ _____
b. Items Not Taxable .....	DEDUCT \$ _____
c. Enter excess of Line 26A or 26B .....	\$ _____
27. a. Adjusted Net Income (Line 25 plus or minus 26C).....	\$ _____
b. Amount allocable to Port Clinton. If Schedule Y is used then, _____ % of Line 27a .....	\$ _____
28. Amount subject to Port Clinton Income Tax (Carry to Page 1 Line 2).....	\$ _____

### EXEMPTION CERTIFICATE (Signature is required on page 1)

I have no taxable income because of the reason indicated below:

- ☐ RETIRED – I received only pension, Social Security and/or interest or dividend income for the entire year.
- ☐ UNDER 18 for the entire year of \_\_\_\_\_. My date of birth is \_\_\_\_ / \_\_\_\_ / \_\_\_\_\_. (Attach copy of birth certificate or driver's license)
- ☐ ACTIVE MEMBER OF THE U.S. ARMED FORCES for the entire year of \_\_\_\_\_.
- ☐ NO EARNED INCOME for the entire year of \_\_\_\_\_. (Public assistance, SSI, Unemployment, etc. is not considered earned income.)

# CITY OF PORT CLINTON INCOME TAX INSTRUCTIONS

## WHO MUST FILE:

**Every Resident**, full or partial year, 18 years of age and older, must file a tax return, whether or not taxes are due, unless that resident is retired with no earned income. See definition of earned income in the **RETIREE** section below.

**Every Business Entity**, whether a resident or non-resident, who conducts a business in Port Clinton must file a return and pay any tax on that profit. If you have a net loss you are still required to file a return. ("Business" includes rental income.)

**Individuals**, earning income in Port Clinton not subject to the withholding of Port Clinton income tax must also file a return.

If you received a letter of need to file from this office be sure to file, even if you had no taxable income for the year. If you are not subject to Port Clinton tax complete the exemption certificate on page 2 of the return.

**RETIREES:** Retirees who earn wages, operate a business, own rental property or earn other income, are required to file. If your **ONLY** income source is retirement income (i.e. SSI, other pensions, interest, dividends, IRA and 401k distributions), complete the exemption certificate on page 2 of the return.

**UNDER 18:** If a person is under 18, was employed in the city of Port Clinton and had Port Clinton taxes withheld, a refund will be issued after receiving a signed tax return with W-2s and a copy of driver's license or birth certificate attached for verification. If under 18 for part of the year, include paystub closest to 18th birthday.

**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 Port Clinton. Filing a joint return will neither increase nor decrease your City of Port Clinton tax liability. Husband and wife may file joint returns, in which case both must sign the return and submit their social security numbers.

**WHEN TO FILE:** Taxpayers who end their taxable year on December 31 must file on or before the IRS due date. Taxpayers on a fiscal year must file on or before the 15th day of the fourth month after the close of that fiscal year or other period.

**EXTENSIONS:** If the deadline to file cannot be met, an automatic extension will be granted if taxpayer received an extension on his federal return. If an extension was not requested or received for federal purposes, a taxpayer may still request an extension to file his city tax by sending a request to the Tax Commissioner by the unextended due date of the return. **An extension of time to file is not an extension of time to pay.** Payment of any estimated tax due should be sent in by the unextended due date of the return to avoid a late payment penalty. Although not required by state law, a courtesy copy of the extension by the due date of the return would be appreciated. A copy of the extension must be attached to the return when filed or the return will be considered late and a late filing penalty applied.

**PARTIAL YEAR RESIDENTS:** If you only lived in Port Clinton during part of the year you must file a tax return covering that time. Report the amount of income you earned while you lived in Port Clinton. Pay stubs 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 Port Clinton 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.**

**DECLARATION OF ESTIMATED TAX FOR THE COMING YEAR:** Taxpayers who expect to receive taxable income for the coming year in which Port Clinton tax is not withheld must declare estimated tax payments, if amount owed is \$200 or more, (25% of full amount must be paid at the time of filing the Annual Return). The estimated tax payments due June 15th, September 15th, and December 15 (businesses) or January 15 (individuals) will be billed.

**PENALTY AND INTEREST:** Except in those cases where an extension was filed, a late fee of \$25.00 per late month or fraction of a month up to a maximum of \$150.00 shall be due on returns filed after the due date, even when no tax is due. A late payment penalty of 15% of any balance due that remains unpaid after the due date will also be charged unless estimated tax payments of at least 90% of the entire tax liability has been paid by December 15th of the period covered by the return. Interest will be charged from the original due date of the return until date of actual payment. (See city website for rates). See ORC section 718.27.

**NET OPERATING LOSSES:** Due to passage of House Bill 5 in December, 2014, The City of Port Clinton now allows net operating losses occurring in tax years beginning on or after January 1, 2017 from unincorporated businesses to be carried forward for 5 years subject to limitations of Ohio Revised Code section 718.01(D)(3) Net operating losses may not be used to offset salaries, wages, commissions or other compensation. (See instructions for Line 7.)

**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 indicating the year being amended. The amended return is required within three (3) months of the final determination of any changed tax liability resulting from the Federal audit, judicial decision, or other circumstances.

**TAXABLE INCOME:** Port Clinton income tax is levied at the rate of 1.5%. Income taxable to the city is listed below. While this list is not comprehensive, it encompasses most of the taxable situations. In addition to the listing, the net profits of all unincorporated businesses, professions, rentals or other activities conducted by residents and non-residents of the City of Port Clinton are taxable.

### TAXABLE INCOME

Wages, salaries and other compensation  
Bonuses, stipends and tip income  
Commissions, fees and other earned income  
Sick pay (excluding 3rd party)  
Employee contributions to retirement plans and tax deferred annuity plans (including Section 401k, 403b, 457b, etc.)  
Net rental income  
Net profits of businesses, professions, sole proprietorships, etc.  
Income of corporations, partnerships, s-corporations, estates or trusts (Taxed at the entity level)  
Vacation pay  
Stock options  
Net farm income  
Prizes and gifts, if connected with employment, to the same extent as taxable for Federal Income Tax purposes  
Director fees  
Income from jury duty  
Strike pay  
Uniform, automobile, moving and travel allowances (in excess of expense)  
Executor fees  
Supplemental Unemployment Benefits (SUB pay)  
Lottery winnings/Gambling  
Compensatory insurance proceeds from lost wage settlements

### NON-TAXABLE INCOME

Interest or dividend income  
Pre-tax contributions made by or on behalf of employees to cafeteria plans (Sections 125 plans)  
Welfare benefits  
Social Security  
Income from qualified pension plans  
State unemployment benefits  
Worker's Compensation  
Proceeds of life insurance  
Alimony and child support  
Government disability payments  
Poll worker income up to \$1,000  
Military pay (including National Guard)  
Earnings of persons under 18 years of age  
Capital gains  
Patent and copyright income  
Royalties derived from intangible property  
Compensatory insurance proceeds derived from property damage or personal injury settlements

# LINE BY LINE INSTRUCTIONS

Complete the worksheet detailing the wages received on your W-2s

## **PAGE 1**

**Column 1** – Enter employer's name and dates worked for employer in column to left.

**Column 2** – Enter the city where employed. If your W-2 states "various" or "all cities," please attach a copy of the itemized breakdown.

**Column 3** – Enter City of Port Clinton tax withheld from Box 19 on the W-2.

**Column 4** – Enter tax withheld for work in other cities.

**Column 5** – Enter the smaller of Column 4 or Column 6 multiplied by 1.5%. Port Clinton allows a tax credit for taxes withheld by another city up to 0.5%. Credit may not exceed 0.5% of the wages taxed by another city on each W-2 form.

**Column 6** – Enter the wages earned on each W-2. In most cases the amount shown in Box 18 of the W-2 should be used. However, if Box 5 is higher, that wage must be used to calculate total wages earned.

**Line 1** – Enter total amount of W-2 wages from Column 6. Attach all W-2s to back of return.

**Line 2** – Enter the amount of other income from Line 28 from the back of the return, but not less than -0-. Attach appropriate schedules and documentation. Attach 1099s and W-2Gs on the side of the return with the W-2s.

**Line 3** – Add Lines 1 and 2.

**Line 4** – Multiply Line 3 by 1.5% (.015).

**Line 5** – Enter tax withheld for Port Clinton from Column 3.

**Line 6** – Enter any prior year credits.

**Line 7** – Enter any estimated payments made.

**Line 8** – Enter credit for taxes paid to by other cities from Column 5 and Line 10B from Schedule of income other than wages on back.

**Line 9** – Add Lines 5 through 8.

**Line 10** – Subtract Line 9 from Line 4. If Line 4 is more than Line 9, enter balance due.

**Line 11** – Enter Late Filing and Late Payment Penalty, if applicable.

**Line 12** – Enter Interest (see city website for rates) on the balance due, if applicable.

**Line 13** – Add Lines 10, 11, and 12. Enter total here. No tax due if balance is \$10.00 or less.

**Line 14** – If Line 4 is less than Line 9, enter overpayment.

**Lines 15 & 16** – Indicate disposition of overpayment either by refund or credit to next year. Per Ohio Revised Code, no refunds or credit is issued for overpayments of \$10.00 or less.

**Line 17** – Enter total estimated tax on income subject to tax, multiplied by a tax rate of 1.5%.

**Line 18** – Enter any Port Clinton tax to be withheld or credit for tax withheld/paid to another city.

**Line 19** – Enter net tax due by subtracting Line 18 from Line 17.

**Line 20** – Enter amount due with estimate, 25% of Line 19.

**Line 21** – If applicable, enter overpayment from previous year (Credit Line 16). If credit Line 16 exceeds Line 20, credit will carry over into 2nd Quarter payment. No estimated tax will be due at this time, unless you want to pay your remaining estimated balance in full for the year.

**Line 22** – Subtract Line 21 from Line 20.

**Line 23** – Enter amount from Line 13. No tax due if balance is \$10.00 or less.

**Line 24** – Add Lines 22 and 23. **Sign and date return and make check payable to the City of Port Clinton. Joint returns must be signed by both parties.**

## **PAGE 2**

### **Schedule of Income from other than wages**

**Line 1 Schedule C:** Net profits shall be determined on the basis of the information used for Federal income tax purposes, adjusted to the requirements of the ordinance. All business entities must attach copies of appropriate Federal Schedules.

**Line 2 Schedule E:** Residents enter profit/loss from all properties. Nonresidents enter only profit/loss from Port Clinton properties.

**Line 3 - Schedule F - Farm Income**

**Line 4 - Schedule K-1:** Residents only enter profit/loss from entities that do not file and pay Port Clinton Tax.

**Line 5 - Forms 1120, 1120S 1065, 1041:** See Ohio Revised Code Section 718.01(E) & 718.02.

**Line 6** – Add lines 1 thru 5.

**Line 7 - 2017 Net Operating Losses:** Due to pending State of Ohio legislation, the laws governing the application of the Net Operating Loss (NOL) at the municipal level are unclear, fluid, and subject to change as of the printing of this form. Please check our website at [www.portclinton.com](http://www.portclinton.com) for further information/updates as they become available.

**Line 8** – Subtract Line 6 from Line 7.

**Line 9 - Miscellaneous Income** – Enter income from 1099Misc, W-2G not included in other schedules.

**Line 10 - TOTAL INCOME (LOSS).** Combine Lines 8 & 9 and enter amount from 10A on Line 25 below and amount from 10B on Line 8 on front of return.

**SCHEDULE X:** This schedule is used by businesses for the purpose of making adjustments when total income includes income not taxable and/or not deductible for city purposes. Items not taxable include interest, dividends, capital gains from the sale, exchange or other disposition of property. Items not deductible include federal, state, local and other taxes based on income, capital losses from the sale, exchange or other disposition of property, expenses incurred in the production of non-taxable income, net operating loss deduction per Federal return, payment to partners, payments to "officers" unless included on W-2 forms or any other items as prohibited by the Federal or State governments. Amounts considered as "special deductions" on Federal return are not considered for local tax.

**SCHEDULE Y:** To be used when the books and records of the taxpayer do not disclose with reasonable accuracy the net profit attributable to Port Clinton. A business allocation formula consisting of the average property, wages paid, and gross receipts may be used by business entities not required to pay tax on entire net profits. See ORC section 718.02.

**Line 25** – Enter total from Schedule of income other than wages, Line 10A.

**Line 26A** – Enter total from Schedule X, Line h.

**Line 26B** – Enter total from Schedule X, Line p.

**Line 26C** – Subtract Line 26B from Line 26A. If Line 26B is greater than 26A, enter as a negative number.

**Line 27A** – Subtract Line 26C from Line 25.

**Line 27B** – Multiply Line 27A by allocation percentage from Schedule Y.

**Line 28** – Enter amount from Line 27B and carry amount to Page 1 Line 2.