



City of Orrville, Ohio, Income Tax General Information

WHAT IS NEW FOR 2018:

The 2018 Individual Income Tax Return form has been modified to accommodate the changes mandated by Ohio House Bill 5. The most significant change that affects municipal tax filing is that 2018 is the first year in which net operating loss deductions may be taken. The loss must have been first established in 2017 filing and no losses prior to 2017 are allowed. There is a 5 year, 50% phase in period and the NOL deduction cannot exceed 50% of the cumulative amount. Another change for 2018 has to do with the previously allowed 2106 deduction. Federal tax law changes have repealed the miscellaneous itemized deduction and therefore the 2106 deduction has been eliminated for municipal purposes. Tax forms are available for download from the city website, www.orrville.com. Return forms are in PDF format and can be printed to your printing device. Once printed, the return can be filled in and filed. Be sure to 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.

RETIREES:

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 and future filings will not be required. 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 January 15 of the following taxable year. The estimated tax payment coupons (form Q1) are also available on the City's website. The amount shown on line 8 of the 2018 tax return may be used as the estimate for 2019.

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 RETIREE 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, report to 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 your period of residency. To determine this figure, divide the gross earnings, from each non-resident W-2, by the number of months employed to get a monthly earnings figure. Then multiply that amount by the number of months of residency to get the amount of income apportioned to Orrville. If you apportion your income, the amount of tax credits must also be apportioned.

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 return by the due date granted with the extension. **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 by April 15th. Taxpayers on a fiscal year must file by the 15th day of the fourth month after the close of that fiscal year.

NET OPERATING LOSS:

Went into effect in 2017. First year the NOL can be taken is on the 2018 return filed in 2019. No losses prior to 2017 are allowed and there is a 5 year 50% phase in for the NOL..

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 file/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 the front page of Federal 1040, 1040A or 1040EZ, 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.

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
Insurance proceeds
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
Government allotments
Cafeteria plans