



2020
City of Orrville, Ohio, Income Tax
General Information

MANDATORY FILING:

The City of Orrville has mandatory filing for all residents over the age of 18. New residents are required to complete an 'Individual Registration' form and file annual tax returns. Fully retired and fully disabled residents are an exception to the mandatory filing rule. Orrville's tax rate is 1.0% and is assessed on gross wages, gambling/lottery winnings and rental and self-employment income. Credit is allowed for tax paid to another municipal, to a limit of 1%.

Tax forms will be available after the first of the year and may be downloaded from the city website, www.orrville.com or picked up in the City Hall lobby or at the Orrville Public Library. If you cannot obtain a form by these methods, you may request a tax return be mailed to you. It is the responsibility of each resident to obtain the necessary tax forms and file an annual return.

RETIREES:

Retirees with W2 wages, business or rental property income, gambling/lottery winnings, 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 taxable income (line 5), on the 2020 return may be used in determining the 2021 estimated tax.

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. Residents who are permanently disabled and whose sole income is derived from non-taxable income, do not have to file a return.
3. 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.
4. Nonresident individuals with income earned from work or services performed in the City of Orrville and not covered by an employer withholding plan.
5. Non-residents who own rental property located within the City of Orrville.
6. 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.

NEW AND PARTIAL YEAR RESIDENTS:

New residents moving into Orrville and residents moving out of Orrville are subject to tax for the portion of the year in which they were a resident. To determine this amount, divide the gross earnings, from box #5 of each 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:

If you were granted an extension to file your Federal income tax return, you may receive the same extension for the Orrville City return by providing a copy of the Federal extension to the Orrville Income Tax Department. **An extension request is not an extension of time to pay the due tax.**

WHEN TO FILE:

Orrville follows the same date guideline as the Internal Revenue Service. 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. See Section 718.01 (D) of the Ohio Revised Code for more information concerning NOL credit.

FEDERAL SELF EMPLOYMENT TAX:

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

ROYALTY INCOME:

Report tangible royalty income as taxable on the city return. This would apply to, for example, land ownership and oil and gas well revenue. Do not report intangible royalty income on the city return. This would include, for example, revenue from book and artwork sales, musical composition, etc.

FILING STATUS:

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

REFUNDS:

See 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 part year earnings, taxes paid to other municipalities and net operating loss credit must be included with the tax return.

TAXABLE INCOME:

Wages, salaries and other compensation
Bonuses, stipends and tip income
Commissions, fees and other earned income
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
Royalty income (tangible source)

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 (intangible source)
Annuity distributions
Housing allowance for clergy
Government allotments
Cafeteria plans