

2009 STRASBURG, OHIO INCOME TAX - GENERAL INFORMATION & INSTRUCTIONS

1. WHO MUST FILE A RETURN

The following must file a return WHETHER OR NOT ADDITIONAL TAX IS OWED TO STRASBURG:

- A. Every Strasburg RESIDENT age 18 or over who has taxable income, including pass-through income and rental income. RESIDENT includes a part-year resident and includes a legally domiciled resident temporarily living away, e.g. college student, construction worker, truck driver.
- B. Every sole proprietor, corporation, partnership, trust or other business entity operating in Strasburg on more than 12 days of the tax year, and any owner of Strasburg rental property. Must file even if a loss.
- C. NON-RESIDENTS who have earned income in Strasburg for which the total and correct amount of Strasburg tax has not been withheld.

2. WHEN A RETURN IS NOT REQUIRED

- A. RETIRED individuals age 65 and older with no earned income at any time during the tax year are not required to file a return. If you received a tax form, check Yes in the upper right part of the form that your account should be deactivated, give reason as Retired and provide date of retirement and date of birth. Sign at bottom right and return to Tax Department.
- B. NON-RESIDENTS who did not live in Strasburg at any time during the year and who had earned income in Strasburg for which the total and correct amount of Strasburg income tax has been withheld.

3. WHEN AND WHERE TO FILE THIS RETURN

The annual income tax return must be filed and paid in full on or before April 15, 2010, with the Strasburg Income Tax Department, 358 Fifth St. SW, Strasburg, Ohio 44680. Fiscal year businesses with accounting periods ending other than December 31 must file within 3 1/2 months after the end of the accounting period.

4. EXTENSIONS

Extensions of time to file a return will be granted up to the end of the month for which an approved federal extension is given if you have complied with all of the following requirements:

- A. You have requested and are granted an extension of time for Federal tax purposes.
- B. You have notified the Village of Strasburg by the original due date of the city return by sending us a copy of your federal extension.
- C. You timely file and pay a Declaration of Estimated Tax with the Village for the 2010 tax year.
- D. All required prior Strasburg tax returns have been filed and no balance is due for any prior tax year.

NOTE: An Extension is for the time to file only.

5. TAXABLE INCOME

The following items, although not all inclusive, are examples of income taxed by the city:

- A. Salaries, wages, commissions and other compensation. In most cases report wages from Box 5 of W-2.
- B. Sick pay and vacation pay.
- C. Income from wage continuation plans, unless paid for by employee.
- D. Stock option income.
- E. Cost of group-term life insurance paid by employer for coverage in excess of \$50,000.
- F. Severance pay.
- G. Compensation paid in property (valued at fair market value).
- H. Tips.

- I. Deferred compensation such as contributions made by or on behalf of the employee to a tax-deferred annuity (including 401k plan contributions, payments into teacher's retirement plans and government retirement plans).
- J. Stipends - if work is required.
- K. Bonuses.
- L. Prizes - if connected with employment.
- M. Directors fees.
- N. Income from jury duty.
- O. Supplemental unemployment compensation paid by employer.
- P. Union steward fees.
- Q. Strike benefit paid by company.
- R. Executor fees.
- S. Ordinary income from the sale or exchange of property.
- T. Net gains from business activity including farms.
- U. Income from non-qualified pension plans.
- V. Rental income.
- W. Portion of pass-through income to residents from all entities on which Strasburg tax is not paid at the entity level.
- X. Gambling winnings from other than lottery.
- Y. Royalties from tangible property.

6. NON-TAXABLE INCOME

The following items are not taxable to the city:

- A. Military pay (including National Guard and reserve pay).
- B. Income earned as an election poll worker, unless in excess of \$1,000.
- C. Alimony and child support.
- D. Income from capital gains or losses.
- E. Interest.
- F. Dividends.
- G. Social Security benefits.
- H. Workers' Compensation benefits.
- I. State Unemployment Benefits.
- J. Proceeds of life insurance plans.
- K. Welfare payments.
- L. Income from qualified pension plans.
- M. Patent and copyright income.
- N. Royalties from intangible property.
- O. Annuity distributions.
- P. Housing allowances for clergy to the extent that the allowance is used to provide a home.

7. CREDIT FOR INCOME TAXES PAID TO OTHER CITIES

Individual taxpayers who are residents of Strasburg are allowed a credit if their taxable income has been properly taxed by another city where it was earned.

The credit is the lesser of

- (1) actual tax paid or withheld, or
- (2) portion of income actually taxed by another city multiplied by 1%.

In the computation you may not include income that wasn't taxed by another city, or income that was taxed but for which a refund would be available from another city if properly applied for. Also, each source of income and each work city is looked at separately in the calculation.

EXAMPLE 1: An employee who lives in Strasburg earns \$20,000 working in Columbus. Since the Columbus tax rate is 2%, the employer withholds and pays to Columbus a tax of \$400.00 (\$20,000 x 2%). Strasburg gives tax credit on line 5B of the return of \$200.00 (1.0% times \$20,000 earned).

EXAMPLE 2: An employee who lives in Strasburg, earns \$20,000 working in Carroll. Since the Carroll tax rate is 0.75%, the employer withholds and pays to Carroll a tax of \$150.00 (\$20,000 x 0.75%). Strasburg gives tax credit on line 5B of the return of the full \$150.00 paid to Carroll.

2009 STRASBURG, OHIO INCOME TAX INSTRUCTIONS

8. BUSINESS INCOME SCHEDULE (Schedule X) AND ALLOCATION FORMULA (Schedule Y)

Schedule X adjusts the federal net gain or loss for items where Strasburg city income tax applies differently from federal tax. Line 1 of Schedule X shows the starting figure to use. Business income attributable to interest, dividends, capital gains and losses are not subject to Strasburg city income tax. Expenses attributable to nontaxable income shall be added back in the amount of 5% of specified nontaxable amounts. City or state taxes based on income may not be deducted. For partnerships, guaranteed payments to partners are not deductible. Self-employed individuals and pass-through income recipients may NOT deduct one-half self-employment tax.

Schedule Y is used to determine the percentage of adjusted net business income to be allocated to Strasburg. It may be used only if business is conducted both within and outside the city of Strasburg. When this formula method is used, the following procedures must be observed.

Step 1. Determine the percentage which the average original cost of real and tangible personal property owned or used in the business, located within Strasburg during the period, is of the average original cost of all real and tangible personal property used in the business wherever located.

Step 2. Determine the percentage which the total wages, salaries and other compensation paid during the period to employees for services performed in Strasburg is of the total wages, etc. to all employees located everywhere.

Step 3. Determine the percentage which the gross receipts of the business from sales made or services performed in Strasburg during the period is of the total gross receipts from all sales and services wherever made or performed.

Step 4. Sum the percentages for each of the above steps used.

Step 5. Divide total of Step 4 by the number of percentages used.

MANDATORY DECLARATION OF ESTIMATED TAX - GENERAL INFORMATION

9. PURPOSE OF DECLARATION:

If you expect to have any taxable income in 2010 on which the proper amount of Strasburg tax will not be withheld by your employer, you must file a Declaration of Estimated Tax. It must be filed by the due date of the prior year's final tax return without extension, and you must pay at least 22% of the tax due by that date. Such taxpayers must also file an annual return of actual taxable income and pay any balance of tax due. For example for individuals, a Declaration of Estimated Tax for 2010 must be filed by April 15, 2010, including payment of the first quarterly amount due.

10. WHO MUST MAKE A DECLARATION:

- Every resident of the Village of Strasburg, who expects to receive taxable income, wherever earned, from which the Village of Strasburg Income Tax will not be withheld.
- Every non-resident of the Village of Strasburg, who expects to receive taxable income, earned or derived from within the Village, from which the Village of Strasburg Income Tax will not be withheld.
- Every business entity, such as corporations, partnerships, fiduciary of active trusts, unincorporated businesses or professional entities conducting activities or producing income from within the Village.

11. WHEN AND WHERE TO FILE DECLARATION:

File on or before April 15, 2010, with the Income Tax Department, 358 5th St. SW, Strasburg, OH 44680. All wage earners must file on a calendar year basis. Fiscal year taxpayers shall file on or before the 15th day of the 4th month measured from the beginning day of their fiscal year.

12. LATE FEE, PENALTY AND INTEREST:

A late fee is charged for failure to file a tax return by the due date – \$25.00 if the return is filed within 30 days after the due date, \$50.00 if filed more than 30 days but not more than 120 days late, \$100.00 if filed more than 120 days late. Any tax amount that is not paid when it is due will be assessed a penalty of 1/2% per month or part month, and interest of 1/2% per month or part month.

13. AMENDMENTS TO DECLARATION:

If your income situation changes materially from the estimate made on your original declaration, an amended declaration is required. You may use a new form and write across the face of it the word "Amended."

14. DECLARATION OF ESTIMATED TAX PAYMENT TIMETABLE-- CALENDAR YEAR TAXPAYERS

April 15, 2010 File Declaration with 1st quarter payment
July 31, 2010 Make 2nd quarter payment
October 31, 2010 Make 3rd quarter payment
January 31, 2011 Make 4th quarter payment