

2023 GENERAL INFORMATION - BROOKVILLE

1. WHO MUST FILE

All residents of Brookville that are 18 years of age or over, whether or not any income was earned or any tax due, are required to file an annual return. All non-residents that earn or receive income within Brookville that is not fully withheld upon are required to file a return. All resident business entities including trusts, corporations, S-corporations, partnerships and other unincorporated businesses are required to file an annual return on an entity basis. Non-resident business entities that conduct business, perform services, have a location or have income earned in Brookville are required to file on an entity basis. For corporations, partnerships and other taxable entities, a Business income tax return will be needed.

NOTE: Anyone receiving a notification letter has an active account and will need to file a return. All accounts remain in active status until a "final" return is filed.

2. UNDER 18 YEARS OF AGE

You may be eligible for a refund if Brookville taxes were withheld on income earned prior to your 18th birthday. If you are under 18 or if you turned 18 years of age during the year, only the income earned after your 18th birthday is subject to Brookville tax. Submit verification of your date of birth (photocopy of driver's license or birth certificate) and verification/computation of your taxable/non-taxable earnings.

3. PART-YEAR RESIDENTS

Part-year residents will need to allocate their income and any deductions and credits based on the amount of time they lived in each city. Verification/computation (pay stubs, etc.) will need to be submitted with the return. Those living in Brookville for any part of the year are required to file a return. College students, even though they may reside away from home for a portion of the year, are required to file if their permanent residence is within Brookville.

4. DUE DATE

Returns are due by **April 15th** following the close of the calendar year, or within 3½ months of the end of the year for those businesses on a fiscal year basis. The due date may vary slightly depending on weekends and/or federal holidays.

5. EXTENSIONS

Extensions may be granted on an automatic basis if an automatic six-month extension was requested for filing the federal income tax return. A copy of the federal extension must accompany the municipal income tax return when filed by the extended due date. An extension of the time to file does not extend the time to pay the tax. Penalty and interest charges may be imposed on any tax remaining unpaid after the original due date. Additionally, there is no provision for extending the current year first quarter estimated payment. Extension request forms may be obtained from the Tax Office or our website: www.vandaliaohio.org.

6. SUPPORTING DOCUMENTATION

Documentation is necessary to verify all amounts of taxable and non-taxable incomes, expenses, deductions and credits. All of the Internal Revenue Service Form W-2s (Wage and Tax Statements) and the Internal Revenue Service Form 1040 (including Schedule 1, if applicable) are required to be included with each annual return, amended return, or request for refund. Those taxpayers claiming deductions for commissions paid, contract labor and the like must provide a schedule showing a breakdown of amounts paid, how much of said work was in each city, names to whom paid with addresses and social security (or federal identification) numbers. Copies of Form 1099-NEC or 1099-MISC may be sent in lieu of the schedule.

7. TAXABLE WAGES

Income subject to taxation includes, but is not limited to, qualifying wages, commissions, bonuses, incentive programs and other compensation received, accrued or in any other way set apart. Note: The qualifying wage for city purposes is generally the same amount as the federal Medicare wage amount. A more complete listing of examples of taxable and non-taxable income is available on the Application for Extension form on our website: www.vandaliaohio.org.

8. FILING STATUS

A married couple may file either joint or separate returns. The filing status will not affect the amount of tax due.

9. RENTALS

Net rental earnings from all types of real estate or other property are taxable for residents regardless of where the rental is located. Net rental earnings derived within the city are taxable to the property owners without regard for their place of residence. An annual return is required even though a loss may be incurred.

10. BUSINESS INCOME

Income derived from a profession, sole proprietorship, joint venture, partnership or similar business endeavor is taxable to residents no matter where that income is earned. Non-residents receiving such income derived within a city are taxable without regard to their place of residence. A return is necessary even though a loss may have been incurred.

11. OTHER CITY TAX CREDITS

Residents of a city who work in and pay tax to another city may take a credit against their city tax liability for other city tax paid up to a maximum of 2% of taxable income earned in the other city. A proration of taxable income will result in a proration of the other city tax credit. In some instances, an adjustment of credit may be necessary if the tax paid or withheld for another city is incorrect. When claiming a credit for other city taxes paid, verification, such as W-2s or other city tax returns, must be submitted with the income tax return.

12. DECLARATION OF ESTIMATED TAX

Every taxpayer who anticipates having income tax due of \$200.00 or more that is not fully withheld must file an annual declaration of estimated tax. At least 90% of the current year tax liability or 100% of the previous year liability must be paid either through employer withholding and/or estimated payments by January 15th following the taxable year. In the case of any underpayment of any portion of a tax liability, penalty and interest may be imposed on the amount of underpayment. Quarterly statements are available on our website: www.vandaliaohio.org.

13. CORPORATIONS, PARTNERSHIPS, TRUSTS, ETC.

Corporations, S-corporations, partnerships, trusts, joint ventures and similar business entities having a location or doing business in Brookville are required to file annual income tax returns on an entity basis. Such entities will need to obtain a Business income tax return. Distributions from S-corporations should not be included on individual tax returns. Individuals who receive payments from partnerships should only include those on their individual return when the distributing partnership is not doing business in or located in their city of residence.

14. BUSINESS LOSSES

Net business losses including rental losses may be deducted from net gains of other businesses and rentals. Such losses may not be used to offset wage income.

15. NET OPERATING LOSSES

For taxable years beginning in 2018, a person may deduct any net operating loss incurred in a taxable year beginning on or after January 1, 2017. The amount of such net operating loss shall be deducted from the net profit to the extent necessary to reduce taxable income to zero, with any remaining unused portion of the net operating loss carried forward for five consecutive taxable years or until fully utilized. Net operating loss carryforwards are permitted beginning in tax year 2023 at 100% of the current year's income.

16. LATE FILING FEE, PENALTIES AND INTEREST

When returns are filed after the due date by Brookville residents or by businesses performing services in Brookville, a late filing fee of \$25.00 is imposed without regard for the amount of tax due. Late filing fees may apply even though no tax may be due. In addition, for taxable year 2023, any Brookville income tax remaining unpaid after the due date may be charged a penalty of 15% and interest of 0.83% per month (10% annually).

17. VISA/MASTERCARD

City taxes may be paid online with your credit card or by electronic check. Please refer to the City of Vandalia's website, www.vandaliaohio.org, to access the online payment center. Credit card payments are now accepted in person in the tax office as well.

2023 INSTRUCTIONS - BROOKVILLE

SECTION A: If you (and/or your spouse if filing jointly) meet one of the following requirements, please complete Section A:

- Your only income is from a federally qualified retirement plan.
- Your only income is from active duty military pay.
- If you were under 18 for the entire year (indicate date of birth, and attach a copy of your driver's license, birth certificate or other verification).
- Your only income is from a non-taxable source (see the listing of taxable and non-taxable income on the Application for Extension form) and indicate the source.

If you have business income, rental income or any type of taxable income other than wages and salaries, COMPLETE SECTION E ON PAGE 2 OF FORM R BEFORE PROCEEDING. If your only taxable income is from wages and salaries as shown on Form W-2, complete page 1 of the return only.

SECTION B: List all W-2 and W-2G information where indicated. Note: The wage amount indicated in Line 1-C should be the municipal qualifying wage amount (see Item 7 of the General Information). For income earned in another city, the maximum allowable credit for taxes paid to the other city is 2% of the income earned and properly taxed in that city. Submit a copy of each W-2 and W-2G with the income tax return.

Line 1

Add each column as indicated. Enter totals on Lines 1-A, 1-B and 1-C. (See Item 11 of the General Information for more detailed instructions on the calculation of other city tax withheld.)

Line 2

Enter total of Line 1-C (or Column 3 if applicable).

Line 3

Multiply Line 2 by 2%.

Line 4-A

Enter the total amount of tax withheld by your employer(s) for your city of residence (from Line 1-A).

Line 4-B

Enter the total credit for taxes paid to other cities (from Line 1-B). Note: Other city tax credit may not exceed 2% of the amount of taxable income earned in the respective city.

Line 4-C

Enter the total estimated tax payments plus any prior year credits.

Line 4-D

Enter the total of Lines 4-A, 4-B and 4-C.

Line 5

Enter total of Line 3 minus Line 4-D. If Line 3 is greater than Line 4-D, a balance is due, and a payment must accompany this return. (If the balance is **\$10.00 or less**, no payment is necessary, but the return will still need to be filed.) If Line 4-D is greater than Line 3, proceed to Line 8 (or Line 6 if filing after the due date).

Line 6

If your return is filed after the due date, a late filing fee may be added, and any balance due may be subject to penalties and interest. (See Item 16 of the General Information.)

Line 7

Enter total of Line 5 plus Line 6.

Line 8

If Line 4-D is greater than Line 3, indicate the amount to be refunded and/or the amount to be credited to your next year tax liability. Refunds and/or credits of amounts **\$10.00 or less** will not be issued.

SECTION C: A Declaration of Estimated Tax must be filed by every resident, non-resident or business entity that expects to receive taxable income from which the tax has not been withheld and the amount of tax due is \$200.00 or more. Vouchers are available on our website www.vandaliaohio.org for use in making quarterly estimated tax payments. Upon filing the tax return, penalty and interest charges will be imposed if at least 90% of the final tax liability, or 100% of the prior year tax liability, was not received by January 15th following the taxable year.

Line 9

Enter the estimated amount of taxable income where indicated and show the amount of tax estimated to be due.

Line 10

Enter the amount of estimated tax credits. Include any tax to be withheld for your city of residence and any credit for tax to be withheld for other cities (not to exceed 2%).

Line 11

Subtract Line 10 from Line 9. This is your estimated net tax due for the next tax year.

Line 12

Enter ¼ of Line 11. This is the quarterly amount due.

Line 13

If you indicated a credit to next year on Line 8 (\$10.01 minimum), show the amount on Line 13. The overpayment will be applied to your first quarterly payment. If the overpayment is greater than the first quarter payment, the difference will be applied to the next payment(s) due.

Line 14

Subtract Line 13 from Line 12. This is the amount of the estimated tax due with this return. (Vouchers to be used for making the remaining quarterly payments are available at the Tax Office and on our website: www.vandaliaohio.org.)

Line 15

Enter the total of Line 7 plus Line 14. Make checks payable to City of Vandalia.

SECTION D: If paying by credit card or electronic check, please refer to the website, www.vandaliaohio.org, to access the online payment center. Credit card payments are now accepted in person in the tax office as well.

SIGNATURES: The taxpayer and spouse, if filing a joint return, must sign where indicated. If someone other than the taxpayer or spouse completed this return, indicate by checking yes or no if we may contact your tax preparer with questions regarding this return. In either case, the tax preparer must sign in the area so designated.

SECTION E: Page 2 of Form R will need to be completed if you have income other than wages as reported on your W-2(s). Completion of Section E does not replace the need to attach copies of federal schedules and other supporting documents. Indicate amounts earned in each city as applicable. See more detailed Section E instructions on page 2 of Form R.

NOTE: Section E should be completed before proceeding to page 1 of the return if you have taxable income that is not shown on a W-2.

SCHEDULE Y: On page 2 of Form R is a Business Apportionment Formula used to compute the portion of net profits allocable to Brookville, and any other areas when business is conducted both inside and outside the city. If the Business Apportionment Formula is used, amounts allocated to Brookville should be entered in Section E.

NET OPERATING LOSS WORKSHEET: Complete this worksheet to calculate any applicable prior year losses. Enter the total from Column D on Line B, Section E, Page 2 of Form R to deduct any available net operating loss.

ASSISTANCE: For free assistance in completing this return, or if you have any questions, please contact the Income Tax Office. We are located in the Vandalia Municipal Building at 333 James E. Bohanan Memorial Dr, Vandalia, Ohio. Office hours are 8:00 A.M. to 5:00 P.M. Monday through Friday. Phone (937) 415-2240 or toll-free (866) 898-5891 or visit our website at www.vandaliaohio.org.