



WARREN CITY INCOME TAX DEPARTMENT

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2006 TAX INSTRUCTIONS AND FILING INFORMATION

E-FILE COMING SOON!

IF YOU ARE A WARREN RESIDENT AND YOUR ONLY INCOME IS FROM A W2, 1099, OR W2G, YOU MAY USE OUR NEW E-FILE SERVICE. SEE THE WEB PAGE FOR DETAILED INSTRUCTIONS: **WWW.WARREN.ORG**
EXPECTED TO BE AVAILABLE JANUARY 15, 2007

MANDATORY TAX FILING—ALL WARREN RESIDENTS OVER THE AGE OF 16 MUST FILE A TAX RETURN, EVEN IF THE TAX HAS BEEN WITHHELD OR PAID TO ANOTHER CITY.

ALL TAX RETURNS MUST BE POSTMARKED BY APRIL 16TH 2007

(THIS INCLUDES ONE EXTRA DAY BECAUSE THE ACTUAL DUE DATE IS ON SUNDAY)

EXTENSIONS ARE AVAILABLE, HOWEVER THE EXTENSION IS FOR TIME TO FILE NOT FOR TIME TO PAY. ANY TAX DUE AFTER THE DUE DATE IS SUBJECT TO PENALTY AND INTEREST CHARGES.

What Income is Subject to City Income Tax for Individuals?

- 1) W2 Wages (before pension plan and deferred compensation reductions). W2 Wages include Bonuses, Sick Pay, and Vacation
- 2) Self Employment Income (Form 1099-MISC or Schedule C)
- 3) Net Rental Income (Schedule E)
- 4) Lottery / Gambling Winnings (W2-G)
- 5) This is not an all inclusive list. Please contact our office if you need to know if some income is taxable.

All applicable Federal Forms and Schedules **MUST** be attached or your return may be returned to you for additional documentation.

Examples: Federal Form 1040 Page 1; W2 Forms; Form 1099; Schedule C; Schedule E; Form 2106 and Schedule A

A Copy of your Federal Form 1040, Page 1 MUST be attached to your return (see example on back page)

Line By Line Instructions for Individuals

1. Enter your total compensation before any payroll deductions, look for the **largest** amount on your W2 and this will be the amount you enter on the return. You must attach all W2 Forms to get credit for any withholding paid by your employer.
 - 1a. Warren Tax Withheld from your W2(s)
 - 1b. Total Tax Paid to other cities. Not to exceed 2.0% You must calculate this limit on each individual W2 Form based on what figure the employer reported in Box 18 of your W2 Form. You will not be given credit for localities that are over-withheld.
 - 1c. Non-Taxable Income (you **MUST** attach Form 2106 and Schedule A). This amount is subject to 2% Limitation of your Adjusted Gross. (Adjusted Gross multiplied by 2% = X, Form 2106 less X = deductible amount.
 - 1d. Total Warren Taxable Wages (from W2 Forms). Be sure to review your W2 Forms to ensure you picked up the **Gross Wages** before any pension or deferred compensation amounts.

If you have Self-Employment, Rental Income, or Gambling Winnings complete Page 2(instructions to follow), otherwise continue to Line 5.

5. Amount subject to Warren Income Tax, Total from 1d.
6. Warren Income Tax—Multiply Line 5 by 2%
7. Credits
 - (a) Warren Tax Withheld by Employer from Line 1a
 - (b) Income Taxes paid to other cities (see 1b for limit instructions)
 - (c) Payments on Current Declaration (or Credit). This amount is a total of all estimates and carry-forward amount you may have on your account (please call to verify if you are unsure)
 - (x) Total Credits Allowable, add (a), (b), and (c)
- 8a. Balance of Tax Due (Line 6 less Line 7x)

IF YOUR RETURN IS NOT POSTMARKED BY THE DUE DATE YOU ARE SUBJECT TO PENALTIES AND INTEREST

- 8b. Penalty (5% for 1st Month, 10% for 2nd Month, 15% for 3rd Month), Interest (1.5% per month), Late Filing Fee (\$30.00). An EXTENSION DOES NOT APPLY TO PENALTY AND INTEREST ONLY THE LATE FILING FEE. The Extension must be filed before the due date (complete our form or a copy of the Federal Extension is acceptable)
9. Tax Due, Payable to "Warren City Income Tax". Payment is due by the due date to avoid additional Penalty and Interest Charges.

Line By Line Instructions for Individuals Page 2

SECTION A - Profit or (Loss) from business or profession, sole proprietorship, partnership, or corporation)

1. Enter the Net Profit or (Loss) from Business or Profession. You must attach all Federal Forms. Note: that any business activity that is a loss should be entered as a zero, as a business loss does not reduce business income.
2. Total Net Profits (do not reduce income amounts by loss amounts)

SECTION B - Income from Rents

Enter the Net Profit or (Loss) from Federal Schedule E. If the total is a loss enter this amount as a zero.

SECTION C - All other Taxable Income

Income From Partnerships, Estates & Trusts, Fees, Tips, Commissions, Gambling Winnings, and Miscellaneous Income. All Federal schedules and forms pertaining to income reported in this section must be attached to your return.

Total all items reported in this section. Do not reduce any income amounts by loss amounts. If end result is a loss, enter zero.

TOTAL - From Sections A, B & C (do not reduce income amounts with loss amounts). Enter on Page 1, Line 2

Instructions for Businesses Page 2

SECTIONS A, B, C - Follow Instructions as indicated for Individuals as the instructions are the same.

SECTION X - Reconciliation with Federal Income Tax Return (Copy of Federal Tax Return is REQUIRED)

ITEMS NOT DEDUCTIBLE

- a. CAPITAL LOSSES (per Ohio Revised Code section 718.01*)
- b. EXPENSES APPLICABLE TO NON-TAXABLE INCOME - (5% of line o).
- c. INCOME TAXES (Federal, State, and Local)
- d. PAYMENTS TO PARTNERS OR COMPENSATION OF OFFICERS
- e. CONTRIBUTIONS (in excess of 5% of Net Profits)
- f. OTHER (explain)
- g. TOTAL ADDITIONS (ENTER ON LINE 3a Page 1)

ITEMS NOT TAXABLE

- n. CAPITAL GAINS (per Ohio Revised Code section 718.01*)
- o. INTANGIBLE INCOME TO THE EXTENT IT IS INCLUDED IN FTI**
- p. OTHER (Explain)
- q. TOTAL DEDUCTIONS (ENTER ON LINE 3b Page 1)

* Ohio Revised code can be found at: <http://onlinedocs.andersonpublishing.com>

** FTI = Federal Taxable Income

Estimated City Income Tax

Your return from the prior year will be used to calculate the current year estimate. The estimated tax liability may be increased or decreased by completing the Amended Box on the estimate coupons mailed to you, this can be done at any time during the year. Estimate Coupons will be mailed to you at least one month prior to the due date. If you have not previously owed money and need to start making estimated payments, please see our website to print the Declaration of Estimated Tax form. The due dates for estimated

Individuals:

- 22 1/2% due by **April 15th**
- 45% due by **July 31st**
- 67 1/2% due by **Oct. 31st**
- 90% due by **Jan 31st**

Businesses:

- 22 1/2% due by **April 15th**
- 45% due by **June 15th**
- 67 1/2% due by **Sept. 15th**
- 90% due by **Dec. 15th**

INCLUDE PAYMENT OF ANY TAX DUE, DISCOVER, MASTER CARD, AND VISA ARE ACCEPTED, SUBJECT TO FEE TABLE BELOW. FEES WILL BE AUTOMATICALLY ADDED TO THE BALANCE CHARGED TO YOUR CARD.



Discover, MasterCard, or Visa Fees	
\$ -0- to \$ 100.00	\$5.00
\$ 101.00 to \$ 250.00	\$ 10.00
\$ 251.00 to \$ 500.00	\$15.00
\$ 501.00 to \$ 1,000.00	\$20.00
\$ 1,001.00 to \$ 2,500.00	\$30.00

Frequently asked questions...

1. I won the Lottery, are my losses deductible? No. The Gross Winnings are taxable.
2. I am retired and I won the Lottery, do I still need to file? Yes, but you do not include the Social Security or Pension Income.
3. I do not live in Warren but I purchased my winning lottery ticket in Warren, do I need to file? Yes, and money earned or won in Warren is taxable to Warren.
4. I no longer work and the only money I receive is Social Security (retirement or disability) and Pension, do I need to file? No, but you do need to notify us as to when you retired or are on permanent disability.
5. I am 16 years old and I work a part-time job, do I need to file? Yes.
6. I don't own the home I live in, do I still need to file? Yes, all Warren Residents are required to file a return.
7. I work and live in Warren and my employer takes out the city tax, do I still need to file? Yes, all Warren Residents are required to file.
8. I didn't work this year, do I still need to file? Yes, a return is required even if you didn't have earnings.

Examples:

Form 1040 U.S. Individual Income Tax Return 2005. The form shows a taxpayer with a single filing status, no dependents, and a total adjusted gross income of \$37,000. Key items include wages of \$4,750 (line 7), Medicare wages and tips of \$5,000 (line 5), and local wages, tips, etc. of \$4,500 (line 18). The total tax liability is \$1,000.

Form W-2 Wage and Tax Statement 2006. The form shows an employer with EIN 22222. The employee's wages are \$4,750 (line 1), Medicare wages and tips are \$5,000 (line 5), and local wages, tips, etc. are \$4,500 (line 18). The total federal income tax withheld is \$1,000 (line 2).

Example of Form W2 ↑

When reporting your Gross Wages in Section 1 of your return, be sure to use the larger number. In the example above you would use the amount reported in Box 5.

Box 5 (Medicare wages and tips) = \$5,000
 Box 18 (Local wages, tips, etc.) = \$4,500
 Box 1 (Wages) = \$4,750

Example of Form 1040 ↑