

Who Must File?

- Resident Individuals
- Nonresident Individuals (see explanation below)
- Businesses

Resident Individuals

The City of Waverly has a 1% income tax levied on all income, which includes, but is not limited to, salaries and wages, employee contributions to deferred compensation plans and other qualified and non-qualified retirement plans, etc. and the net profit of any business income, including Schedule C, rentals and other business activities. All residents are subject to the tax, including those who rent their residence. Waverly has mandatory filing, which requires all residents to file an annual return whether or not tax is due. Residents employed in another city where the tax rate is 1% or higher or whose wages are totally taxed by that city will receive credit not to exceed 1% for the amount of tax paid to that municipality. If a resident is only partially taxable to the community where employed, that portion of income, which is not taxed, becomes taxable to the City of Waverly at a rate of 1%. Interest, dividend, pension and retirement income is not taxable. Business losses may not be used to offset W-2 income. IRA and KEOUGH deductions are not allowed. An annual return for the previous year is due on or before April 15th. Copies of all W-2 forms showing gross wages and any other city withholding taxes, and applicable schedules must accompany the return. A declaration of estimated tax for the current year is also due on or before April 30th. Quarterly statements will be billed. Extensions may be granted for filing, provided an IRS extension has been secured. Extension requests must be made in writing and received in the Tax Office on or before the original due date of the return. A minimum late filing penalty of \$25.00 will be assessed on returns received past the due date.

Nonresident Individuals

The City of Waverly has a 1% income tax levied on all earned income, which includes salaries and wages, employee contributions to deferred compensation plans and other qualified retirement and non-qualified plans, group life insurance benefits and etc. Employers withhold for non-residents (and residents) working within the City's limits at a rate of 1% of their gross salaries and files a City of Waverly Form W-3(Annual Reconciliation). A nonresident who is properly withheld upon by their employer files NO return with the City of Waverly. Nonresidents who are not withheld upon by their employer and/or are self-employed (1099 Misc., Federal Schedule C, etc.) are required to file a return for the income earned within Waverly.

All Businesses maintaining a Waverly location or doing business in Waverly

The City of Waverly has a 1% income tax levied on all businesses, individual proprietorships, partnerships, landlords and corporations doing business within the City of Waverly. All businesses must file an annual return whether or not tax is due. Fiscal taxpayers' annual returns are due four months after the close of their taxable year. A copy of the federal return and all applicable supporting forms and statements must be included. Business losses may **NOT** be carried forward. Extensions may be granted for filing, provided an IRS extension has been secured. Extension requests must be made in writing and received in the Tax Office on or before the due date of the return. A minimum late filing penalty of \$25.00 will be assessed on returns received past the due date.

Employers within the City of Waverly are required to withhold income tax. Taxes withheld must be remitted quarterly, unless the tax withheld exceeds \$300.00 per month (or \$900.00 per quarter) in which case remittance must be made monthly. Quarterly payments are due on April 30, July 31, October 31 and January 31. An annual reconciliation is required for the preceding year and is due on or before February 28th with copies of the employees' W-2 forms and 1099's.