

WAVERLY INCOME TAX RETURN - FORM R

GENERAL INSTRUCTIONS

1. WHO SHOULD FILE A RETURN:

The return should be used by individuals, partnerships, corporations, and any other entity having income taxable by the City of Waverly. NOTE: All residents, age 16 years and above, including part-year residents, must file a return regardless of taxable income.

2. WHEN AND WHERE TO FILE RETURN:

File on or before April 15, following the close of the tax year, with the Department of Taxation, 201 W. North Street, Waverly, Ohio 45690. Fiscal year taxpayers shall file on or before the last day of the fourth month following the close of their fiscal year. Total amount due as shown on the return must be paid when the return is filed. Checks or money orders should be made payable to the City of Waverly, Ohio.

3. EXTENSIONS:

A written request for an extension of time to file must be submitted on or before the due date for filing the return. The extension shall not exceed six (6) months or one (1) month beyond any extension granted by the penalties and interest will be assessed.

Any anticipated tax due must accompany the extension request. An extension is granted to extend the due date for filing the return, IT IS NOT AN EXTENSION TO PAY.

4. WAVERLY MUNICIPAL INCOME TAX IS LEVIED UPON THE FOLLOWING:

(A) On all salaries, wages, commissions and other compensation received by residents of the City of Waverly or received by non-residents of the City of Waverly for work done or services performed or rendered in the City of Waverly.

The following instructions are applicable only to taxpayers having taxable income other than that listed in paragraph 4 (A) above.

(B) On the net profits of all unincorporated business, partnerships, professions, or other activities conducted by residents of the City of Waverly or conducted by non-residents in the City of Waverly.

(C) On the net profits of all corporations derived from work done or services performed or rendered and business or other activities conducted in the City of Waverly.

(D) Any charitable educational, fraternal or other type of non-profit association or organization enumerated in Section 718.01 of the Revised Code of Ohio which is not exempt from the payment of real estate taxes, is required to file returns and remit the taxes levied under the City of Waverly Income Tax Ordinance on all business activities of a type ordinarily conducted for profit by taxpayers operating for profit.

5. WHAT CONSTITUTES NET PROFITS:

Net profits shall be determined on the basis of the information used for Federal Income Tax purposes, adjusted to the requirements of the City of Waverly Income Tax Ordinance. Expenses attributable to non-taxable income are not deductible, and where no record is kept of such expenses, a figure equal to 5% of the total non-taxable income is to be inserted on line B of Schedule X. Gains and losses from the sale or exchange of capitol assets are not to be considered in arriving at the net profits.

The following taxes are not deductible in determining net profits for the City of Waverly income tax purposes:

(A) Federal, State or Municipal income taxes.

(B) Gift, Estate or Inheritance Taxes.

(C) Taxes for local benefits or improvements to property which tend to increase its value.

(D) Taxes on property producing income not taxable by the City of Waverly Income Tax Ordinance.

6. LOSSES:

Net losses incurred in any taxable activity are deductible, in the year incurred, to the extent of the net profits from a similar source (i.e. rental losses offsetting rental profits) in the same name. In no case shall losses of one spouse be used to offset taxable income of the other spouse. In no case shall net losses be used to offset taxable wages.

7. ALLOCATION OF PROFITS:

The business allocation percentage formula is to be used by unincorporated business, partnerships, professions or other entities and corporations doing business within and outside of the City of Waverly if actual records of their Waverly business are not maintained. Determine the ration of the Waverly portion of:

- (1) Average value of real and tangible property owned, rented or leased by the taxpayer for use in the trade or business. To determine the value of property rented and used in the business, multiply gross annual rental by 8.
- (2) Gross receipts from sales made and services performed, regardless of where made or performed.
- (3) Total payroll.

Add the ratios obtained and divide by the number of ratios used to obtain business allocation percentage. A ratio shall not be excluded from the computation because it is allocable entirely within or outside the City of Waverly. The business allocation percentage is to be applied against the total net profits adjusted in the accordance with the provisions of the City of Waverly Income Tax Ordinance to determine the portion taxable by the City of Waverly.

Schedule Y of Page 2, Form R is provided for this computation.

8. INCOME NOT TAXABLE:

Taxable income shall not include: poor relief, unemployment insurance benefits, old age pensions or similar benefits received for any government agency, religious or educational organizations.

Proceeds of insurance, annuities, workmen's compensation insurance, social security benefits, pensions compensation for damages for personal injuries and like reimbursements, not including damage for loss of profits, and compensation for damage to property by way of insurance and otherwise.

Interest and dividends from intangible property, military pay and allowance received by members of the Armed Forces of the United States, drill and flight pay of the National Guard, organized reserve and air reserves.

Income of the charitable, educational, fraternal or other type of non-profit association or organization enumerated in Section 718.01 of the Revised Code of Ohio, which is exempt from payment of real estate taxes.

Gains from the sale or exchange of depreciable property, gains from involuntary conversion, interest of Federal obligations, and income of the decedents estate during the period of administration, except income from the operation of a business by the estate.

9. PENALTIES AND INTEREST:

- (A) A penalty of \$25.00 for the first instance and \$50.00 for each instance thereafter may be assessed for:
 - (1) failing to file any return, and/or,
 - (2) failing to pay taxes due within the time prescribed by the City Income Tax Ordinance.
- (B) Interest is imposed on all unpaid taxes at the rate of 8% per annum with a \$10.00 minimum.