

# GENERAL INFORMATION FOR FILING YOUR CITY OF MASON TAX RETURN (FORM IR)

This General Information sheet is a general guideline. Please see the Mason Tax Ordinance for more information.

Mason Tax Office employees will help you prepare your Mason tax return free of charge. No appointment is necessary. Bring in a copy of your federal tax return along with all W-2 statements.

## **(A) WHAT TO INCLUDE WITH YOUR RETURN**

- Mason Tax Form IR. Please be sure it is signed and dated.
- Copy of page 1 of federal return Form 1040/1040A/1040EZ.
- All W-2 statements used in filing federal tax return Form 1040/1040A/1040EZ.

(Also provide documentation for any other amounts included on the "Wages, salaries, & tips" line of the federal return.)

- Copy of all pertinent federal schedules (Schedules C, E, F, form 2106—limited to 2% AGI so include Federal Schedule A).
- Documentation for any amounts reported on Lines 14 and 21 of Federal Form 1040.
- Payment must accompany the City of Mason tax return. Make check payable to City of Mason Tax Office or include your VISA or MasterCard information on the form.

## **(B) WHEN TO FILE YOUR RETURN**

The City of Mason 2016 Income Tax Return Form IR must be filed (postmarked) on or before Monday, April 18, 2017.

## **(C) WHO MUST FILE?**

### **Residents:**

- All Mason residents, regardless of age, income level or where their income is earned, are subject to Mason income tax. The rate of the tax is one and twelve one hundredths percent (1.12%) imposed on all qualifying wages (typically found in box 5 on your W-2), commissions, and other compensation.
- Residents who own or have an equity interest in the real estate that the resident is domiciled and pay real estate taxes shall be allowed an exemption to be given as credit equal to twelve-one hundredths (0.12%) per cent per annum. The resident's dependent(s) shall also receive the credit equal to twelve-one hundredths (0.12%) per cent per annum.
- Credit is given for income tax paid to another municipality, not to exceed 100% of the Mason tax. See Step-by-Step Instructions and Worksheets A and C for calculation.
- All residents who have income from wages or taxable income other than wages (i.e., commissions, tips, rentals, self-employment, partnerships, etc.) must file a City of Mason Income Tax Return Form IR.

### **Part-Year Resident:**

- Residents who moved in or out of the City of Mason during the calendar year are required to file for their time of residency. See Step-by-Step Instructions for the Part Year Resident Adjustment for Line 3.
- If you prorate your wages, you must also prorate 2106 expenses and the credit for taxes paid to another city.

### **Non-Residents:**

- Non-residents who generate income from within the City of Mason, either from rental income, work performed, or business income whereby the employer HAS NOT withheld City of Mason Income Taxes and who are subject to City of Mason tax are required to file a City of Mason Income Tax Return Form IR. Non-residents are responsible for paying tax only on salaries, wages, compensation, or profits which result from work performed, services rendered, business transacted or activities conducted within the City of Mason.
- Employers located in Mason are required to withhold the full tax from their employees' wages regardless of where they live. Wages earned within the City of Mason are not prorate regardless of where you live.

## **(D) WHERE TO MAIL YOUR RETURN**

- Returns must be filed with the City of Mason Tax Office, 6000 Mason-Montgomery Road, Mason, Ohio 45040.
- Returns may be dropped off at the Customer Service Counter in the Mason Municipal Center at 6000 Mason-Montgomery Road.
- Returns may also be placed in the City "Drop Box" located on the drive on the east side of the Mason Municipal Center.

## **(E) ON-LINE tax TOOL AVAILABLE with online filing**

- For information, visit [www.imagemason.org](http://www.imagemason.org) beginning February 10, 2017.

## **(F) WHERE TO GET HELP**

- By Phone - 513-229-8535
- By FAX - 513-229-8531
- By Internet - [www.imagemason.org](http://www.imagemason.org)
- In Person - Mason Municipal Center Customer Service Counter  
6000 Mason-Montgomery Road  
Mason, OH 45040  
Hours: Monday - Friday  
8:00 a.m. - 4:30 p.m.
- Extended Hours - The Tax Office will be open for the following extended hours during April 2017:
  - Sat. April 8, 8:00 a.m. - noon
  - Wed. April 12, 8:00 a.m. - 7:00 p.m.
  - Mon. April 18, 8:00 a.m. - 7:00 p.m.

## **(G) TAXABLE INCOME INCLUDES, BUT IS NOT LIMITED TO:**

### **Residents:**

- All salaries, wages, commissions, other compensation and other income from whatever source received by residents of the City of Mason.

### **Part-Year and Non-Residents:**

- All salaries, wages, commissions, other compensation and other income from whatever source received for work performed, services rendered, business transacted or activities conducted in or while living in the City of Mason.

### **Examples include, but are not limited to:**

- Commissions and other compensation, including sick pay, vacation pay.

- Income from wage-continuation plans (includes retirement incentive plans), stock options (where exercised as indicated on W-2 form).
- Cost of group term life insurance over \$50,000.
- Severance pay.
- Compensation paid in property or the use thereof, at fair market value, to the same extent as taxable under the Federal Internal Revenue Act and so indicated on the W-2 form.
- Tips, contributions made by or on behalf of employees to tax deferred annuity plans (401k plans and the like), stipends if work required (vow of poverty not recognized), income from guaranteed annual wage contracts, third party disability pay, employer paid premiums, bonuses (which includes meals, trips, golf outings, etc.).
- Net profits from corporations, unincorporated businesses, sole proprietorships (Federal Schedule C), rental properties (Federal Schedule E), partnerships (Federal Schedule E), S corporations with any portion located in Ohio (Federal Schedule E), and Farm Net Income (Federal Schedule F).
- Also taxable are trusts and estates (file and pay as entity), directors fees, income from jury duty, gambling winnings, supplemental unemployment pay paid by employer, union steward fees, strike benefits paid by company, ordinary income from Form 4797, profit sharing income or income from a nonqualified plan.

## **(H) NON-TAXABLE INCOME INCLUDES, BUT IS NOT LIMITED TO:**

- Interest, dividends, military pay and allowances, Social Security benefits, welfare benefits, state unemployment insurance benefits.
- Workers' compensation, proceeds from qualified retirement plans as defined by the IRS, cancellation of debt.
- Capital gains resulting from the sale of intangible assets.
- Royalties, alimony and income specifically prohibited from taxation.

## **(I) FORM 2106 UNREIMBURSED EMPLOYEE BUSINESS EXPENSES**

- In Worksheet A, Column 2, include any expenses you incurred relating to the W-2 wages in Column 1 if you filed a Form 2106 with your Federal Tax Return. This is limited to the amount deducted on your federal income tax return as shown on federal Schedule A (please attach a copy of both).
- The Form 2106 expense will reduce your taxable income. It will also reduce your credit for taxes paid to other cities.
- The deduction is specific and must be applied against the related wages. For example, a husband's Form 2106 cannot be applied against his wife's wages.

(see page 2)



## GENERAL INFORMATION, continued

- The Form 2106 must be reduced by the same percentage as the related income when that income has been prorated.
- A copy of Form 2106 and Federal Schedule A must be included with your city return. Additional information may be requested.

### **(J) EXTENSION OF TIME TO FILE**

- Taxpayers may receive an extension of time in which to file their return of up to six (6) months beyond the due date of the return or the due date of the federal income tax return has been extended.
- Taxpayers who have requested an automatic 6 month extension for filing their federal income tax return shall automatically receive a 6-month extension for the filing of their city tax return. Please attach a copy of the extension to the return when it is filed.
- Extensions must be requested by using City of Mason Form ER with the city and must be postmarked by April 18, 2017.
- No verbal extensions will be honored.
- Payment of your tax liability must accompany the Extension Request Form

ER or copy of the Federal Extension Request. An extension of time to file is not an extension of time to pay the tax due.

### **(K) OPERATING LOSSES AND LOSS CARRY FORWARDS**

- For individuals, ALL TAXABLE INCOME earned other than wage income, including income or loss from self-employment, partnerships, S corporations, rentals and any other activity, must be netted together with the income or loss from these (same) activities to arrive at an overall net profit or loss for the current year.
- If the netting process results in an overall loss, the loss may not be offset against employee wages on Line 1 but may be carried forward as detailed below.
- The portion of net operating loss sustained in any taxable year, allocable to the City of Mason, may be applied against the portion of the profit of succeeding tax years, allocable to the City of Mason, until exhausted, but in no event for more than the five (5) taxable years immediately following the year in which the loss occurred.
- No portion of a net operating loss shall be carried back against net profits of any prior year.

### **(L) WORKSHEET B - OTHER TAXABLE INCOME**

#### **1. Who should complete Worksheet B?**

- Both residents and non-residents who have taxable income from sources other than wages and salaries as reported in Worksheet A. These types of income are found on lines 12, 14, 17, 18 and 21 of Federal Return Form 1040. (See paragraph G above for a description of Taxable Income.)

#### **2. What type of income should be reported on Worksheet B?**

- Examples of this income include, but are not limited to:

- Business income reported on Federal Schedule C
- Rental income reported on Federal Schedule E
- Partnership income (Federal Schedule E)
- S-Corporations and Trusts (Federal Schedule E)
- Farm income reported on Federal Schedule F
- Profit or loss from 4797
- 1099 MISC income not included on Schedule C
- Gambling winnings

#### **3. How do you determine the percentage taxable to Mason?**

- Residents
  - 100% of this income is taxable.
- Non-Residents
  - Taxes are due only on the percentage of income generated from within the City of Mason.
  - Please include information indicating how the percentage was determined.
- Part-year residents
  - Refer to Step-by-Step Instructions, Line 3 for information on how to prorate your taxable income for the time you were a resident of Mason.

#### **4. Who is entitled to receive a credit on the income reported on Worksheet B for local taxes paid to a city other than Mason?**

- Only residents and part-year residents (for the period they lived in Mason) are entitled to claim this credit.
- Copies of the tax returns filed in other jurisdictions must be enclosed.
- To calculate the credit, complete Worksheet C. This credit must be prorated if the related income was prorated. The credit is limited to the income that the City of Mason is taxing on.

### **(M) DECLARATION OF ESTIMATED TAXES**

- Taxpayers who do not have City of Mason taxes withheld by their employers are encouraged to file a declaration of estimated income for the upcoming year.
- Penalties and interest will be applied to your account in accordance with Section 182.10 of the Mason Income Tax Ordinance if you do not have ninety percent (90%) of your actual 2017 tax liability remitted by December 15, 2017. See the Declaration of Estimated Tax section of Form IR for details on how to calculate your estimate.

### **(N) PENALTIES**

Late filing penalty will be imposed for failure to timely file a return (regardless of liability shown) at the rate of \$25.00 per month or fraction thereof, not to exceed \$150.00.

Penalty for late payment will be imposed on all tax remaining unpaid after becoming due. The penalty rate is 15% of the amount not timely paid.

### **(O) INTEREST**

Interest will be imposed on all tax remaining unpaid after becoming due. The rate is adjusted annually based on the federal short-term rate + 5%. Please see our website or contact our office for the rate.

### **(P) HOW TO AVOID PENALTIES AND INTEREST**

Late Filing Penalty and Interest

- Penalties and interest charges will be applied to all returns not postmarked by April 18, 2017.

#### **Underpayment Penalty and Interest**

- 90% of your actual 2016 tax liability must be paid by December 15, 2016, to avoid an underpayment penalty. Tax liability is defined as the tax actually due to the City of Mason and must be paid through withholding and/or estimated payments made to the City of Mason.

#### **Paying Your Estimated Taxes For 2017**

Your taxes can be paid to the City of Mason by:

- Asking your employer to make a courtesy withholding of Mason taxes from your wages, or
- Making electronic payments by using the online tax tool at [www.imagemason.org](http://www.imagemason.org), or
- Making quarterly payments to the City of Mason. Blank vouchers are available on our website. Please ensure that you meet the 90% requirement by December 15, 2017.
- Note: The City of Mason accepts VISA and Mastercard for credit or debit payments.

#### **Tips:**

- Underpayment penalty is based on your actual tax due, not your tax estimate.
- Call the Tax Office during the year for assistance if your residency, employment or income drastically changes from the estimate used for your declaration.
- Call the Tax Office before December 15 to verify that the estimated payments made to date are sufficient.
- Estimate your taxes as closely as possible.
- If declaration is less than \$200, no quarterly payments are required.

#### **Disclaimer:**

Definitions and instructions are illustrative only. The City of Mason Income Tax Ordinance and the Ohio Revised Code supersede any interpretation presented.