

STEP-BY-STEP INSTRUCTIONS

CITY OF MASON

2021 MASON INDIVIDUAL INCOME TAX RETURN (FORM IR)

*These Step-by-Step instructions are general guidelines and may not cover every situation.
Please see the General Information sheet and the Mason Tax Ordinance for more information.*

NOTE: Please round the numbers on your tax return to whole dollar amounts.

- ☒ Complete the steps below. Use the boxes to check them off when complete.
- ☐ Complete the taxpayer information and filing status boxes on the top of Form IR. Include both taxpayer names, if filing jointly.
- ☐ If you were a part-year resident, complete 'Line 2. Part-Year Resident Adjustment'. If full-year resident, skip to Worksheet A, below.
- ☐ **Line 2 Part-Year Resident Adjustment:**

Residents who moved in or out of the City of Mason during the year pay income taxes only on the portion of income earned during their residency in Mason or while working in the City.

Line 2 should report income that is earned while not a resident of Mason and not otherwise taxable to the City of Mason. **The calculation method chosen by the taxpayer must be a reasonable reflection of the amount of income not subject to Mason's income tax; an explanation supporting the calculation must be attached.** Accordingly, any deduction of credits for taxes paid to other cities in Worksheet A must also be prorated using the same formula.

The following are common examples for determining the amount of income that is not taxable to the City of Mason. **Use the method most accurate for your situation.**

- You may be able to use the percentage of time or the number of months that you resided outside of the City of Mason to determine the amount of non-taxable income.

Example: A taxpayer moves to Mason on March 25 and had the same employer for the whole year. The non-taxable income would reflect 3 months out of 12 or 25% of the total income. Place this amount on line 2.

- If an individual taxpayer had the same employer throughout the entire year, a pay stub from around the time of the move into or out of Mason may be used to more accurately determine the portion of income not subject to Mason's income tax (use Medicare or gross wages). Place this amount on line 2 and attach copy of W-2 and pay stub to return.
- If an individual taxpayer moved to Mason from out-of-state and also changed employers, he or she would be issued two W-2s. One would be from the out-of-state employer and one would be from the new employer which resulted in the move to Mason. The amount reported on line 2 should equal the amount from Box 5 on the W-2 from the out-of-state employer (please attach all W-2s).

NOTE: Employers located within the city limits of Mason are required to withhold 1.12 percent of tax on all employees regardless of where the employee resides. Therefore, income earned from an employer located within Mason is not subject to proration. Income from business, rental activity, etc. located in the City is not subject to proration.

- ☐ **WORKSHEET A:** Complete Worksheet A on page 2 of Form IR using the instructions below.

Instructions for Worksheet A: Salaries, Wages, Tips and Other Employee Compensation Per W-2(s)

Enter information from each W-2 on a separate line.

Attach a separate document if you have more than four W-2s.

- Column 1.** Enter the qualifying wages from your W-2 (typically Medicare Wages, Box 5). If Box 5 is blank, use Box 18 if larger than Box 1.
- Column 2.** Enter the name of the city where you are employed as reported on your W-2, Box 20. (If Box 20 is a school district or county, leave blank.)
- Column 3.** If Box 20 shows **Mason**, enter the Mason income tax withheld by your employer as reported in Box 19—otherwise, leave blank.
- Column 4.** If Box 20 shows a city other than Mason, and Box 19 is not 0 or blank, enter the local wages earned in that city as reported in Box 18. (DO NOT enter school district or county wages.)

Special Situations:

- If the Box 18 amount is higher than Box 5 (and Box 5 is not zero), it is generally correct to use the amount in Box 5 instead. (The return will be reviewed by the tax office to verify the correct figure.)
- If you were a part-year resident of Mason, enter only that portion of other city wages earned while you were living in Mason.
- If a refund was or will be received from the city for which tax was withheld, enter only those wages ultimately taxable to that city. Provide a copy of the other city tax return or refund request form as supporting documentation.

- Column 5.** If you lived in the City of Mason, owned or had an equity interest in your Mason home, **and** paid real estate taxes in 2021, you qualify for the Resident Homeowner Credit on page 1 of the Mason return. Dependents of such a resident also qualify for this credit.

When calculating Credit for Other City's Tax Withheld in Worksheet A, use the appropriate Column 5 (A or B) based on whether or not you take the Homeowner credit. Usually, only one of these columns should be used. (If your 2021 Mason residency was split between homeowner and tenant status, please contact our office for help with the column 5 calculation.)

Column 5A. For those claiming Resident Homeowner Credit: To Calculate the Credit for Other City's Tax Withheld, multiply column 4 by 1% (.01). Compare the result with the tax withheld for that city in Box 19 of the W-2. Enter the smaller of the two amounts in Column 5A.

Column 5B. For those not claiming Resident Homeowner Credit: To Calculate the Credit for Other City's Tax Withheld, multiply column 4 by 1.12% (.0112). Compare the result with the tax withheld for that city in Box 19 of the W-2. Enter the smaller of the two amounts in Column 5B.

- Line E.** After all W-2s have been entered, total each column and transfer the amounts to page 1 as indicated below the column.

- ☐ **WORKSHEET B:** If you have income that is not reported on W-2s (see General Information, paragraph K), complete Worksheet B on page 2 of Form IR. You may skip Worksheet B if:

- You did not file Federal Schedules C, E, F, or 4797 (Federal 1040 Schedule 1, lines 3, 4, 5, or 6)

And

- You did not have any gambling winnings or miscellaneous taxable income (Federal 1040 Schedule 1, line 8 and line 9). (See General Information (G).)

NOTES:

- PART-YEAR RESIDENTS:** For column Y on Worksheet B, the "Percentage Taxable to Mason" can be determined by using the percentage as calculated per the instructions for page 1 line 2, the Part-Year Resident Adjustment. Note: Income from business, rental activity, etc. located in Mason is not subject to proration.

- CHANGE TO ALLOWED USAGE OF PRIOR YEAR LOSSES** (Lines 7 and 9)

Line 7: You may use up to 100% of the available loss from year 2016 to offset the income reported on line 6 of Worksheet B.

Line 9: The use of 2017-2020 losses is limited to the **LESSER** of the following amounts: **(A)** "50% of Line 8" (income not offset by 2016 losses) **and (B)** "50% of unused 2017-2020 losses".

- ☐ **WORKSHEET C:** If, while living in Mason, you paid local taxes to Mason or to another city on income not included on your W-2s, complete Worksheet C. Skip Worksheet C if Worksheet B above was not applicable.
- ☐ If you have not already done so, transfer amounts from page 2 Worksheets A, B, and C as directed to page 1 lines 1, 4, 7b, 7c, and 8.
- ☐ Perform math operations as indicated on lines 3, 5, and 6.
- ☐ **Line 7a Resident Homeowner Credit**
This credit may be taken if you (1) lived in the City of Mason, (2) owned or had equity interest in your Mason home, and (3) paid real estate taxes on the property in 2021. (The credit may also be taken if you were a legal dependent of the qualifying resident.) If you qualify for the credit, multiply line 5 'Mason Taxable Income' by .12% (.0012) and enter the result on line 7a.
 Note: the credit can only be taken on the portion of line 5 income that was earned while you qualified as a resident homeowner. It does not apply to any line 5 income earned while nonresident or renting property in Mason.
- ☐ **Line 9. Prior year overpayments**
 Enter last year's overpayments not refunded to you. Call the Mason Tax Office at 513-229-8535 to verify the amount, if needed.
- ☐ **Line 10. Estimated payments**
 Enter the total of all payments made directly to the City of Mason Tax Office toward your 2021 tax liability or a zero if none. Call the Mason Tax Office at 513-229-8535 to verify the amount, if needed.
- ☐ Perform math operations as indicated on lines 7d and 11.
- ☐ **Line 12. Tax due**
 Subtract line 11 (Total Payments and Credits) from line 6 (Mason Income Tax) and enter the result.
- ☐ **Line 13. Late filing penalty**
 If the return is filed or postmarked after the due date, calculate a minimum penalty of \$25.00 per month or fraction thereof (not to exceed \$150.00 late fee).
Example: If return is filed in July: Apr + May + Jun + Jul = \$100 late filing penalty. See General Information (M) for more information.
- ☐ **Line 14. Late payment penalty**
 Calculate 15% penalty on any tax that was not paid on time. *90% of one's 2021 tax liability (line 6 tax less lines 7d-9 credits) must be paid by January 15, 2022. Any remaining tax balance (line 12) must be paid by April 18, 2022.* If either or both of these conditions are not met, late payment penalty applies. See General Information (M) and (O) for more information.
- ☐ **Line 15. Interest**
 Interest is due on all taxes not timely paid (see above for payment due dates). The interest rate is adjusted annually based on the Federal short-term rate plus 5%. The rate is **0.42%** per month for calendar year **2022**. To verify interest rates for other years, please see the website or call our office.
- ☐ **Line 16. Total Due**
 Enter total of lines 12 through 15. (Enter \$0 if \$10 or less.) Also enter this total on line 26.
 Note: Payment for the Total Due must be enclosed with your return.
- ☐ **Line 17. Overpayment**
 Subtract line 6 from line 11. Enter \$0 if \$10 or less. Note: If lines 13-15 apply, your overpayment must be reduced by these amounts.
- ☐ **Line 18. Amount from line 17 to be credited to next year**
 Enter the portion of the amount on line 17 that you would like to apply toward next year's tax liability. (Amounts \$10 or less are not carried forward.) Copy the number to line 23.
- ☐ **Line 19. Amount from line 17 to be refunded**
 Subtract line 18 from line 17. This is the amount of your overpayment that will be refunded to you. Amounts \$10 or less are not refunded.
 Refunds may take up to 90 days to process.

DECLARATION OF ESTIMATED TAX FOR 2022 (Required if estimated tax liability is \$200 or greater)

- ☐ **Line 20. Total income subject to tax**
 Enter next year's estimated Mason taxable income and multiply it by the Mason tax rate of 1.12% (.0112). If unsure, use the amounts reported on lines 5 and 6.
- ☐ **Line 21a. Resident Homeowner Credit**
 If you will qualify for the Homeowner Credit in 2022, multiply the income on line 20 by .12% (.0012) and enter the result on line 21a.
- ☐ **Line 21b. Credit for taxes withheld/paid to other cities**
 Enter the income you estimate will be taxed by another city next year. Then,
 • If claiming Homeowner Credit, multiply this income by 1% (.01). (Use work city's tax rate if it is less than 1%.)
 • If not claiming Homeowner Credit, multiply this income by 1.12% (.0112). (Use work city's tax rate if it is less than 1.12%).
 If unsure, use the total of the amounts reported on lines 7b and 7c.
- ☐ **Line 21c. Tax withheld for Mason**
 Enter the Mason tax you expect to be withheld from your wages. If unsure, use the amount reported on line 8.
- ☐ **Line 21d. Total estimated credits**
 Enter total of lines 21a through 21c.
- ☐ **Line 22. Net Estimated Tax Liability**
 Subtract line 21d from line 20 and enter the result. At least 90% of your *actual* 2022 tax liability must be paid by January 15, 2023 (and any remaining tax balance paid by 4/15/23), in order to avoid late payment penalty and interest next year.
- ☐ **Line 25. First quarter estimated payment**
 Enter the result of line 24 divided by 4. This represents the first quarterly installment due with the filing of your Mason Tax Return. Blank 2nd, 3rd and 4th quarter coupons, which can be used to submit subsequent estimated tax payments during the year, are available on our website, www.imagemason.org.
- ☐ **Lines 27. Total Tax Due**
 Add lines 25 and 26 to calculate the amount due.
- ☐ **Sign and date your return, include all appropriate copies of federal forms and other documentation, and include payment information.**
If you wish to pay by check, please make it payable to City of Mason Tax Office.