

**2007 Individual Income Tax
Instructions
Village of Mt. Orab
P.O. Box 268
Mt. Orab, Ohio 45154
Phone (937) 444-2945**

TAX DUE DATE: APRIL 15, 2008

The income tax rate for 2007 is 1% (.01) which is based on total earnings before any deductions including deductions for IRA's, KEOGH, Tax Deferred (Tax Sheltered) Annuities (TDA/TSA), or any other similar deductions. All earned income of residents of Mt. Orab is subject to this tax. This tax applies even if you did not work inside Mt. Orab. Non-residents who work inside the Village of Mt. Orab are required to pay income tax on any income they earned within the limits of the village.

DEFINITIONS:

Earned (Taxable) Income - all wages, salaries, commissions, net income from a business, or any other compensation for services or work performed. Taxable income reported on W-2 forms is the larger amount from Box 1, 5, or 18. Effective 2007, employee contributions to Section 125 Plans (Cafeteria Plans) are not subject to Mt. Orab local income tax.

Non-Taxable Income - Non-earned earned income that is **not** subject to tax such includes Social Security income, retirement income, pensions, interest received from savings or certificates of deposit, welfare, A.D.C., unemployment compensation, and military income.

Estimated Tax - an estimate of the amount of tax you may owe for 2008 based on the amount of income you expect to earn during 2008. (See related section.)

Tax Credit - a credit allowed for the payment of local income tax to another city or village. (See related section)

Gross Income - total earned income before deductions of any kind including deductions such as IRA, KEOGH, and other similar plans.

TAX CREDITS:

The Mt. Orab Income Tax ordinance provides a tax credit for local income tax that was deducted from your earnings and paid to another city or village (not state or federal taxes paid). The maximum amount of tax credit allowed for 2007 is 1% (.01) of gross earnings **per W-2**. For example, if the gross earnings (the larger amount from Box 1, 5, or 18) reported on a W-2 was \$5000, the **maximum tax credit** for that income would be the lesser amount of the actual tax withheld and paid to another city or village (as indicated in Box 19 of the W-2 form) or \$50.00 (\$5000 times 1% (.01) = \$50.00). Any tax withheld for another city or village in excess of the maximum tax rate of 1% (.01) per W-2 cannot be used to offset or reduce the tax on other income reported on a different W-2. For example, one of John Smith's W-2's indicated income of \$10,000 with a \$120 deduction to another city, and another W-2 indicated a \$4,000 income with no deduction for another city or village, the maximum tax credit would be limited to 1% (.01) of the \$10,000 which is \$100.00. The excess tax withheld from the one W-2 of \$20.00 cannot be used to offset or reduce the tax liability of the \$4,000 reported on the other W-2. If both the husband and the wife work, any excess tax paid by one spouse to another city cannot be used to reduce the tax liability of the other spouse.

WHO MUST FILE:

Every resident of Mt. Orab with an earned income of **\$1,000** or more during the year is required to file an income tax return even if no tax is due. If the amount of tax due is less than \$5.00, no payment will be required, but a tax return must be filed. If the amount of refund is less than \$5.00, no refund will be issued.

Any non-resident who had earned income of \$1,000 or more within the limits of the Village of Mt. Orab and their employer did not withhold Mt. Orab tax from their pay is required to file a Mt. Orab Income Tax Return.

ESTIMATED TAX:

Along with filing your 2007 income tax return, you will also need to complete the **Declaration of Estimated Tax** for 2008. Estimate the total income before any deductions you expect to receive in 2008. Use the 2007 earnings (the amount from Line 3 on the tax return rounded to the nearest \$100) and enter it on Line 15. Multiply the 2008 estimated income by 1% (.01) and enter the result on Line 16. Indicate any amounts expected to be deducted by your employer for Mt. Orab, or for another city or village on Lines 17. When calculating the credit for taxes withheld for other cities or villages, enter the actual amount of estimated tax expected to be withheld up to a maximum of 1% of the income that will be taxed by another city or village. Excess tax withheld above the 1% tax rate cannot be included in the amount indicated on Line 17. Subtract the expected tax credits (if any) from your estimated Mt. Orab tax liability along with any excess taxes paid in 2007 that is to be credited towards your 2008 tax liability (Line 11) to determine the balance of the estimated tax due for 2008. If the amount of your estimated tax is \$100 or more as indicated on Line 19, you may pay up to the full amount of this estimated tax when you file your return, otherwise, you must pay at least one-fourth (1/4) with the balance being paid in quarterly installments. If your estimated tax is less than \$100, you are not required to pay estimated tax, but you may elect to do so. For assistance, contact the Tax Bureau or use the **E-Z File!** method.

FILING DEADLINE:

The **filing deadline** for submitting your Mt. Orab Income Tax return is **April 15, 2008**. You may request an extension for filing your tax return if you are unable to meet this deadline. Extensions can be for up to three months, or one month after the deadline for any federal extension granted. Requests for extensions must be made in writing prior to the filing deadline. Any Mt. Orab Tax Return received after the April 15 deadline will be subject to late filing fees and interest charges. Any tax not paid by the April 15 deadline is subject to interest charges of 1/2 % per month.

PART-YEAR RESIDENTS

If you lived in Mt. Orab only part of the year, you are only subject to the Mt. Orab Income Tax for the portion of time you were a resident inside the Village of Mt. Orab. When completing your Mt. Orab Income Tax Return, enter the date you moved into or out of Mt. Orab in the boxes provided to the right of your name and address. If you moved out of Mt. Orab, please correct your mailing address to reflect the correct address. In determining the portion of income that is subject to Mt. Orab tax, you can use one of two methods. If you have W-2 forms or paycheck stubs that indicate the amount of earnings subject to Mt. Orab tax, you can use them to calculate your Mt. Orab tax. If you do not have these documents, you can divide your total annual salary (the larger amount indicated in Box 1, 5, or 18 of each W-2 form) by twelve to determine the average monthly income. Next multiply the average monthly income by the number of months you were a resident of Mt. Orab. When completing the tax return, enter the total income earned as indicated on your W-2 forms on Line 1. Next on Line 26 (Page 2), enter the words "Non-resident income" and indicate in the amount column the amount of income that is not subject to Mt. Orab tax. Enter this amount on Line 2 of the tax return and subtract the amount on Line 2 from the amount on Line 1 and enter the adjusted taxable income on Line 3. **Make certain that you complete the Moved Into or Out of Boxes to the right of the mailing address.**

E-Z FILE!

Use **E-Z File!** If your only income was from wages that was reported on W-2 forms, you can use the **E-Z File!** method. Simply attach a copy of every W-2 form you received from your employers, sign the tax return at the bottom, enclose a business size, self-addressed, stamped envelope and send it to the Mt. Orab Income Tax Bureau. The Tax Bureau will complete your return and mail you a copy. If you are entitled to a refund, the Tax Bureau will automatically send it. If you owe any taxes, you will receive a notice from the Tax Bureau. There is **no charge** for this service if you pay the full amount of tax due (if any) within fifteen (15) days from your notice, and include a business size, self-addressed, stamped envelope. (\$1.00 fee for failure to include a self-addressed, stamped envelope)

QUICK FILE

If all of your earned income for 2007 was reported on W-2 forms and you had Mt. Orab income tax withheld or another city or village tax of 1% or more withheld from your pay which is reported on each W-2 form in Boxes 18-20 you can use the **Quick File** method. To use quick file, simply include copies of all of your W-2 forms (make certain the copies sent to the Income Tax Bureau indicate local tax withheld in Boxes 18 to 20) along with your tax return, indicate the Total Amount Due of \$0.00, sign your return, and mail it to the Mt Orab Income Tax Bureau. You do not need to complete any other lines. You cannot use **Quick File** if you were the owner or part owner of rental property, a business or did not have any local tax withheld from your paycheck.

LINE BY LINE INSTRUCTIONS:

Line 1 – (WAGES, SALARIES, TIPS, ETC.) Add the larger amounts from Box 1, 5, or 18 from each W-2 form and enter the total amount here. (Note if both husband and wife are filing together, enter the total of both spouses.)

Line 2 – (OTHER TAXABLE INCOME) Enter the amount of additional income (or deduction) listed from Line 27 (back of the tax form).

Line 3 - (TOTAL TAXABLE INCOME) Add additional income (or subtract deductions) from Line 2 to amount on Line 1.

Line 4 - (MT. ORAB TAX) Multiply the amount on Line 3 times 1% (.01). (example \$10,000 X 1% (.01) = \$100.00)

Line 5 – (ESTIMATED TAX PAYMENTS) Indicate the amount of 2007 Estimated Tax paid to Mt. Orab.

Line 6 – (TAXES WITHHELD - MTORAB) If the city listed in W-2 Box 20 indicates Mt. Orab, enter the amount shown in Box 19 on this line.

Line 7 – (OVERPAYMENTS) Enter the amount of excess tax paid from prior years that was not refunded.

Line 8 – (TAXES WITHHELD – OTHER LOCALITIES) If the city listed in W-2 Box 20 indicates any city other than Mt. Orab, multiply the larger amount from Box 1, 5 or 18 by 1% (.01). Enter the **smaller** amount from this calculation or the actual amount shown in Box 19. Each W-2 must be calculated separately and excess payments from to another city or village from one W-2 cannot be carried or applied to another W-2.

Line 9 – (TOTAL CREDITS) Add the amounts from Lines 5 through 8 and enter on this line.

Line 10 – (OVERPAYMENT) If the amount on Line 9 is larger than the amount on Line 4, subtract the amount on Line 4 from Line 9 and enter the difference on this line.

Line 11 - (CREDITED OVERPAYMENT) Enter the portion of the amount indicated on Line 10 (if any) that you want credited towards your 2008 Estimated Tax liability.

Line 12 – (REFUND) Enter the portion of the amount indicated on Line 10 (if any) that you want refunded. (Refunds of less than \$5.00 will not be issued)

Line 13 – (TAX DUE) If the amount indicated on Line 4 is more than the amount on Line 9, subtract Line 9 from Line 4 and enter on this line.

Line 14 – (PENALTIES AND INTEREST) Indicate any penalties for Late Filing, Late Payment, Late Estimated Payments and/or Interest charges. (Contact the Income Tax Bureau for this amounts if appropriate)

Line 15 – (ESTIMATED INCOME) Estimate the total taxable income for 2007 and enter on this line.

Line 16 - (ESTIMATED TAX DUE) Multiply the amount indicated on Line 15 by 1% (.01) and enter on this line.

Line 17 – (TAXES TO BE WITHHELD) Indicate the amount of estimated tax to be withheld for Mt. Orab and other cities or villages. When calculating the credit for other cities or villages, do not include any tax credits in excess of 1% paid to other cities or villages.

Line 18 – (PRIOR CREDIT) Indicate any amount listed from Line 11 that was credited to next years estimate.

Line 19 – (NET ESTIMATED TAX DUE) Subtract the amounts from Lines 17 and 18 from Line 16 and enter on this line.

Line 20 – (MINIMUM AMOUNT DUE) Multiply the amount indicated on Line 19 by 25% (.25) and enter on this line.

Line 21 - (TOTAL AMOUNT DUE) - Add the amounts from Line 13, 14 (if any) to the amount on Line 20 (if any). This is the amount currently due and a check or money order for this amount must accompany your return in order for it to be a completed tax return. If the amount due is \$5.00 or

more, make your check payable to: **Village of Mt. Orab**

PAGE 2

Line 22 - Enter the amount of any income not reported on a W-2 form or a Federal Schedule C or Schedule E such as a 1099 Misc.

Line 23 - Enter the amount of net profits (or net loss) from any business owned or professional activity.

Line 24 - Enter the amount of net profits (or loss) from the rental of three or more residential rental units or one or more commercial rental units.

Line 25 - Enter the amount of previous business losses within the past three (3) years on this line.

Line 26 - List deductions from earned (taxable) income (see definitions). Attach pertinent documentation (ex. 2106, federal tax forms) for each deduction. If you are a part-year resident, enter the amount of income that is not subject to Mt. Orab tax while you were not a resident of the Village of Mt. Orab.

Line 27 - Add the amounts on Line 22 to 26 and enter on this line. Also enter the amount on Line 2, Page 1.

QUESTIONS OR ADDITIONAL HELP:

Who has to file a Mt. Orab Tax Return? Any resident of Mt. Orab who had taxable earned income of \$1,000 or more during the year or any non-resident who had \$1,000 or more in earned income inside the Village of Mt. Orab and their employer did not withhold Mt. Orab income tax from their paycheck. Residents who only have income from social security, retirement, interest or dividends or similar non-employee income and who do not have any income from any employment or the owner or a part-owner of a business do not need to file a return, but will need to inform the income tax bureau of their status the first year they do not have any earned income.

Does a person who only receives Social Security, ADC, Retirement, Welfare, etc. need to file? If these are the only source of income they receive, they do not need to file a Mt. Orab Tax Return. (Please see next question.)

What should a person do if they receive a Mt. Orab Tax Return, but are not required to file? They need to contact the Income Tax Bureau providing the reason they are not required to file a Mt. Orab Income Tax Return. Verification documents may be requested to certify a non-filing status.

What assistance is available for completing Mt. Orab Tax Returns? The Income Tax Bureau will complete your tax return free of charge. You can come to the Tax Bureau office during the regular office hours, or you use the *E-Z File!* method. (See related section)

Does a person who pays taxes to another city or village need to file a Mt. Orab Tax Return? Yes, residents will still need to file a Mt. Orab Tax Return. Since Mt. Orab allows a credit for taxes paid to another city or village, the amount of taxes owed to Mt. Orab would be reduced or may be completely eliminated.

What forms should be included with a Mt. Orab Tax Return? You need to complete the Mt. Orab Tax Return and include a W-2 from each of your employers during 2007. Federal Schedules C, D, E, 2106, and other appropriate forms need to be included with the tax return. Mt. Orab tax forms are available at the Village Office, the Post Office, on the internet at: www.mtoraboh.us, or you can call (937) 444-2945 and request forms to be mailed to your address.

What should be done if the full payment of taxes cannot be made by April 15? File the tax return on or before April 15 in order to avoid penalty fees, and request a monthly Payment Plan to be established.

If a person lives in Mt. Orab only part of the year, do they need to file a Mt. Orab Tax Return? Yes, they will need to file a Mt. Orab Tax Return, but only the income they earned while living in Mt. Orab would be subject to the tax. These individuals can request assistance from the Income Tax Bureau in determining the amount of their tax liability.

Do non-residents who work in Mt. Orab need to file a Mt. Orab Tax Return? If their employer regularly withholds their Mt. Orab tax from their paycheck, they do not need to file, otherwise, they will need to file and pay any tax they owe to Mt. Orab.

Where is the Income Tax Bureau located? The Income Tax Bureau is located at 211 South High Street.

What are the office hours of the Income Tax Bureau? The regular office hours of the Tax Commissioner are from 8:00 to 5:00 PM on Mondays and Thursdays, 8:00 to 4:00 Tuesdays and Fridays, and closed Wednesdays. You can call anytime at (937) 444-2945 and leave a message on the answering machine.

Can an appointment be made for a different time? Yes, call the Income Tax Bureau at (937) 444-2945 during regular office hours and request a special appointment time.

If you have any additional questions regarding the Mt. Orab Income Tax, please contact the Tax Commissioner.

Income Tax Bureau

Village of Mt. Orab
211 South High Street
P.O. Box 268
Mt. Orab, Ohio 45154
Phone (937) 444-2945
Fax: (937) 444-9241

Office Hours

8:00-5:00	Monday
8:00-4:00	Tuesday
Closed	Wednesday
8:00-5:00	Thursday
8:00-4:00	Friday
website: www.mtoraboh.us	