

**2008 Business Income Tax  
Instructions  
Village of Aberdeen  
P.O. Box 579  
Mt. Orab, Ohio 45154  
Phone (800) 779-3165**

**FILING DEADLINE: APRIL 15 2009**

The following are the instruction for completing the 2008 Aberdeen Business Income Tax Return. The Aberdeen business income tax rate of 1% (.01) is based on the net profit of any business conducting business in Aberdeen. The total net profits of businesses located within the Village of Aberdeen are subject to the Aberdeen income tax. Companies that have locations both inside and outside the Village of Aberdeen are required to pay tax on the net profit earned within the limits of the village. Sales that originate within the limits of the Village of Aberdeen are considered taxable regardless of the final destination of the products or services. Itinerant businesses are not subject to the Aberdeen Income Tax (See 12 Day Occasional Entry Rule in definitions).

**DEFINITIONS:**

**Taxable Gross Income** - all income received from products sold or services rendered in which the sale of said products or services originated within the limits of the Village of Aberdeen, regardless of the final destination of the products or services.

**Taxable Net Profits** - includes the net gain from business, or profession including those pertaining to capital gains and losses of a business after deduction of ordinary and necessary expenses without deduction of salaries paid to the partners or owners of the business.

**Non-Taxable Business Income** - Any non-earned income is **not** subject to tax such as interest income, capital gains (excluding ordinary gains), dividends, and similar income.

**Independent Agent** - Any person who performs duties in association with a distinct but separate business. Under Aberdeen Tax Laws, independent agents are considered as sole proprietors and subject to the Aberdeen tax.

**12 Day Occasional Entry Rule** - Any business that performs activities inside the Village of Aberdeen for any part of twelve (12) days or less in a calendar year is considered an itinerant business and is not subject to the Aberdeen income tax.

**Non-Deductible Expenses** - expenses for capital losses, excluding for ordinary losses, expenses incurred in the production of non-taxable income, taxes based on income, net operating loss, payments to partners, contributions and other non-deductible expenses.

**Net Operating Loss** - a business net operating loss can be carried forward up to three (3) years and applied towards business profit. Net operating losses cannot be carried backward against prior net profits or be used to offset any earned wages.

**Estimated Tax** - an estimate of the amount of tax the business will owe for 2008.

**Rental Income** - the net profits from the rental of three (3) or more residential and/or one (1) or more commercial rental units is subject to the Aberdeen Income Tax.

**Tax Extension** - an extension for filing your tax return can be for up to three (3) months or one month after the deadline for any federal tax extension granted.

**WHO MUST FILE:**

Every business located within Aberdeen or conducting business within Aberdeen except itinerant businesses (See 12 Day Occasional Entry Rule in definitions). Any non-resident business that only withholds employee tax for their employees who are residents of Aberdeen is not required to file a Aberdeen Income Tax Return, but must file monthly or quarterly Employee Withholding returns (Form W-1) and an annual Employer Reconciliation return (Form W-3). These forms can be obtained from the Income Tax Bureau. Contact the Income Tax Bureau for forms to be mailed, faxed to your location, or from the website: [www.aberdeenincometax.info](http://www.aberdeenincometax.info)

**FILING DEADLINE:**

The **filing deadline** for submitting your 2008 Aberdeen Income Tax return is **April 15 2009**. 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 Aberdeen 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 will be subject to interest charges of 1/2 % per month. Fiscal year businesses must file by the end of the fourth month after the end of the fiscal year.

**LINE BY LINE INSTRUCTIONS:**

**Line 1** - Enter the total from Sections A, B, C, & D from page 2, or attach copies of appropriate federal tax returns and schedules.

**Line 2** - Enter the Allowable Net Loss Carried Forward. (Maximum 3 Years Carried Forward)

- Line 3** - Enter the total for total adjustments from Line Z, Schedule X, on page 2.
- Line 4** - Add any positive number from Line 2 and 3 to the amount on Line 1, or subtract any negative number from line 2 and 3 from the amount on Line 1.
- Line 5** - Enter the Allocation percentage as indicated from Schedule Y, Line 5.
- Line 6** - Multiply the amount indicated on Line 4 by the percentage indicated on Line 5 and enter on Line 6.
- Line 7** - Multiply the amount on Line 6 by 1% (.01) and enter the result on Line 7.
- Line 8** - Enter the amount of credits from previous years made toward the 2008 tax liability.
- Line 9** - Enter the total amount of any payments made toward the 2008 Estimated Tax liability.
- Line 10** - Enter the amount of any other appropriate tax credits. (Provide appropriate documentation for this amount)
- Line 11** - Add the amounts from Lines 8, 9, and 10 and enter on Line 11.
- Line 12** - If the amount on Line 7 is larger than the amount on Line 11, subtract Line 11 from Line 7 and enter on Line 12. Amounts less than \$5.00 need not be remitted.
- Line 13** - Enter the amount of any penalty. (Contact the Income Tax Bureau for this amount if appropriate)
- Line 14** - Enter the amount of any interest charges. (Contact the Income Tax Bureau for this amount if appropriate).
- Line 15** - Add Lines 12, 13 and 14 and enter on Line 15. This is the total amount due. (Amounts less than \$5.00 need not be remitted.)
- Line 16** - If the amount on Line 11 is larger than the amount on Line 7, enter on Line 16. (Amount of less than \$5.00 not permitted)
- Line 17** - Enter the portion of the amount indicated on Line 16 (if any) that is being requested to be refunded. (Refunds of less than \$5.00 not permitted).
- Line 18** - Enter the portion of the amount indicated on Line 16 (if any) that is being requested to be carried forward towards your 2009 Estimated Tax liability. (Credits of less than \$5.00 not permitted)
- Line 19** - Indicate total estimated income subject to Aberdeen for 2009.
- Line 20** - Multiply the amount on Line 19 by the tax rate of 1% (.01) and enter on Line 20. If this amount is \$100.00 or more, you are required to make regular quarterly estimated tax payments. If the amount is less than \$100.00 you may skip Lines 21 to 23.
- Line 21** - Enter the amount (if any) from Line 18.
- Line 22** - Subtract the amount indicated on Line 21 (if any) from the amount on Line 19 and enter on Line 22.
- Line 23** - Multiply the amount on Line 22 by 25% (.25) and enter on Line 23.
- Line 24** - Add the amounts from Lines 15 and 23 and enter on Line 24. This is the total amount due with the return. If the amount indicated on Line 25 is less than \$5.00. no payment needs to be remitted.

### **QUESTIONS OR ADDITIONAL HELP:**

- Who has to file a Business Aberdeen Tax Return?** Any business located inside or conducting business inside Aberdeen except itinerant businesses (see definitions for 12 Day Occasional Entry Rule).
- Our business is located inside Aberdeen, but all of our sales are to locations outside of Aberdeen, do we still need to file a Aberdeen tax return?** Yes, all business transactions that originate in Aberdeen are subject to this income tax regardless of the final destination of the product or service.
- What should be done if a business has one (or more) locations located outside the Village of Aberdeen?** The business will need to determine what portion of net profit was generated from the Aberdeen location and pay the proper amount of tax. Use Schedule Y on Page 2 of the tax form to determine this percentage.
- Our business received a Aberdeen Tax Return in the mail but we are not required to file, what should we do?** Contact the Income Tax Bureau in a letter or by phone and inform them of the reason why your business is not required to file a Aberdeen Tax return.
- Our business operates on a fiscal year, what should we do?** Please inform the Aberdeen Income Tax Bureau of your fiscal year and file your annual return within four (4) months following the end of your fiscal year
- How do we request an extension for filing an annual return?** In order to receive an extension for filing your Aberdeen tax return, you must request a federal extension first, then send a letter requesting a Aberdeen tax extension and include a copy of your federal extension filed. You will be granted a three month extension, or one month past any federal extension granted. Please note however, that in order to avoid any late penalties, you will be required to pay at least 90% of your expected tax liability when you file a request for an extension.
- Our business only withholds local Aberdeen Income tax from our employees, what forms do we need to file?** If your business is not located inside Aberdeen and you only withhold taxes for Aberdeen from your employees, you will only need to file the W-1 Employer's Report of Taxes Withheld on a monthly or quarterly basis and a W-3 Withholding Tax Reconciliation on an annual basis.
- What assistance is available for completing Aberdeen 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.
- What forms should be included with a Aberdeen Tax Return?** You need to complete the Aberdeen Tax Return and include any appropriate federal tax forms with your return. Aberdeen business tax forms are available at the Village Office, or you can call (800) 779-3165 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 you have any additional questions regarding the Aberdeen Income Tax, please contact the Tax Commissioner.

**Income Tax Bureau**

**Village of Aberdeen**

**P.O. Box 579**

**Mt. Orab, Ohio 45154**

**Phone (800)779-3165**

**Fax: (937) 444-9241**

**website: [www.aberdeenincometax.info](http://www.aberdeenincometax.info) email: [Aberdeen tax@netscape.net](mailto:Aberdeen tax@netscape.net)**

**Office Hours**

**9:00-5:00 Monday - Friday**