

## GENERAL INCOME TAX INFORMATION

For additional information, contact (937) 339-3861

WHO MUST FILE	<b>All residents of Troy age 18 and older are required to file an annual income tax return.</b> There is no maximum age limit for reporting and paying on taxable income, however, earnings for individuals under the age of 16 are exempt from Troy tax. Please refer to the listing below to determine whether or not specific types of income / compensation are taxable. Non-residents with reportable income (rental property, self-employment, underwithheld wages, etc.) must also file a return. As a resident, you must file even if you did not work or did not have taxable income. Contact our office if you are unsure as to whether you are required to file.
PART YEAR RESIDENTS	All income earned in Troy is fully taxable and reportable, regardless of residency. All income earned while a resident is reportable. Any proration of income results in proration of other city tax credits. Calculations must be supported by documentation. For clarification, part year residents should include copies of pay stubs from each employer closest to the date of move.
EXTENSIONS	Extension requests must be postmarked by 4/15/09, accompanied by a copy of your Federal Extension Request and payment in full of the balance of any 2008 income tax liability. <b>AN EXTENSION OF TIME TO PAY A BALANCE DUE WILL NOT BE GRANTED.</b> Penalty and interest will be assessed for failure to pay by the due date.
DECLARATIONS	Filing and paying quarterly estimated tax payments is required. First quarter declaration for 2009 is calculated on the 2008 city tax return, and is due by 4/15/09. Second quarter is due 7/31/09; third quarter is due 10/31/09; and fourth quarter is due by 1/31/10. Vouchers for 2nd, 3rd and 4th quarter payments are included in this mailing, and will not be mailed to you separately. Penalty and interest will be assessed for failure to file and pay timely.
DOCUMENTATION	Supporting documentation is necessary to verify all amounts of taxable income, expenses, deductions and credits. Federal schedules (including page 1 of your federal tax return), forms, W-2's, 1099's, etc., are required for your return to be complete. Failure to include all documentation may result in your return being sent back to you, and deemed as not filed.
AMENDED RETURNS	An amended return is needed for any year in which an amended Federal return is filed, or in which your Federal liability has changed. An amended return must be filed within ninety (90) days of the filing of any amended Federal return.
PAYMENT METHOD	<b>Payment in full is required by April 15, 2009.</b> You may pay by cash (in person), check, or money order.
BUSINESS ENTITIES	Business entities that are required to file as such must use a Business Income Tax Return, obtainable from the Income Tax Department, or on our website at <a href="http://www.troyohio.gov">www.troyohio.gov</a> . Business entities include, but are not limited to, corporations, partnerships, S-corporations, limited liability companies, limited liability partnerships, etc.
REFUNDS	When Troy tax is overpaid, a refund request may be submitted. All supporting documentation must be attached. When a refund request is due to days worked out of Troy (for a non-resident of Troy), or for tax withheld in error by an employer, or for any other employment-related withholding issue, the completion of a REFUND REQUEST FORM and certification of employer is required. This form is available on our website at <a href="http://www.troyohio.gov">www.troyohio.gov</a> . Refunds are processed in the order received, and will be issued within 90 days after a completed return is submitted. Any missing documentation or information will result in delays in processing. During tax season, refunds can take up to 90 days to be issued.

### TAXABLE INCOME

1. Wages, salaries, and other compensation.
2. Bonuses, stipends, and tip income.
3. Commissions, fees, and other earned income.
4. Sick pay.
5. Employer supplemental unemployment benefits (SUB Pay).
6. Strike pay.
7. Vacation pay.
8. Employee contributions to retirement plans and tax deferred annuity plans (including Section 401k, 403b, 457b, etc.)
9. Pre-retirement distributions from retirement plans.
10. Profit-sharing.
11. Contributions made on behalf of employees to tax deferred annuity programs.
12. Net rental income.
13. Uniform, automobile, moving and travel allowances.
14. Farm net income.
15. Lottery, gambling, prizes, games of chance, etc.
16. Stock options.
17. Employer paid premiums for group term life insurance over \$50,000.00.
18. Compensation paid in goods or services or property usage.
19. Income from wage continuation plans (including retirement incentive plans and severance pay).
20. Income from guaranteed annual wage contracts.
21. Prizes and gifts if connected with employment.
22. Director fees.
23. Income from jury duty.
24. Executor fees.
25. Union steward fees.
26. Income from partnerships, estates and trusts.
27. Net profits of businesses, professions and proprietorships.
28. Ordinary gains as reported on Federal form 4797.
29. Reimbursements in excess of deductible expenses.
30. Employer provided educational assistance, taxable to the same extent as for Federal taxation.

### NON-TAXABLE INCOME

1. Interest or dividend income.
2. Welfare benefits, social security.
3. Income from qualified pension plans.
4. State unemployment benefits.
5. Worker's compensation.
6. Proceeds of life insurance.
7. Alimony.
8. Active duty military pay (including active duty National Guard).
9. Capital gains.
10. Income from election day poll work (under \$1,000.00).
11. Section 125 Cafeteria Plans.
12. Compensatory insurance proceeds derived from property damage or personal injury settlements.
13. Patent and copyright income.
14. Royalties derived from intangible income.
15. Annuity distributions.
16. Housing allowances for clergy to the extent that the allowance is used to provide a home.
17. Health and welfare benefits distributed by governmental, charitable, religious or educational organizations.
18. Third party sick pay, when W-2 is issued by the third party.

***Above lists are not all-inclusive. For more information, contact (937) 339-3861.***

# Troy Income Tax Educational Page

## DECLARATION OF ESTIMATED INCOME TAX DUE - Understanding the requirements to file and pay

### WHO MUST FILE AND PAY ESTIMATED INCOME TAX FOR THE CURRENT YEAR?

Any individual who has income that is subject to Troy tax, and any of the following apply:

- You are a resident of Troy and work in a city or village that is subject to either no tax withholding or a lower tax rate withheld (or work in a township where no tax is withheld);
- You are a resident of Troy and are self employed (filing a Schedule C on your Federal Tax Return) and perform work in Troy or work in a city or village where you are paying a lower rate of city tax on income earned (or no tax at all for work performed in a township); or a non-resident of Troy with self-employment income earned in Troy;
- You own rental property in Troy, regardless of residency;
- You have any similar type of situation where your income is not fully withheld on and you have a tax balance due to Troy.

You are required to pay estimated tax due for the current year as you earn income. For every person who anticipates taxable income during the current year which is not fully withheld on (or may be from self-employment, rental activity, or other business activity) resulting in a tax due to Troy, a Declaration must be filed by April 15th of each year which shows the amount anticipated to be due. The estimated tax due must be paid in quarterly installments, with at least 90% of the total amount anticipated to be due PAID IN FULL by the final installment date. The payment due dates are as shown below:

DUE DATE	QUARTER	PERIOD COVERED
April 15	1st Quarter	Income earned January through March
July 31	2nd Quarter	Income earned April through June
October 31	3rd Quarter	Income earned July through September
January 31	4th Quarter	Income earned October through December

### Methods of calculating estimated tax due:

- A. You may pay an amount equal to the amount due in the previous tax year. By paying 100% of the previous year liability in quarterly estimated tax payments, you will not be penalized for underpayment should your income be increased in the current year. (Known as "safe harbor").
- B. If you know what your anticipated income will be for 2009, you can base your estimate on that anticipated income amount. Using that figure, you can determine an equal quarterly amount for remittance for each period.
- C. You may calculate your quarterly amount due based on wages or income earned during the quarter. For example, you can calculate what you would owe for first quarter based on actual income from January, February and March. Each quarterly amount remitted may not be equal, depending upon the amount of income earned during each period.

THE CALCULATION FOR ESTIMATED TAX AND FIRST QUARTER DUE is part of the 2008 tax return, lines 10-13. You must complete this section to determine if you owe estimated tax. Your first quarter payment will be remitted with your tax return, along with payment in full for tax due for 2008. **IMPORTANT! FAILURE TO FILE AND PAY QUARTERLY ESTIMATED TAX DUE WILL RESULT IN PENALTY AND INTEREST ASSESSED.** This is a mandatory requirement, and has always been a mandatory requirement of the Income Tax Ordinance.

For further information regarding the requirement for filing and paying the Declaration of Estimated Tax, visit our website at [www.troyohio.gov](http://www.troyohio.gov). Click on the link for Income Tax. You may download a copy of the Income Tax Ordinance Chapter 171 for your review. Section 171.07 explains the Declaration requirements.

### CHANGES FOR THE 2008 TAX FILING YEAR: (This list is not all inclusive. Refer to Tax Ordinance on our website).

- All changes are effective with any return filed on and after 1/1/09.
- Lottery, gambling, games of chance, prizes, etc. are now city taxable and should be reported on the 2008 City of Troy Income Tax return.
- Losses from federal schedules cannot be used to offset wages or other compensation.
- 2106 expenses are limited to the amount deducted from Schedule A after the 2% AGI. You must include pages 1 and 2 of your 1040, Schedule A and your 2106 form. If the 2106 is attributed to income earned in another city with a tax, the amount of credit taken for the other city tax paid must be reduced accordingly. For assistance with calculating the allowable 2106 amount, or calculating the other city credit allowable, please bring your documentation and return to our office for assistance, or visit our website at [www.troyohio.gov](http://www.troyohio.gov) for specific information regarding 2106 expense deductions.
- Deduction for 1/2 SE tax is no longer allowable.
- Deduction for self-employed health insurance is no longer allowable. Per the Ohio Revised Code, our Ordinance has not included self-employed health insurance as a deductible item.
- Deduction for the additional 1/2 meals and entertainment is no longer allowable. We are adhering to the IRS standard of 50% deduction only.
- Amounts due under \$5 need not be paid with the filing of the tax return, and amounts under \$5 will not be refunded.

### AVOID LATE FILING PENALTIES BY FILING YOUR CITY OF TROY TAX RETURN TIMELY

Even if you do not owe tax, all residents are required to file an annual income tax return. Failure to file this return timely may subject you to a Late Filing Fee of \$25.00 (if filed within 30 days), and \$50.00 (if filed after 30 days from the due date.) Avoid this penalty—File your tax return by April 15th! Remember, returns must be postmarked by the due date to be considered timely filed.