

# 2004 INSTRUCTIONS FOR CITY OF FAIRFIELD INDIVIDUAL RETURNS (FORM IR)

## GENERAL INFORMATION

**FILING** – FAIRFIELD RESIDENTS are required by City Ordinance to file a City tax return each year on or before **APRIL 15<sup>th</sup>** WHETHER OR NOT TAX IS DUE. Retired residents without taxable income may simply complete the section in the upper left portion of the return. Please be sure to sign the return in the bottom right corner. THE ORDINANCE IMPOSES A **\$50.00 MINIMUM PENALTY AND INTEREST CHARGES AT 1% PER MONTH ON RETURNS FILED LATE.**

**NON-TAXABLE INCOME** (For use with Lines 1 and 2) – The following list is not all inclusive. For all other items, please contact the Income Tax Division at **(513) 867-5327**.

**NON-TAXABLE INCOME**

- |   |   |  |
|---|---|--|
| 1. Interest & dividend income                                 | 6. Insurance and/or Life Insurance proceeds | 11. Royalties generated by intangible property |
| 2. Welfare & state unemployment, and Social Security benefits | 7. Alimony received                         | 12. Stock Options                              |
| 4. Income from qualified pension & annuity distributions      | 8. Military pay (including reserve pay)     | 13. Income from S-Corporations                 |
| 5. Workers' Compensation                                      | 9. Capital Gains (e.g. Schedule "D")        |  |
|   | 10. Lottery & gambling winnings             |  |

**EXTENSIONS** – If the filing cannot be met, a copy of the Federal Extension or Fairfield Extension Request Form must be submitted to the Income Tax Division on or before April 15, 2005. A payment equal to the amount estimated to be owed also must accompany the extension request. If the estimated payment is not consistent with the final filing, interest and penalty will be charged at the rate prescribed in the City Ordinance. **FAILURE TO PROVIDE AN EXTENSION REQUEST BY APRIL 15, 2005 WILL RESULT IN THE ASSESSMENT OF \$50.00 MINIMUM PENALTY AND IF APPLICABLE, INTEREST CHARGES AT 1% PER MONTH.**

**QUESTIONS** – If you have any questions, please contact the Income Tax Division at **(513) 867-5327**. Walk-in assistance is available from 8:00 a.m. to 5:00 p.m., Monday through Friday in Room 104 of the Fairfield Municipal Building at 5350 Pleasant Avenue, Fairfield, OH 45014-3597 and no appointment is necessary. Tax forms are also available on our website: [www.fairfield-city.org](http://www.fairfield-city.org).

## LINE BY LINE INSTRUCTIONS

**1.** Enter the grand total of qualifying wages from all W-2 forms for the tax year. Each W-2 form should be examined as the local wage should equal the Medicare wages. **QUALIFYING WAGES FOR THE CITY INCLUDES 401K CONTRIBUTIONS, DEFERRED ANNUITY PLANS, BUT EXCLUDES STOCK OPTIONS.**

**2.** Enter income from sources other than W-2 forms and any deductions being claimed. See lines 12-19 to determine applicability. **PART-YEAR RESIDENTS REFER TO LINE 19 INSTRUCTIONS.**

**3.** Enter sum of lines 1 and 2.

**4.** Multiply line 3 by 1.5%. This is your tax liability for Tax Year 2004.

**5A.** Enter taxes withheld by your employer(s) specifically for the City of Fairfield. If your place of employment is not in Fairfield or in a non-taxing location, any taxes withheld from your wages by your employer(s) will be for the city(ies) in which you actually work. Your W-2 form(s) should identify the local taxing city(ies). **If your W-2 does not indicate the Local taxing city(ies), you must request this information from your employer. CITY CREDIT WILL BE DISALLOWED IF LOCAL TAXING CITY IS NOT IDENTIFIED.**

**5B & 5C.** Enter any credit you may have received or requested from your 2003 Fairfield Return (line 5B). Indicate any estimated payments you made directly to the City of Fairfield for Tax Year 2004 (line 5C).

**5D.** Enter tax credit for taxes withheld by your employer(s) for cities OTHER THAN FAIRFIELD. You are permitted tax credit for other city tax withheld up to 1.5% of the portion of wages taxed by the other municipality. This credit is limited to the Fairfield tax rate because those withholdings are not received by Fairfield but remain with the city to which they were paid. **CREDIT FOR TAXES PAID TO ANOTHER CITY MUST BE CALCULATED SEPARATELY FOR EACH W-2.** If taxes were withheld for a city with a tax rate higher than 1.5%, please use the following chart to determine your portion of income taxed and allowable credit.

W-2	City (Usually Box #19 on W-2)	Tax Withheld (Usually Box #21 of W-2)	/ (Divided by) City's Tax Rate	= (Equals) Portion of Income Taxed	x (Multiplied) by Fairfield % of Credit	= (Equals) Allowable Fairfield Credit
<b>Example</b>	<b>Cincinnati</b>	<b>\$315.00</b>	<b>/ 2.1%</b>	<b>\$15,000.00</b>	<b>1.5%</b>	<b>\$225.00</b>
1.					1.5%	
2.					1.5%	

**5E.** Enter the sum of lines 5A - 5D.

**6.** If line 4 is greater than line 5E, enter the difference on this line. If the sum is one dollar (\$1.00) or more, this is your outstanding tax balance for 2004. **Full payment must be received on or before April 15, 2005.** Any tax remaining unpaid after April 15, 2005 is subject to interest and penalties per the City Ordinance. **Make check payable to "FAIRFIELD INCOME TAX".**

7. If line 5E is greater than line 4, you have an overpayment. If it is one dollar (\$1.00) or more, please indicate if you wish for the amount to be refunded to you or credited toward Tax Year 2005's tax liability.

**8 - 11. DECLARATION OF ESTIMATED TAX FOR YEAR 2005** – Must be completed and estimated taxes paid if **LESS THAN 90%** of all tax liability is withheld for Fairfield and/or another city. A test to determine if this section must be completed is to add together the amounts shown on lines 5A and 5D. Divide this total by the amount on line 4. If the calculation is **MORE THAN 90%**, you are not required to fill out this Section. If the result is **90% or LESS**, the Ordinance requirement applies. Please see the following:

- 8. Enter your estimated income for 2005 on the first line. Multiply this amount by 1.5% and enter on second line.
- 9A. Enter estimated taxes withheld by employer for Fairfield
- 9B. Enter estimated credit (up to 1.5% - see chart for line 5D) for taxes withheld for another City
- 9C. Enter amount requested to be credited from line 7 above
- 9D. Enter the sum of lines 9A, 9B, and 9C.
- 10. Subtract line 9D from second line of Line 8. This amount is your total estimated tax due for 2004. **90% OF THIS AMOUNT MUST BE PAID BY JANUARY 31, 2005 IN ORDER TO AVOID INTEREST AND PENALTY CHARGES.**
- 11. Enter amount from line 6 on first line and at least ¼ of amount from line 10 on second line. The sum of these amounts represents your total tax due on or before April 15, 2005. **Make check payable to "FAIRFIELD INCOME TAX".**

**Paid Preparer Check Box** – Only by checking **"YES"** will you authorize discussion of **this** return with the preparer listed to the left of the box.

12. Enter any taxable income that has not been reported on a W-2. See Chart on front page for a listing of taxable income. **Income reported on 1099-INT, 1099-R, and 1099-D is not taxable.**

13. Enter the net profit (loss) from a business. **You are required to attach a copy of the Federal Schedule "C".**

14. Enter the net profit (loss) from a rental property, royalties, partnerships, estates, etc. **You are required to attach a copy of the Federal Schedule "E".**

15. Enter the sum of lines 13 and 14. This represents your total Schedule "C"/Schedule "E" profits (loss). **If this amounts to a loss, YOU ARE NOT PERMITTED TO USE IT AS A DEDUCTION AGAINST YOUR W-2 WAGE EARNINGS PER THE CITY ORDINANCE.** However, your loss may be carried forward to offset any Schedule "C"/Schedule "E" profits incurred in future years up to a limit of three (3) years. Consequently, any losses incurred in 2004 can be used as a deduction against any profits incurred in tax years 2005, 2006 and 2007 or until such loss has been exhausted.

16. Enter any loss carry forward reported on 2001, 2002 and 2003 Fairfield Returns. Losses that have been exhausted against prior profits may not be used.

17. Subtract line 16 from line 15. This is your taxable income for Schedule "C" /Schedule "E" earnings only.

18. If line 17 was a net gain, enter the amount on this line. If line 17 is a loss, a portion may be used as indicated on line 15.

19. Deductions that may be taken against taxable income include: 2106 Employee Business Expenses, Moving Expenses, and Part-Year Residency (please contact the income tax office for items not listed).

**Business Expense** – Per the City Ordinance, all Federal Form 2106 Employee Business Expenses must be adjusted to the portion of taxes paid *directly to Fairfield*. For example, if a portion of your wages for which expenses are being claimed against were taxed and paid to another city, you must apply to that city for a refund. We are required to reduce your allowable tax credit for that city by the available refund. **Federal Form 2106 MUST BE ATTACHED to the return and supporting schedules and/or receipts must be furnished upon request or deduction will be disallowed.**

**Moving expenses** – Moving expenses on Federal Form 3903 may be deducted only if incurred with job-related transfers and must be provided with the Return to receive the deduction.

**Part-Year Residents** – You are allowed a deduction for that part of your income that was earned prior to moving into or after moving out of the City of Fairfield. If such income is specific to a particular W-2, please clearly mark the applicable W-2. If a pay stub or a letter from your employer can verify the actual amount, please attach it to your return. If the actual amount cannot be determined, you may pro-rate your income based on the number of months in which you did not live in Fairfield. **AN EXACT MOVE-IN/MOVE-OUT DATE MUST BE PROVIDED ON THE RETURN TO ALLOW DEDUCTION.** To calculate your allowable deduction, please use the chart below and any credits must be prorated accordingly.

	Gross Income (before W-2 deductions)	x (multiplied by months out of Fairfield)	/ (divided by) total number of months in year	= (equals) allowable deduction
<b>Example</b>	<b>\$20,000.00</b>	<b>5.5</b>	<b>12</b>	<b>\$9,166.67</b>
			12	

19C. Enter sum of all deductions.

20. Add lines 12 and 18 together. Subtract line 19C from this amount. Enter final amount on line 2 on Fairfield Return.