

# GENERAL INSTRUCTIONS FOR VILLAGE OF ARCANUM TAX RETURN

## INDIVIDUALS

### **WHO SHOULD FILE A RETURN:**

A return should be filed by all persons 18 years of age or older living in Arcanum whether any income is earned or any tax is due. Persons who have lived in Arcanum only a portion of the tax year must file a return. Income, deductions and credits should be allocated on a pro rata basis if actual income figures are unavailable. Also, persons or entities earning income in Arcanum and entities (such as corporations, partnerships, proprietors, etc. physically located or doing business in Arcanum.

### **WHEN AND WHERE TO FILE RETURN:**

File on or before April 15th of each year, with the Department of Taxation, 309 S. Albright St., Arcanum, Ohio. All residents must file on a calendar year basis. Total amount due as shown must be paid when the return is filed. Checks or money orders should be made payable to the Village of Arcanum. **All extensions shall be filed with the Village of Arcanum on or before the due date of the return to avoid late charges.** Extensions do not extend the due date for the payment of the tax, hence penalty and interest may be applied to any unpaid tax. Post marks are checked to determine if a return or extension request is timely filed.

### **VILLAGE OF ARCANUM INCOME TAX IS LEVIED UPON THE FOLLOWING:**

- (A) On all qualifying wages, commissions, other compensation, and other taxable income earned or received by residents of the Village of Arcanum.
- (B) On all qualifying wages, commissions, other compensation, and other taxable income earned or received by nonresidents for work done, or services performed or rendered in the Village of Arcanum.
- (C) Income from Schedules C, E, & F, partnerships, estates, trusts, fees, prizes, etc., the losses of which may be carried forward for three (3) years, but may not be offset against W-2 income.
- (D) On all income received as gambling winnings as reported on IRS Form W-2 G, Form 5754 and/or any other form required by the Internal Revenue Service that reports winnings from gambling, prizes and lottery winnings.

### **INCOME NOT TAXABLE:**

- (A) Taxable income shall not include: poor relief, old age pensions or similar benefits received from any government agency, religious or educational organization.
- (B) Unemployment compensation, proceeds of insurance, annuities, workmen's compensation insurance, social security benefits, pensions, compensation for damage for personal injuries and like reimbursements, not including damage for loss of profits, and compensation for damage to property by way of insurance and otherwise.
- (C) Interest and dividends from intangible property, personal earnings of all persons under 18 years of age and active duty military pay and allowance received by members of the Armed Forces of the United States, drill and flight pay of the National Guard, organized reserve and air reserves.
- (D) Income of any charitable, educational, fraternal or other type of nonprofit association or organization enumerated in Section 718.01 of the Revised Code of Ohio which is exempt from payment of real estate taxes.
- (E) Gains from involuntary conversion, cancellation of indebtedness, interest on Federal obligations, and income of the decedent's estate during the period of administration, except income from the operation of a business by the estate.
- (F) Alimony and child support.

## BUSINESSES

### **WHO SHOULD FILE A RETURN:**

A return should be filed by partnerships, corporations, and any other entity having income taxable by The Village of Arcanum.

### **WHEN AND WHERE TO FILE RETURN:**

File on or before April 15th of each year with the Department of Taxation, 309 S. Albright St., Arcanum, Ohio. Fiscal year and partial year taxpayers shall file on or before the 15th day of the fourth month following the close of their fiscal year or period. Total amount due as shown must be paid when the return is filed. Checks or money orders should be made payable to The Village of Arcanum. **All extensions shall be filed with The Village of Arcanum on or before the due date of the return.**

## **WHAT CONSTITUTES NET PROFITS:**

- (A) On the portion attributable to the Village of Arcanum of the net profits earned by all resident unincorporated businesses, pass-through entities, professions or other activities, derived from work done or services performed or rendered, and business or other activities conducted in the Village of Arcanum. On the portion of the distributive share of the net profits earned by a resident owner of a resident unincorporated business entity or pass-through entity not attributable to the Village of Arcanum and not levied against such unincorporated business entity or pass-through entity.
- (B) On the portion attributable to the Village of Arcanum on the net profits by all nonresident unincorporated businesses, pass-through entities, professions or other activities, derived from work done or services performed or rendered and business or other activities conducted in the Village of Arcanum, whether or not such unincorporated business entity has an office or place of business in the Village of Arcanum. On the portion of the distributive share of the net profits earned by resident owner of a nonresident unincorporated business entity or pass-through entity not attributable to the Village of Arcanum not levied against such unincorporated business entity or pass-through entity.
- (C) On the portion attributable to the Village of Arcanum of the net profits earned by all corporations that are not pass-through entities from work done or services performed or rendered and business or other activities conducted in the Village of Arcanum, whether or not such corporations have an office or place of business in the Village of Arcanum.

## **LOSSES:**

Net losses incurred in any taxable activity must be reported and are deductible, in the year incurred, to the extent of the net profits from any source included in the return. Net operating losses may be carried forward for five (5) years but may not be offset against wages, salaries, tips, and lottery/gambling winnings. Five year NOL carryforward will be phased in over 5 years starting in taxable year 2018.

## **BUSINESS APPORTIONMENT FORMULA:**

The business apportionment formula is to be used by corporations, non-resident sole proprietorships, partnerships, professionals, and other entities doing business both within and outside the boundaries of the Village of Arcanum.

A municipal corporation shall be considered as having a taxable situs in such municipal corporation for purposes of municipal income taxation in the same proportion as the average ratio of the following:

- (1) The average original cost of real and tangible personal property owned or used by the taxpayer in the business or profession in such municipal corporation during the taxable period to the average original cost of all of the real and tangible personal property owned or used by the taxpayer in the business or profession during the same period, wherever situated.  
As used in the preceding paragraph, real property shall include property rented or leased by the taxpayer and the value of such property shall be determined by multiplying the annual rental thereon by eight:
- (2) Wages, salaries, and other compensation paid during the taxable period to persons employed in the business or profession for services performed in such municipal corporation to wages, salaries, and other compensation paid during the same period to persons employed in the business or profession, wherever their services are performed, excluding compensation this is not taxable by the municipal corporation under section 718.011 of the Revised Code;
- (3) Gross receipts of the business or profession from sales made and services performed during the taxable period in such municipal corporation to gross receipts of the business or profession during the same period from sales and services, wherever made or performed.

## INSTRUCTIONS FOR PAGE 1 VILLAGE OF ARCANUM TAX RETURN

If the return is made for a period other than the calendar year, insert the beginning and ending date of the period.

Enter your social security number or if business federal ID#

LINE 1. List the total of all qualifying wages, salaries, tips, and lottery/gambling winnings, using the income reported in Box 5 (Medicare Wage) of the W-2 form. Those exempt from Medicare tax will use the highest wage reported on the W-2.

LINE 2. List taxable income or deductions from reverse side of tax return. **Business or rental deductions cannot offset W-2 income.** Income/losses from schedules C, E, and H can be netted.

LINE 3. Total of Line 1 plus Line 2.

LINE 4. Multiply Line 3 by .01 (which is 1% of Line 3).

LINE 5. A. List Arcanum Village tax withheld by employer. Do not include Arcanum Butler School tax.  
B. List estimated Arcanum tax paid during the year  
C. List prior year overpayments.  
D. Total of Lines 5A and 5C

LINE 6. List tax due (if Line 4 is greater than 5D). Payment of tax due must accompany this return. Total of Line 1 plus Line 2.

A. Add late filing penalty \$25.00 per month (up to \$150 maximum).

B. Add late payment penalty (15% per month of line 6)  
C. Add interest (7% per annum of line 6, .58% per month)  
D. Total of Lines 6A and 6C

LINE 7. Total of Line 6 and 6D.

LINE 8. Any overpayment, list amount to be refunded, and/or credited.

### DECLARATION

LINE 9. List total income subject to tax (taxable income) times 1% for gross tax.

LINE 10. List Arcanum Village Tax withheld by employer and/or overpayment. (Do not include Arcanum Butler School taxes paid.)

LINE 11. Line 9 less Line 10C.

LINE 12. Calculate 25% of Line 11.

LINE 13. Balance of estimated tax is amount remaining to be paid the rest of the year. Quarterly statements will be mailed out 4 weeks prior to each due date.

Total amount due box with this return is the total found in box 7 plus the total in box 12. Check or money order should be made payable to the Village of Arcanum.

**Sign and date your return and remit to:**

Village of Arcanum  
Tax Department  
PO Box 157  
Arcanum OH 45304

**BE SURE TO INCLUDE W-2s and copy of Federal 1040 form.**

## INSTRUCTIONS FOR REVERSE SIDE OF VILLAGE TAX RETURN

### SCHEDULE C. PROFIT (OR LOSS) FROM BUSINESS OR PROFESSION

If you operate under the same or different trade names at more than one location, and separate books are kept for each location, a separate copy of the Schedule C should be attached for each location, in which case the amount entered in Line 5 represents the total net profit or loss from all locations. Do not include in this schedule the cost of goods withdrawn for personal use or deductions not connected with the business or profession. Use Statement for cost of goods sold or cost of operations, when applicable. **NOTE: Business losses are not deductible from W-2 income.**

### SCHEDULE E. INCOME FROM RENTS

This schedule corresponds to the rent schedule of Federal Form 1040. If space is inadequate, attach a separate sheet giving additional detail or use statement for depreciation and other required schedules. **NOTE: Rental losses are not deductible from W-2 income.**

### SCHEDULE H. INCOME FROM OTHER SOURCES

Report in this schedule any other income you may have which is subject to Arcanum tax. For example, an Arcanum resident may be a member of a partnership not located or doing business in Arcanum. Such a partnership, as a business entity, is not required to file returns and pay the tax. This Arcanum resident, nevertheless, is subject to

tax on the income he enjoys from that partnership and must report the income in Schedule H. List fees that are not included as part of the net profits of a trade, business or profession; income from estates, trust, fees, prizes and partnership income on which the tax has not been paid by the partnership entity. **NOTE: Losses are not deductible from W-2 income.**

### SCHEDULE X. RECONCILIATION WITH FEDERAL INCOME TAX RETURN

This schedule is to be used to adjust the Federal net income to the Village of Arcanum taxable income. The total of the items listed to the left hand column (A through I as shown on line M) are to be added to the Federal net income. The total of the items listed in the right hand column (N through U as shown on line Z) are to be deducted from the federal net income.

### SCHEDULE Y. BUSINESS APPORTIONMENT FORMULA

See General Instructions on reverse side.

**FOR MORE INFORMATION CALL 937-692-8500 or visit our website at [www.villageofarc anum.com](http://www.villageofarc anum.com) for the entire Village of Arcanum income tax ordinance.**

The Village of Arcanum is an equal opportunity provider and employer.