

CITY OF BOWLING GREEN TAX PREPARATION INSTRUCTIONS

GENERAL INSTRUCTIONS

WHO IS REQUIRED TO FILE A RETURN:

This Return should be used by individuals, partnerships, corporations and any other entity having income taxable to this municipality. Receipt of forms indicates an obligation to which you must respond.

Unless the tax was withheld by a Bowling Green employer, residents must file on all taxable income, wherever earned, part year residents must file on all taxable income earned during the period of their Bowling Green residency and should pro-rate income, expenses and credits accordingly. Unless the tax was withheld by a Bowling Green employer, nonresidents must file on all taxable Bowling Green income.

TAX RATE 1.92%

INCOME SUBJECT TO TAX:

Taxable income includes salaries, wages, commissions and other compensation including but not limited to: bonuses, incentive payments, fees, property in lieu of cash, tips, severance pay, supplemental unemployment benefits (sub pay), sick pay, excess insurance premiums, vacation pay, salary/wage continuation plans, state lottery proceeds, profits from businesses, professions and partnerships, rents and deferrals.

The net profits of all unincorporated businesses, professions, partnerships or other activities conducted by residents of the City of Bowling Green or conducted by nonresidents within the City of Bowling Green.

The net profits of all corporations derived from work done or services performed or rendered and business or other activities conducted in the City of Bowling Green.

INCOME NOT TAXABLE:

Includes interest, dividends, military pay and allowances for active duty, contributions to Sec 125 (cafeteria) plans, proceeds of insurance, pensions, annuities, alimony, social security, medicare, poor relief, workman's compensation, unemployment compensation, capital gains (excluding ordinary gains), income from patents and copyrights, royalties, revenue from intangible property, and non Bowling Green income earned while a resident elsewhere (part year resident). Also exempt is the income of charitable, fraternal or other nonprofit associations, and Board of Election poll worker pay less than \$1000.

NET LOSSES:

The net loss from a business entity may not be used to offset salaries, wages, commissions or the net income from any other entity or activity. Each business loss may be carried forward five (5) years to offset future income from the same entity for the same owner.

CREDITS:

Bowling Green residents who properly pay another city's tax are allowed a credit limited to 50% of the lesser rate between Bowling Green and the city in which the income is earned. Bowling Green School District Income Tax is not an allowed city credit.

DEDUCTIONS:

If your travel or other business expenses qualify as a deduction on your federal return, enter amount of expenses on Schedule A, page 1, under W-2 adjustments and attach a copy of Federal Schedule 2106. Deductions for auto or business expense must be claimed from the city of employment for refund and the amount of the claimed refund must be deducted from withholding or tax paid prior to calculating the credit.

DUE DATE:

For all calendar year filers, Returns are due **April 15**. If the return is made for a fiscal year or any period of less than a year, the Return shall be filed within three and one half (3 1/2) months from the end of each fiscal year or other period.

EXTENSION OF TIME TO FILE.

Extensions must be requested in writing by the due date of the Return. An extension of time to file is not an extension of time to pay. Unless a written extension request, or a photo copy of a federal extension, is received by the due date, late fees will begin whether or not tax is due.

ESTIMATED TAX PAYMENTS:

Estimated payments are required to be filed and paid on a quarterly basis by taxpayers whose tax liability will exceed \$100.00 after any allowable credits. An estimate may equal the previous year's tax liability in the absence of known circumstances to the contrary. Due dates for calendar year filers are **April 15**, July 31, October 31, and January 31. For fiscal year filers, due dates are the middle of their fourth month, the end of their seventh, tenth and thirteenth months.

LATE FILING FEES:

For failure to file a timely tax Return, make scheduled estimated payments or understatement of estimated tax, late fees are: penalty of \$.50 per late business day (minimum \$10.00) plus interest of 1 1/2% per late month or portion of a month.

SPECIFIC INSTRUCTIONS

Page 1: If this Return is made for a period other than a calendar year, insert the beginning and ending dates in the heading. Verify the name and mailing address and make corrections as necessary. Answer the questions about social security number, move in/out dates and whether you will need to file next year.

Schedule A: List all employers, work locations, earnings and tax withheld in the proper columns. W-2 adjustments include business expenses, for which a Form 2106 is required, time allocations or moving expenses. When another city income adjustment is made, a comparable adjustment must be made in the withholding column. W-2's must be attached, legible photo copies are acceptable.

Line 1: Enter total qualifying wages after adjustments. If there is no other taxable income, enter this amount on Line 6.

Line 2: Enter total positive income from Page 2 and from Federal forms attached. All losses must be reported but carried forward against future profits from the same activity for the same owner, limited to five (5) years.

Line 3: Total income from all sources. Add lines 1 and 2.

Line 4a, 4b: Enter positive and negative adjustments from Schedule X, Page 2.

Line 4c: Net lines 4a and 4b.

Line 5a: The adjusted net income. Net lines 3 and 4c.

Line 5b: The amount of business income allocated to Bowling Green from Schedule Y, Page 2.

Line 5c: Identifies the previously unused annual losses allocated to Bowling Green for each entity and extends the amount(s) available to reduce the current year's profit from the same entity(s).

Line 6: The total Bowling Green taxable income.

Line 7: The Bowling Green tax which is achieved by multiplying line 6 by 1.92%, this city's flat rate.

Line 8a: The total Bowling Green withholding from Schedule A above.

Line 8b: The adjusted total other city tax at the lower rate between the employment city's rate and Bowling Green's 1.92% rate from Schedule A above and/or from other city tax return, copy attached, times 50% reduced credit.

Line 8c: The total of estimate or other direct payments, if any, which are combined with lines 8a plus 8b totals and extended to line 8.

Line 9: Net lines 7 and 8. If a tax balance is due, payment must accompany the Return.

Line 10: After **April 15**, or 3 1/2 months after any other due date for fiscal year filing taxpayers, interest and penalty will begin unless an extension has been filed by the original due date.

Line 11: Netting the tax, late fees and credits will result in a balance due, nothing due, a credit carry forward or a refund. If money is due, it must accompany the Return. Your check should be written to City of Bowling Green.

MAKE SURE THE RETURN IS SIGNED AND INCLUDE ALL ATTACHMENTS.

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