

GENERAL INFORMATION

IMPORTANT CHANGES FOR 2002:

DUE DATE OF THE RETURN: **APRIL 15TH** is the due date for the 2002 tax year. **APRIL 15TH** is also the due date for the 2003 Declaration of Estimated Taxes along with the first quarter payment. The remaining quarter payment due dates are; **July 15th Oct 15th Dec 15th.**

WHO MUST FILE

All corporations (including S), partnerships, limited liability companies, trusts, estates or other entities conducting business in, performing services in, or deriving income (or loss) from activities in the City of Heath.

Partnerships, joint ventures, associations or other businesses owned by two or more persons and conducting business in Heath are required to file City returns on an entity basis.

The Business Tax Return is for use by business entities, non-resident individual sole-proprietors filing Federal Schedule C, also, non-resident individuals who have any rental or business activity in Heath.

Note: Heath Residents should file the 2002 Heath Income Tax Return, and not the Business Tax Return, as the Business Return is not designed to accommodate reduced tax credit.

WHEN AND WHERE TO FILE: Returns must be filed on or before April 15th, or within 4 months after the fiscal year end. File with: City of Heath Income Tax, 1287 Hebron Rd., Heath, OH 43056-1096. A Return is considered received by the City on the date it is postmarked by the U.S. Postal Service. In the absence of the official Postmark, the date received in the Office is considered the "receipt" date.

EXTENSIONS: To receive a filing extension, a taxpayer must file a copy of the federal filing extension request with the Heath Tax Dept. not later than the normal return-filing deadline. An extension for filing does not extend the payment due date, nor the filing of a Declaration.

ATTACHMENTS REQUIRED: Copies of all applicable IRS schedules and forms must be attached to the City of Heath Return at the time of filing. Failure to attach all necessary documentation may result in the return being considered incomplete, and could result in the disallowance of expenses, deductions, or the exclusion of non-taxable income.

ALLOCATION OF PROFITS: The business allocation percentage formula is to be used by corporation or **non-resident** business entities doing business within and outside of Heath if actual records of their profits are not maintained. Determine the ratio of the Heath portion of:

- (1) Average net book value of real and tangible property owned, rented or leased by the taxpayer for use in the trade or business. To determine the value of property rented and used in the business, multiply the gross annual rental by 8.
- (2) Gross receipts from sales made and services performed, regardless of where made or performed.
- (3) Total gross compensation paid to all employees.

Add the ratios obtained and divide by the number of ratios used to obtain business allocation percentage. A ratio shall not be excluded from the computation because it is allocable entirely within or outside the City of Heath. The business allocation percentage is to be applied against the total net profits adjusted in accordance with the provisions of the profits on Line 3 to determine the portion taxable by the City of Heath. Enter Step 5 percentage on line 4 of the Return.

NET OPERATING LOSS: Beginning with Tax Year 2001, a Net Operating Loss may not be carried forward or backward to any other taxable year. All losses filed prior to tax year 2001, may be carried forward until exhausted, but not for more than 5 years.

PAYMENTS: Payments of less than \$5.00 of net tax due are not required, nor will refunds of like amount be made.

PENALTIES AND INTEREST: A Penalty charge of \$25.00 will be imposed for the delinquent filing or payment of the yearly final return. Rate of interest on a delinquent tax balance is 1.5% per month or fraction thereof.

ESTIMATED TAX PAYMENTS: An estimate is required if you can reasonably expect to owe tax of \$100.00 or greater. The payments are due April 15th July 15th Oct 15th and Dec 15th for calendar year filers. Fiscal year filers should file within four months after the start of each fiscal year or period. A declaration and payment which is less than ninety percent (90%) of the tax shown on the final return, or less than one hundred percent (100%) of the previous year's tax, shall not be considered in good faith and may be subject to penalty and interest charges.

CONSOLIDATED RETURNS: Effective 1/1/2003 Heath shall accept a consolidated income tax return from any affiliated group of corporations subject to Heath tax if that affiliated group filed for the same tax reporting period a consolidated return for federal income tax purposes pursuant to section 1501 of the Internal Revenue Code.

Tax forms, instructions, and the tax ordinance are available at www.heathohio.org

Instructions for Completion of the Tax Return

HEADING: If this return is made for a period other than the calendar year, insert the beginning and ending date of the period. Enter the business or company name, address and account number, if not already pre-printed on the form. If you do not have an account number, one will be assigned upon receipt of the return.

- Line 1.** Enter amount of taxable income from your federal return. **ATTACH COPIES OF ALL APPLICABLE FEDERAL FORMS.**
- Line 2.** Adjustments: Combine the items “not deductible” and the items “not taxable” from Schedule X on the reverse. Items not taxable must be included in income to be deductible.
- Line 3.** Taxable income to Heath before allocation. Subtract or add line 2, as applicable from line 1 to determine taxable income.
- Line 4.** Allocation Percentage: From schedule Y. Used to determine the percentage of income conducted within and/or outside of Heath (See ALLOCATION OF NET PROFITS ON REVERSE SIDE.)
- Line 5.** Heath Taxable Income (If applicable, minus net losses per previous Heath Tax Returns.)
- Line 6.** Heath Income Tax: Multiply line 5 by 1.5% (.015) to determine the amount of Heath Income Tax.
- Line 7.** Total estimated payments made on current year. Note: This includes overpayments from the previous year.
- Line 8.** Other credits, if any. (Explain)
- Line 9.** Totals of lines 7 and 8.
- Line 10.** Total tax due after credits. Subtract line 9 from line 6.
- Line 11A.** Add penalty if applicable.
- Line 11B.** Add interest, if applicable.
- Line 12.** Total due. Pay this amount and any estimated tax amount on line 20 below, if applicable.
- Line 13.** Indicate amount of overpayment if line 9 is greater than line 6.
- Line 14, 15.** Indicate choice of disposition of overpayment.

Instructions for Declaration of Estimated Tax

- Line 16.** Enter estimated amount of income subject to tax.
- Line 17.** Multiply line 17 by 1.5% (.015).
- Line 18.** Enter at least 25% of line 17.
- Line 19.** Enter amount of overpayment from above or amounts previously paid.
- Line 20.** Subtract line 19 from line 18.
- Line 21.** Add amounts on line 12 and line 20. Make check payable to the City of Heath.

Instructions for Schedule X

This schedule is used to adjust your federal net income to your Heath taxable income. The left hand column is for items deductible on the federal return, but not deductible under the Heath ordinance. The right hand column is for items taxable on the federal return, but not taxable by Heath.

Instructions for Schedule Y

(This schedule is used to determine the amount of income subject to Heath income tax. See **ALLOCATION OF NET PROFITS ON REVERSE SIDE.**)

Instructions for Schedule Y-1

Use this schedule to reconcile salaries, wages, etc., allocated to Heath with total salaries, wages, etc., shown on Form WHR Withholding Reconciliation.