Change tax year if necessary

Instructions | Reset Form | Print Blank Form | Print Form

CITY OF PARMA HEIGHTS

INDIVIDUAL INCOME TAX RETURN

DUE APRIL 15, 2015

2014

OFFICE USE ONLY

Returns must be delivered in person or postmaked by due date. Minimum Penalty of $25.00

Your Social Security No. | Spouse's Social Security No. | Spouse's Name

FILE #

☐ Individual Filing ☐ Joint Filing

Please Enter Name and Address Above

PHONE (440) 888-6440 FAX (440) 885-8228

PAYMENT MAIL TO:
City of Parma Heights
Processing Center
PO Box 633312
Cincinnati, OH 45263-3312

REFUND / NO PAYMENT MAIL TO:
City of Parma Heights
Income Tax Department
6281 Pearl Road
Parma Hts., OH 44130-3084

EXTENSIONS – Due on or before Filing Date
Read Extension Instructions to Avoid Penalties

Make Checks Payable to City of Parma Heights

If Retired, give date

IF YOU MOVED, COMPLETE THIS BLOCK

Date moved into Parma Heights _____
Previous Address _____
Date moved out of Parma Heights _____
Present Address _____
Other Status Change & Date _____
Phone No. Daytime No.

READ INSTRUCTIONS BEFORE PREPARING THIS RETURN TO AVOID PROCESSING DELAYS OR PENALTIES

1. WAGES, SALARIES, TIPS, COMMISSIONS AND OTHER EMPLOYEE COMPENSATION BEFORE PAYROLL DEDUCTIONS. IF PARTIAL YEAR RESIDENT, SEE INSTRUCTIONS.

W-2 COPIES MUST BE ATTACHED OR TAX CREDIT LINE 7 (a3) WILL BE DISALLOWED

A. Names of Employers	B. City Where Employed	C. Tax Withheld In Other City	D. Parma Heights Income Tax Withheld	E. Gross Earnings Before Deductions
		$	$	$
Attach Copy Federal Form 1040 – Page 1	TOTALS	$	$	$

2. Other Income, Pg. 2 (Sch. C, E & H) DO NOT DEDUCT LOSS FROM W-2 INCOME. Copy of Federal Schedules Required ..... $ _____
3. TAXABLE INCOME (Total COL. E & Line 2) ..... $ _____
4. ADJUSTMENTS: A. Business Expense (Disallowed if Federal 1040, Sched A & 2106 NOT ATTACHED) See Instructions ..... $ (_____)
   B. Less Income Earned While Non-Resident (Income Earned In Parma Heights Cannot Be Prorated) ..... $ (_____)
5. TOTAL ADJUSTED TAXABLE INCOME SUBJECT TO PARMA HEIGHTS INCOME TAX ..... $
6. Parma Heights Income Tax 3% of Line 5 ..... $ _____
7. CREDITS:
   (a1) Tax Withheld In Other Cities (Total Col. C) ..... $ _____
   (a2) Reduce Taxes Withheld – See Instructions – must make adjustment if work city tax over 2% or income was reported on Lines 4A/B ..... $ (_____)
   (a3) Credit for Taxes Withheld In Other Cities; (a1) Less (a2) ..... $ _____
   (b) Tax Withheld In Parma Heights (Total Col. 1D) ..... $ _____
   * (c) Payments TO PARMA HEIGHTS ON ESTIMATED TAX ..... $ _____
   (d) Overpayment FROM PRECEDING YEAR ..... $ _____
   (e) Taxes Paid on Line 2 - Other Income - Credit Limit = 2% ..... $ _____
   (f) TOTAL CREDITS (Add Lines 7 a3, b, c, d, e) ..... $ (_____)
8. (a) TAX DUE (Line 6 Less Line 7f) – No credit/payment if $1.00 or less ..... $ _____
   (b) Overpayment Claimed (If Line 7f exceeds Line 6 enter difference here) ..... $ _____
   (c) Enter Amount of Line 8b you want Credited to your 2015 Estimated Tax ..... $ _____
   (d) Amount to be refunded (Line 8b Less Line 8c) (NO REFUND LESS THAN $5.00) ..... $ _____
9. PENALTY (10%) (See Instructions) Late Filing $_____ + Late Paying $_____ TOTAL → $ _____
10. PENALTY (10%) (Underpayment of Estimated Tax (See Instructions) Penalty is figured separately for each installment ..... $ _____
11. INTEREST (18%) (See Instructions) ..... $ _____
12. TOTAL AMOUNT DUE FOR 2014 (PAYABLE WITH THIS RETURN ON OR BEFORE THE DUE DATE) ..... $

ATTACH W2's HERE

MANDATORY – DECLARATION OF ESTIMATED TAX FOR 2015 (PENALTY ASSESSED FOR FAILING TO PAY ESTIMATED TAX - SEE INSTRUCTIONS)

13. Total Estimated Income Subject to Tax _____ X TAX RATE OF 3% FOR GROSS TAX OF ..... $ _____
14. Credits: Parma Heights Tax withheld $ _____ 100% of 2% Tax withheld/paid to another city $ _____
15. Total of Line 14 (Box 1 plus 2) ..... $ (_____)
16. NET TAX DUE (Subtract Line 15 from Line 13) ..... $ _____
17. AMOUNT DUE for 1st quarter, 1/4 of Line 16 (Payable with this return on or before the due date) ..... $ _____
18. Overpayment from previous year - Credit from (Line 8c) (If Applicable) ..... $ (_____)
19. Subtract Line 18 From Line 17 - AMOUNT DUE WITH THIS FORM on or before the due date ..... $

TOTAL TAX DUE - ADD LINES 12 & 17 OR LINES 12 & 19 REMIT THIS AMOUNT ON OR BEFORE THE DUE DATE $

I certify that this return including present address, schedules and statements are to the best of my knowledge and belief true, correct and complete.

Signature of Person Preparing, if Other than Taxpayer | Date | Signature of Taxpayer or Agent (Required) | Date

Address or Name and Address of Firm Or Employer - Phone No. ( ) | Signature of Spouse, if joint return | Date

May the city discuss this return with the taxpreparer? [ ] Yes [ ] No

SCHEDULE C
PROFIT OR LOSS FROM BUSINESS OR PROFESSION

Business Name	Business Address	
1. Net Profit or Loss		$
2. Add Items not Deductible (Schedule X Line D)		
3. Deduct Items not Taxable (Schedule X Line F)		( )
4. Adjusted Net Profit or Loss		$
5. Schedule Y _____% allocable to Parma Heights (Parma Heights residents disregard)		
6. Less allocable net loss carry-forward 5 year limit (See Instructions)		
7. Net Profit or Loss (Line 4 or Line 7 enter on Line 2, page 1)		$

NOTE: A loss in one city may never offset the gain in another city. However, a SCH C business or SCH E Pg. 1 rental gain may be offset by a loss in the SAME city (See Instructions)

SCHEDULE E
INCOME FROM RENTS (Not included in Schedule C)

Complete this Schedule if you are not required to file with the Internal Revenue Service. Otherwise, attach copy of Federal Schedules.

Type & address of property, City & State	Amount of Rent	Depreciation	Repairs	Other Expenses	Eligible Loss Carry Forward	Net Income or Loss
	$	$	$	$	$	$

NOTE: LOSS Carry-Forward 5 year limit (See Instructions) Enter on Line 2, page 1 $ _____

A loss in one city may never offset the gain in another city. However, a SCH C business or SCH E Pg. 1 rental gain may be offset by a loss in the SAME city (See Instructions)

SCHEDULE H
ALL OTHER TAXABLE INCOME

Individual's distributive share of income from pass-through entities, estates, trusts, director's and other fees, farm and other sources (See Instructions)

(Gambling/Lottery Winnings can be offset by Schedule "A" losses – must Attach Schedule A.)

Note: Income reported under Fed ID #'s are separate entities and CANNOT BE OFFSET

Received From	For (DESCRIBE)	Amount
		$

TOTAL INCOME - Enter Line 2, page 1 $ _____

SCHEDULE X
ADJUSTMENT OF NET PROFIT OR LOSS LINE 1, SCHEDULE C ABOVE TO EXCLUDE INCOME NOT TAXABLE, AND EXPENSES NOT ALLOWABLE

Schedule X entries are allowed only to the extent directly included in determination of net profits as shown on your Federal Return.

ITEMS NOT DEDUCTIBLE - ADD		ITEMS NOT TAXABLE - DEDUCT	
A. Taxes based on Income	$	E.	$
B. Charitable Contributions			
C. Other (explain)			
D. TOTAL ADDITIONS (enter Line 2 Schedule C)	$	F. TOTAL DEDUCTIONS (enter Line 3, Schedule C)	$

SCHEDULE Y BUSINESS APPORTIONMENT FORMULA

	a. LOCATED EVERYWHERE	b. LOCATED IN PARMA HEIGHTS	PERCENTAGE (b ÷ a)
STEP 1. AVG. **ORIGINAL COST** OF REAL & TANG. PERSONAL PROPERTY	$ _____	$ _____	
GROSS ANNUAL RENTALS PAID MULTIPLIED BY 8	$ _____	$ _____	
TOTAL STEP 1	$ _____	$ _____	_____%
STEP 2. GROSS RECEIPTS FROM SALES MADE AND/OR WORK OR SERVICES PERFORMED (SEE INSTRUCTIONS)	$ _____	$ _____	_____%
STEP 3. WAGES, SALARIES, AND OTHER COMPENSATION PAID	$ _____	$ _____	_____%
4. TOTAL PERCENTAGES			_____%
5. AVERAGE PERCENTAGE (Divide Total Percentages by Number of Percentages Used)			

Carry to Schedule C, Line 5 _____%

PH-1-2015

TAX FORM PREPARATION - LINE BY LINE INSTRUCTIONS

If using a blank form, print NAME, ADDRESS and SOCIAL SECURITY # in the space provided; otherwise, verify information printed and make changes as necessary.
Provide DAY and NIGHT phone numbers
If you are a PART YEAR Resident, indicate move IN and/or move OUT date.
If you have MOVED OUT, print clearly new address including zip code and Apt. # if applicable.

Line 1 – Earned Income – W2
List each W2 on lines provided. Use the highest Medicare (Box #5) or Local Wages (Box#18) as taxable wages. Be sure to send a copy of each W2. The copy of the W2 must have all boxes completed 1-20 to receive full credit for taxes paid to your work city/cities. *** **Attach a Copy of Page 1 of your Federal 1040** ***

Line 2 – Other Income
Federal Schedule C, Schedule E, K-1,1099 Misc etc. - Complete appropriate section on Page 2 of tax form and carry total to this line. See instructions for details on reporting this type of income. A loss reported on this line CANNOT be deducted from W2 income reported above.

Line 3 – Total Taxable Income - Add "Total" Column E and Line 2
Line 4 - Adjustments to Taxable Income:
A. 2106 Business Expense – Must attach Federal 1040, Schedule A + Form 2106 for deduction
See instructions for computing allowable deduction on reverse side
B. Partial Year Resident - Deduct income earned as non-resident or under 18 years old – See instructions
Parma Heights Income CANNOT be prorated
Line 5 – Total Adjusted Taxable Income Subject to Parma Heights Income Tax

Line 6 – Parma Heights Income Tax = **3% of Line 5**

Line 7 – Credits
(a1) Taxes Withheld in other Cities (Total Column C) (Do not list School District Tax – JEDD tax allowable)
(a2) The Total of Taxes Withheld in other Cities must be **reduced** if:
- Work city tax rate is over 2% - See List of Cities with over 2% tax rate on reverse side-credit limit is 2%
- If non-taxable income was reported on Line 4 A/B – the tax withheld on that income must be deducted
- Partial year resident – If you Pro-Rated your income, the tax withheld also must be Pro-Rated
- Withhold taxes refunded to you by your work city must be deducted

(a3) Subtract (a2) from (a1) = Credit for taxes paid to other cities
(b) Taxes withheld in Parma Heights (Total Column D)
(c) Payments to Parma Heights – Quarterly Estimated Installments
(d) Overpayment from Prior Year
(e) Total of taxes paid on Line 2 Income
To receive credit, attach copy of other city tax return – credit limit 2%
(f) Total Credits – Add Lines 7 (a3), b, c, d, e

Line 8 (a) – **Tax Due** – Line 6 less Line 7 (f) – No credit/payment if $1.00 or less
(b) **Overpayment Claimed** (If Line 7(f) exceeds Line 6
(c) Enter Amount of Line 8(b) you **want Credited to your 2016 Estimated Tax**
(d) **Enter Amount to be Refunded** (Line 8(b) less Line 8(c)) No refunds less than $5.00

Line 9 – Penalties – Late Filing and/or Paying – See instructions
Line 10 – Penalty – Underpayment of Estimated Payments – See instructions
Line 11 – Interest – See instructions
Line 12 – **Total Amount** due for 2015 (Payable to "**City of Parma Heights**")

Line 13 – Total Estimated Income for 2016 times tax rate of 3%
Line 14 – Credits – for taxes withheld in Parma Heights and other cities
Line 15 – Total Tax Credits
Line 16 – Net Tax Due
Line 17 – **Amount Due for 1st quarter** (1/4 of Line 16) Payable with tax return or due date
Line 18 – **Overpayment** from Line 8(c)
Line 19 – Subtract Line 18 from Line 17 – **Adjusted Amount Due for 1st quarter**
Total Tax Due – Add Lines 12 & 17 or Lines 12 & 19
Remit this amount on or before the due date – Payable to "**City of Parma Heights**"

PH-1-2015

IF YOU HAVE W2 INCOME ONLY
YOU MAY HAVE YOUR TAX RETURN COMPLETED
BY THE TAX DEPARTMENT

Tax Forms must be mailed to the Parma Heights Tax Department before
MARCH 16th

Please provide the following information:

1. If using a blank form, print NAME, ADDRESS and SOCIAL SECURITY # in the spaced provided; otherwise, verify information printed and make changes as necessary.
2. **Provide DAY and NIGHT phone numbers**
3. If you are a PART YEAR Resident, indicate move IN and/or move OUT date.
4. If you have MOVED OUT, print clearly new address including zip code and Apt. # if applicable.
5. **Attach copies of W2's with all boxes completed (Box 1 thru Box 20).**
6. For Part Year Resident, you must indicate on each W2 the months you worked at the jobs (i.e. "All Year" or April 1 – July 15). If available, also include copies of pay stubs (Pay Period ending) closest to your move in or move out date.
7. **Estimated Income for Tax Year 2016**. If residing in Parma Heights for any part of the year, you will be required to pay quarterly estimates on that income. Complete Lines 13 through 16. If unsure of work city tax rate, indicate income and city name. The Tax Department will compute estimated tax due. Note: Your first quarter payment is due with the tax return – you will NOT receive a separate bill.
8. **Sign and Date** the Tax form and **Mail** to the Tax Department prior to **March 16th.** Note: Tax forms received after March 16th may not be completed timely and may be subject to a late paying penalty.
9. The Tax Department will send you copies of the completed tax return. **Payment is due April 15th – the Remittance Copy is your tax bill for 2015 and 1st quarter 2016.**

CITIES WITH OVER 2% TAX RATES

Akron	2.25%	Lorain	2.50%	ShakerHeights	2.25%
Barberton	2.25%	Macedonia	2.25%	Toledo	2.25%
Bedford	2.25%	Maple Heights	2.50%	University Hts.	2.50%
Brooklyn	2.50%	Mogadore	2.25%	Walton Hills	2.50%
Columbus	2.50%	North Randall	2.75%	Warrensville Hts.	2.60%
Dayton	2.25%	Oakwood Village	2.50%	Woodmere	2.50%
Euclid	2.85%	Oberlin	2.50%	Youngstown	2.75%
Highland Hills	2.50%	**Parma**	**2.50%**		
Kent	2.25%	Richmond Hts.	2.25%		

2106 BUSINESS EXPENSE - CALCULATION FORMULA
See instructions enclosed – "Unreimbursed Employee Business Expense"

A. 2106 Allowable Parma Hts. Business Expense is limited to Lines 1, 2 and 3 only.
Deduct any employer reimbursement (Line 7) that relate to those lines

B. Divide above Total by Schedule A Line 24 (Total Line of this expense section) to get the percentage of the Parma Heights allowable expenses vs total expenses shown in this section

C. Multiply Schedule A Line 27 (allowable Fed. expenses after 2% adjustment) by the above percentage to arrive at your Parma Heights allowable 2106 Deduction

D. Enter this figure on Line 4A of the Parma Heights tax form
Be sure to deduct the taxes paid on this income on Line 7 (a2) of the tax form

PH-I-2015

INDIVIDUAL GENERAL INSTRUCTIONS

RETURN OR EXTENSION DUE APRIL 15th

MUST ATTACH COPY OF FEDERAL 1040, PAGE 1, AND ALL SCHEDULES/STATEMENTS

WHERE AND WHEN TO FILE: File with the Tax Administrator, City of Parma Heights, 6281 Pearl Road, Parma Heights, Ohio 44130 on or before the due date following the close of the calendar year. All wage earners must file on a calendar year basis.

TAXPAYER ASSISTANCE

Mail-in Assistance – Tax Forms must be mailed before March 16th in order for the Tax Department to complete your Tax Return. (See Instructions) Copies of your completed Tax Return will be mailed to you. Payment is due April 15th – the remittance copy is your bill for 2015 and 1st Quarter 2016 if needed. Any questions, phone the Tax Department at (440) 888-6440.

In Person Assistance – The Tax Department is available to assist you in completing your city tax return Monday through Friday 8:30 A.M. to 4:00 P.M. The Tax Office hours will be extended April 1st through April 15th on Mondays and Wednesdays until 6:00 P.M. and on Saturday April 11th from 9:00 A.M. to 11:00 A.M.

WHO MUST FILE

Every Resident, domiciled (usual "place of abode") in Parma Heights, 18 years or older ***Whether Or Not A Tax Is Due*** is required to file a Tax Return and Declaration of Estimated Tax. All earnings wherever earned are taxable. If you are retired/disabled, unemployed or had no taxable income, you are required by ordinance to file these forms indicating your status.

Every Business Entity, (individual, proprietorship, partnership, corporation, profession, etc.) whether a resident or non-resident who conducts business in Parma Heights must file a return and pay any tax on the net profit. If you have a net loss, you are still required to file a return.

Individuals employed in Parma Heights per Ohio revised code 718.01 and receiving wages, salaries, commissions, etc., and whose employers have not withheld city income tax are required to file a tax return with the City of Parma Heights and pay any tax due.

Real Estate Agents who represent a broker whose office is located in Parma Heights are required to file and to include all commissions earned regardless of location of property sold or residence of salesperson.

UNDER EIGHTEEN YEARS OF AGE: Persons under 18 years of age are not subject to Parma Heights tax. If you worked in Parma Heights and City tax was withheld, request a refund from the Parma Heights Tax Dept. If you worked in a city other than Parma Heights, request a refund from that city. A copy of your birth certificate or drivers license and W-2's are required with the refund form. Parma Heights residents 18 years old for a portion of the tax year are required to file a tax return. If your W-2 includes wages earned before and after you turned 18, a statement from your employer is required indicating wages earned prior to 18 and wages earned while 18.

PARTIAL YEAR RESIDENT: If you were a resident of Parma Heights for only a portion of the year, you must file and report the income earned during the period of your residency. If your W-2 indicates wages for 12 months, divide the wages by 12 and multiply that amount by the number of months you resided **OUTSIDE** of Parma Heights and enter the amount on Line 4B. If pay stub bears year-to-date totals and you moved **INTO** Parma Heights, enter the total of gross wages as shown on last pay stub prior to moving into Parma Heights on Line 4B. If you moved **OUT** of Parma Heights, deduct total wages as shown on last pay stub prior to moving **OUT** from total wages as shown on W-2, and enter the **DIFFERENCE** on Line 4B. WAGES EARNED IN PARMA HEIGHTS CANNOT BE PRORATED. IN ALL CASES, SUBMIT COPIES OF W-2'S AND PAY STUBS.

EXTENSION: The Administrator may extend the time for filing the annual return upon request of the taxpayer. The extended due date of the Parma Heights Income Tax Return shall be the last day of the month following the month of the granted Federal Extension. A copy of your extension and/or confirmation number must be sent/postmarked on or before the original filing due date. AN EXTENSION TO FILE IS NOT AN EXTENSION OF TIME FOR PAYMENT. You will be assessed penalty and interest for late payments. Note: Even if you have a zero liability, a minimum penalty ($25) will be charged ifyour extension is not received by the original filing date. The extension does not apply to your Declaration or first quarter payment for 2016.

PAYMENT OF ESTIMATED TAX: If the total amount of tax due for the year is less than $200.00, it may be paid in full when filing your Tax Return on or before the due date.

If the total amount of tax due for the year is $200.00 or more, payments must be made in quarterly installments. A PENALTY by quarter will be assessed for late payment, non-payment or underpayment of estimated tax.

EXEMPTIONS AND ITEMIZED DEDUCTIONS: Municipal income tax is based on GROSS EARNINGS before deductions. Exemptions and itemized deductions as available on the individual Federal income tax return are NOT ALLOWED.

RETIREMENT PLANS: Contributions to Retirement Plans, i.e. IRA, Keogh, Annuities, all Deferred Compensation (qualified & non-qualified), 401K, etc., are taxable (whether or not your W-2 form shows this income as taxable). City taxes are paid on gross income (wages, salaries, profits, and other compensation), when it is earned not when it is received in retirement.

TAXABLE INCOME: Taxable Income means wages, as defined in ORC 718.03 and Section 3121(a) of IRC, salaries and other compensation paid by an employer BEFORE ANY DEDUCTION. Other compensation includes, but is not limited to, bonuses; commissions; incentive payments; directors fees; property in lieu of cash; tips; dismissal or severance pay; supplemental income benefits for early retirement regardless of their label; contest prizes and awards; tax shelter plans; vacation and sick pay etc; wage continuation plans; supplemental unemployment benefits (Sub Pay); depreciation recapture; gifts and gratuities in connection with employment, fellowships, grants and stipends; group term life insurance protection over fifty thousand dollars ($50,000) (Taxed on the entire cost): benefits resulting from an employer's assumption of a tax; stock options given as compensation; income from gaming, wagering and lotteries, including the Ohio State Lottery; net profits from the operation of a business, profession or other enterprise or activity; royalties received from tangible personal property (resources coming from the ground) such as gas, oil, etc, and all other compensation earned, received or accrued, including the distributive share of income (K-1) from the net profits of a resident partner or owner of an unincorporated business or pass-through entity.

INCOME NOT TAXABLE: Dividends, interest, pay or allowance of ACTIVE members of the Armed Forces of the United States, insurance proceeds, pensions, 125 cafeteria plans, annuities when received as retirement, alimony, social security, medicare, welfare, State unemployment benefits, long term sickness or accident disability, disability payments received from State or Federal governments or charitable, religious or educational organizations, gifts, inheritances, scholarships, involuntary conversions, royalties and other revenue from intangible property. The income of religious, fraternal, charitable, scientific, literary, or educational institutions to the extent that such income is derived from tax-exempt real estate, tax-exempt tangible or intangible property, or tax-exempt activities. Compensation paid under Section 3501.28 or 3501.36 of the Revised Code to a person serving as a precinct election official, to the extent that such compensation does not exceed one thousand dollars annually.

BUSINESS OR RENTAL LOSSES: The net losses from self-employed business, profession or rental property MAY NOT be used to offset earned income such as salaries, wages, etc. A loss in one city may NEVER offset the gain in another city. However, a loss in one city MAY offset a SCH C business or SCH E Page 1 rental gain in the SAME city. A net operating loss may be carried forward for five (5) years. The portion of the net operating loss sustained shall be allocated to the City in the same manner for allocating net profits to the City.

SCHEDULE C – Profit or Loss from Business or Profession: All business entities must attach copies of the Federal Schedule C. If you had more than one business, a separate Schedule C must be completed for each business. An individual taxpayer engaged in two or more taxable business activities in the same municipality may include them in the same return. If your business activities were conducted in more than one municipality, see Schedule Y. (Except Parma Heights residents whose total earnings wherever earned are taxable.) Accounting methods used must be identical to that used for Federal reporting. State and City Taxes based upon income & Charitable Contributions are not deductible and must be added back to income. See Schedule X. Business income must include Recapture of Depreciation. The self-employment tax and the self-employment health insurance are not allowable deductions.

SCHEDULE E – Income From Rentals: Residents are required to file and report the status of all property located within and without Parma Heights. Non-residents are required to file and report the status of all property within Parma Heights whether or not income is received. When the gross monthly rental of any and all real properties aggregates in excess of $125.00 per month, the net income shall be subject to tax. Parma Heights residents owning rental property located outside of Parma Heights are required to file the net profit or loss with the City of Parma Heights and pay any tax due. In the case of Commercial Property, there is no rent limitation on the amount subject to the tax. Owners of farm property are engaged in a business activity when they share in crops or when the rental is based on a percentage of the gross or net receipts derived from the farm. Appropriate Federal Schedules must be attached. RENTAL LOSSES MAY NOT be used to offset wages, salaries, etc. Loss from ONE city may never offset the gain in another city. (See Business or Rental Losses) Note: 4797 Ordinary Income from the depreciation recapture must be added back.

RECAPTURE OF DEPRECIATION: Gains on the disposition of depreciable property results in ordinary income subject to the municipal income tax. Federal Form 4797 sets out these items and depreciation recapture is treated as ordinary income. Individuals must indicate in Schedule H the amount as shown on Line 14, of Federal Form 1040. A COPY OF FEDERAL FORM 4797 MUST BE ATTACHED.

Schedule H – all Other Taxable Income: This schedule is used to list all other taxable income not reported elsewhere on this return. Types of income to be reported here are; K-1 Individual distributive share of income from S corporations, partnerships, LLC's estates, trusts, fees, prizes, awards, supplemental unemployment benefits, property in lieu of cash, excess business expense reimbursement.

(Note: K-1 losses from Pass-through entities are treated as separate entities and may Not off set any other type of income.) The actual Pass-through entity, i.e. S Corporation, Partnership, LLC, Estate and Trust must file a Net Profit tax return.

Schedule X – Items not Deductible: This schedule is used for the purpose of making adjustments when total income included income not taxable and/or items not deductible for city income purposes.

Line A – Taxes paid or accrued, based upon income – add back.

Line B – Charitable Contributions are NOT deductible and must be added back if included on Schedule C.

SCHEDULE Y – Business Apportionment: Net profits from a business or profession conducted both within and without the boundaries of Parma Heights shall use the three-factor apportionment formula to apportion profits to Parma Heights. This formula is equally weighted between property, payroll, and sales (as of tax year 2004 the property factor uses original cost instead of net book value). If the apportionment formula does not produce an equitable result, another basis may be substituted, under uniform regulations. If books and records of the taxpayer are used as the basis for apportioning net profits rather than the business apportionment formula, a statement must accompany the return explaining the manner in which such apportionment is made.

SPECIAL NOTE: Sales and gross receipts in Parma Heights mean:

1. All sales of tangible personal property delivered within Parma Heights regardless of where title passes if shipped or delivered from a stock of goods within Parma Heights.
2. All sales of tangible personal property delivered within Parma Heights regardless of where title passes even though transported from a point outside of Parma Heights if the taxpayer is regularly engaged through its own employees in the solicitation or promotion of sales within Parma Heights and the sales result from such solicitation or promotion.
3. All sales of tangible personal property shipped from a place within Parma Heights to purchasers outside Parma Heights regardless of where title passes if the taxpayer is not, through its own employees, regularly engaged in the solicitation or promotion of sales at the place where delivery is made.

UNREIMBURSED EMPLOYEE BUSINESS EXPENSE (Fed. Form 2106): You may deduct unreimbursed employee business expenses in excess of 2% of Federal Adjusted Gross Income. Business expenses are limited to the following items: Vehicle expense (standard mileage rate or actual expenses); parking fees, tolls and transportation, including train, bus or air; travel expenses while away from home overnight. Vehicle and travel expenses for educational purposes or for the purpose of commuting to the place of employment, are not permitted. (ALL OTHER BUSINESS EXPENSES ARE DISALLOWED.) If you were a resident of Parma Heights for a portion of the year and have prorated your income, your business expenses must also be prorated. (SEE INSTRUCTIONS FOR 2106 BUSINESS EXPENSE CALCULATION FORMULA.)

TAX CREDIT: Parma Heights residents who are employed or conduct a business activity in a city OTHER than Parma Heights shall be allowed 100% credit of taxes withheld up to 2% on W2 income or paid to OTHER cities **including the taxes paid by a pass-through entity on behalf of the partners and/or shareholders. A copy of the OTHER city return/payment must be submitted with your tax return to receive proper credit** (BEFORE COMPUTING THE CREDIT, SEE TAX CREDIT INSTRUCTIONS.)

PENALTIES AND INTEREST:

Late Filing Penalty = 10% of tax due (minimum $25)

Late Payment Penalty = 10% per year (.00833/month)

Interest = 18% per year (.015/month)

LATE FILING PENALTY – If you file your tax return LATER than the due date, a late filing penalty will be charged.

LATE PAYMENT PENALTY AND INTEREST – If you file your tax return ON TIME (in person or postmarked on or before the due date) and **fail to pay the total tax due,** late Payment Penalty and Interest will be assessed.

PENALTY FOR UNDERPAYMENT OF ESTIMATED TAX: A penalty of 10% per year is imposed for failing to pay estimated tax or for the underpayment of estimated tax. The penalty is figured at .833% per month. The penalty is figured separately for each installment. To avoid the penalty, 80% of the actual taxes due or an amount equal to your tax liability for the previous year, MUST have been paid ***quarterly.***

REFUND OR OVERPAYMENT: An overpayment less than $5.00 shall not be refunded but credited toward next year's tax liability. If you have no tax liability in subsequent years any refund of over a $1.00 will be made. Persons under 18 years of age (See Instructions) A refund will not be issued if W-2's or required schedules, etc. are missing.