

NORWALK CITY INCOME TAX GENERAL INFORMATION

WHO MUST FILE

AGES 18 AND OVER - If you were eighteen (18) years or older for any portion of the tax year and you live in Norwalk, you must file city income tax return each year, even if you were not employed. There is no maximum age limit on the requirement and no exemption for students. **IF THE OWNER IS A RESIDENT AND THE BUSINESS IS A NON-RESIDENT** - all income is subject to tax, regardless of where the work was performed. However, if taxes are paid to a city (other than Norwalk) in which the business resides, then Norwalk will grant the business a credit up to the amount paid to the other municipality (but not in excess of the 1.5% Norwalk tax).

RESIDENTS WITH NO TAXABLE INCOME - If you had no taxable income for tax year 2010, please complete the 2010 Exemption Certificate. Follow instructions and if you have any questions regarding this form, please contact the Income Tax Department at (419) 663-6720.

NON-RESIDENTS - If you are eighteen years of age or older, you must also file a city tax return if, during the tax year or any part of this tax year, you had income (profit or loss) from within the city limits of Norwalk that did not have the full Norwalk city tax withheld.

FILING INFORMATION

DUE DATE - For calendar year taxpayers, all tax returns must be filed before midnight April 18, 2011. For fiscal year taxpayers, or filing for periods of less than one (1) year, returns must be filed within four (4) months from the end of the fiscal year.

S corporations located within Norwalk city limits and S corporation not located within Norwalk city limits but conducting business within Norwalk city limits must file and pay as the entity. S corporation are treated as C corporations. An S corporation shareholder's distributive share of net profits or losses of the S corporation, except to the extent that the distributive share of net profits represent wages as defined in Section 3121(a) of the Internal Revenue Code or net earnings from self-employment as defined in Section 1402(a) of the Internal Revenue Code cannot be filed on the S corporation shareholder's individual tax refund.

PARTIAL YEAR RESIDENTS - If you only lived in Norwalk during part of the taxable year, you must file a tax return covering that time. The tax return should start with your total gross income and any wages earned as a non-resident are deducted on line 1d. Pay statements with year-to-date figures or a statement from your payroll department must be used if available. When the actual amount you earned while living in Norwalk cannot be determined, you may breakdown your earnings by the number of months employed at that job, arriving at a monthly earnings figure. Use the monthly earnings figure multiplied by the number of months of residency to find your taxable amount. If you pro-rate your income, also pro-rate any city tax that was withheld on the same income. Attach a worksheet explaining your calculations.

EXTENSIONS OF TIME TO FILE - Federal extensions are honored by the City of Norwalk but must be submitted on or before April 18, 2011. Send extension requests to P.O. Box 440, Norwalk, Ohio 44857. Extension requests beyond the federal extension date must be submitted in writing to the Tax Department before the extended deadline. An additional extension may be granted, not to exceed one (1) month beyond additional extensions granted by the Internal Revenue Service.

TAXABLE INCOME

Taxable income includes, but is not limited to: salaries, wages, commissions, and other compensation, sick and vacation pay, income from wage continuation plans, cost of group term life insurance over \$50,000, severance pay, tips, third party sick or disability pay if employer paid premiums, director's fees, income from jury duty, ordinary income, the net profits of all unincorporated businesses, professions, partnerships, corporations (including S-corporations), and income from any source that the city is not specifically prohibited from taxing. Income deferred for Federal and/or State tax purposes (such as 401(k) and deferred compensation plans, except for Section 125) is taxable to Norwalk during the tax year.

NON-TAXABLE INCOME

Non-taxable income includes Federal and State unemployment, military pay, income earned while under age 18, alimony, capital gains/losses, interest, dividends, compensation for precinct election official up to \$1,000, social security benefits, welfare payments, annuities at time of distribution, pension income, Section 125 Cafeteria Plans, and income which the city is specifically prohibited from taxing.

BUSINESS EXPENSE

Non-reimbursed business expense reported on Federal Form 2106 for only the portion allocable to Norwalk income and reduced by 2% of the Norwalk adjusted gross income. Taxpayer must furnish a copy of the Form 2106 and Schedule "A" as filed with IRS if those forms were required by IRS. The deduction must be allocated to the municipalities where the income associated with the expenses was earned.

VIOLATIONS

Whoever violates any provisions of the city tax ordinance shall be guilty of a misdemeanor of the third degree in addition to the penalties and interest imposed for the late payment of taxes.

INSTRUCTIONS FOR PREPARING NORWALK CITY INCOME TAX RETURN

Verify any pre-printed information (make necessary changes) or enter your name, address, and other requested information. Complete the residency status boxes at the top of the tax form.

List the W-2's you received as an employee. For each W-2 enter the employer's name, the city where you actually performed your work, the amount of Norwalk city tax withheld (do not include school district income tax) and tax paid to another city (read instructions for line 7C, below for limitations) and the gross compensation. Be sure to attach all W-2's.

LINE 1 - Enter totals for all employers for Norwalk tax withheld, eligible tax withheld and paid to other cities and the total gross wages on the appropriate lines for each 1a., 1b., and 1c.

1d - Deduct any wages earned outside of Norwalk by part year non-residents or income earned prior to your 18th birthday (see general instructions)

LINE 2 - Enter Other Taxable Income from the reverse side of the tax form, Schedule's M, Line 5, and total of Schedules N and O. Be sure to attach all Federal Schedules, Federal Forms, or other documents to support the profit or loss you show. Do not include interest or dividend income.

LINE 3 - Add the total gross compensation from W-2's (line 1c), any deduction from (1d) and other income (line 2). Enter sum on line 3. If you do not have an unreimbursed employee business expense deduction (line 4) copy the total of line 3 to line 5.

LINE 4 - If you have unreimbursed employee business expense deduction follow the instructions on lines 4a, 4b and 4c. If all of your income related to employee business expense was not earned in Norwalk, use the Employee Expense Worksheet on the bottom of the reverse side of the tax form. Only the employee business expense portion allocable to Norwalk income and reduced by 2% of the Norwalk Adjusted Gross Income may be deducted from line 3.

LINE 5 - Enter the amount as applicable from either line 1c, line 3 or the total of lines 3 minus 4c. This is the amount of income subject to city tax.

LINE 6 - Multiply the amount on line 5 by 1.5% (.015). This is your tax.

LINE 7 - TAX CREDITS (DO NOT INCLUDE SCHOOL DISTRICT TAX).

7a - Enter the total Norwalk city tax withheld by your employer.

7b - From your records, add the total amount paid by quarterly installments or carried forward from a prior year credit and enter the total on line 7b

7c - Enter the eligible credit for the taxes you are required to pay to other cities using the following steps:

STEP 1 - If all gross compensation from a W-2 was earned in a city with a tax rate of less than 1.5% , your credit is the amount of tax that was withheld (provided the amount withheld was correct).

STEP 2 - If all gross compensation from a W-2 was earned in a city with a tax rate that is 1.5% or greater, first determine what part of your total W-2 gross compensation had city tax withheld at the 1.5% or greater rate. Then multiply that part of your W-2 gross compensation by 1.5% (.015) to find your credit. This step must be repeated for each W-2.

STEP 3 - If you have income included in box 2 and are not using the allocation formula from Schedule Y on the reverse side of the return but you paid tax to another city, figure your credit by using either Step 1 or Step 2, depending on the rate you paid. Attach proof of payment to the other city.

7d - Add lines 7a, 7b and 7c and enter the total on line 7d.

LINE 8 - If the amount on line 6 is greater than the amount on line 7d, you have a balance due. Remittance in this amount, made payable to the City of Norwalk Income Tax, should accompany this return when filed unless arrangements have been made with the Income Tax Department. If the balance due is \$4.99 or less, you do not have to pay, but the return must still be sent to the Tax Office by the due date.

LINE 9 - If the amount on line 7d is greater than the amount on line 6, you have overpaid your taxes. Enter the total amount you overpaid on line 9. Then list the amount you want refunded or credited to your 2011 estimated tax by entering the amount on the proper line. No refund will be issued or overpayment allowed until you have complied with all provisions of the Tax Ordinance. Refunds of \$4.99 or less are not made or credited to estimated tax for the next year. No refund request or overpayment will be allowed on a tax return that claims as a credit on line 7c the full amount of money that was paid to a city with a higher rate than Norwalk's 1.5%. A return so submitted will be adjusted without notification to the taxpayer.

LINE 10 - Tax returns postmarked or filed in person after April 18, 2011 will be charged a \$25 late filing penalty. Federal extensions must be submitted to the Income Tax Office on or before April 18, 2011.

LINE 11 - If the balance due on line 8 is more than \$100, you did not file a Declaration of Estimated Tax for 2010 and the amount showing on line 7d does not equal 100% of the tax liability for the immediately preceding tax year before allowable credits and deductions for estimated payments or at least 90% of the tax liability from line 6, a \$25 penalty is due for failure to file a Declaration of Estimate Tax.

LINE 12 - If the balance showing on line 6 is not paid by midnight on April 18, 2011, interest on any unpaid balance in the amount of 1.5% per month or fraction of a month will be charged until payment in full is made.

LINE 13 - If the balance due on line 8 is more than \$100 and the amount showing on line 7d does not equal 100% of the tax liability for the immediately preceding tax year before allowable credits and deductions for estimated tax payments or at least 90% of the tax liability showing on line 6, interest in the amount of 1.5% per month or fraction of a month from the date of each quarterly installment to the date the annual return is due or tax paid, whichever is earlier is due. Please contact the Income Tax Department for assistance if you are subject to interest.

LINE 14 - Add lines 10, 11, 12 and 13, if applicable, and enter the total on line 14.

LINE 15 - Add lines 8 and 14, if applicable, and enter the total on line 15. If you are not required to make estimated payments, this is the total amount due. Checks should be made payable to the City of Norwalk Income Tax.

SIGNATURE LINE - The taxpayer, and spouse if filing a joint return, and the preparer, if other than the taxpayer, must sign and date the return. Check the box on the Signature Line to authorize the City to discuss your tax return with your tax preparer.

If local tax of at least 1.5% is not withheld by your employer, see instructions for filing a declaration of estimated tax listed below. Failure to do so may result in additional penalties and interest when filing your 2011 annual tax return.

If you have any questions or need assistance - please call our office at (419) 663-6720 or visit the office at City Hall located at 38 Whittlesey Ave. Norwalk. Office hours are Monday - Friday, 8 a.m. to 4:30 p.m.

WHO MUST FILE A DECLARATION

Every person who anticipates having taxable income which city income tax is not withheld on the entire wage of at least 1.5% or who engages in any business, profession, enterprise or activity subject to Norwalk tax and has an estimated tax liability of \$100 or more.

PAYMENT OF ESTIMATED TAX

INDIVIDUALS AND CALENDAR YEAR BUSINESSES: Installment due dates are 4/18, 7/31, 10/31 and 1/31.

FISCAL YEAR TAXPAYERS: Installment due dates are the 15th of the fourth, sixth, ninth and twelfth months after the beginning of your taxable year.

NOTES: If a due date falls on a week-end or holiday, the due date becomes the next business day. Checks or money orders should be made payable to City of Norwalk Income Tax. The estimate may be amended at the time of making any quarterly payment. Total estimated tax payments must be equal to at least 90% of the taxpayer's tax liability on the annual tax return for the current year or 100% of the taxpayer's liability (before allowable credits and deductions for estimated payments) for the immediately preceding tax year to avoid interest that would be calculated at 1.5% per month or fraction of a month from the due date of each quarterly installment to the date the annual return is due or the tax paid, whichever is earlier.

VIOLATIONS

Failure of a taxpayer to file an estimate or failure to make estimated payment if required, may cause the imposition of additional penalties and interest.

INSTRUCTIONS FOR DECLARATION OF ESTIMATED TAX

LINE 1 - Multiply the total estimated income subject to tax by Norwalk tax rate of 1.5 percent (.015) and enter on this line.

LINE 2 - Enter the amount of any tax estimated to be withheld for Norwalk or any other city.

LINE 3 - Subtract line 2 from line 1 and enter the balance on line 3.

LINE 4 - 4A. Enter any amount of overpayment from line 9 (above) to be applied to estimated tax
4B. Enter any previous estimated payments made for the current year tax

LINE 5 - The first quarter installment for estimated tax due on April 18th must equal at least 22.5 percent of line 3 less any credits on lines 4A and/or 4B. If credits from lines 4A and/or 4B exceed 22.5 percent of line 3, the remaining balance will be applied to the next installment due on 7/31.