

# GENERAL INFORMATION

## WHO MUST FILE

All business entities having gross receipts, employees or assets or performing services or in any way conducting business within the City of Whitehall, whether or not any income was earned or any tax is due, are required to file an annual return

## WHEN AND WHERE TO FILE

Returns must be filed on or before April 18th, or by the 15th day of the fourth month after the fiscal year end. File with: Whitehall Income Tax Division, 360 S Yearling Rd. Whitehall OH 43213-1894.

## PAYMENTS & OVERPAYMENTS

Payment of net tax due of less than five dollars (\$5.00) is not required nor will overpayments of less than \$5.00 be refunded or credited to your account against other liability. Payment due dates will not be extended for any reason; all taxes paid after the due date will be subject to late payment penalty, as well as, interest.

## EXTENSIONS

File a copy of your Federal extension request with the Tax office by the original due date of your year-end tax return, including payment of any tax estimated to be due. An extension request does not apply to the tax due nor does it apply to the current year Declaration of Estimated Tax and associated payments. An extension request will not be honored if you have delinquent tax matters and/or did not file a copy of the Federal extension by the original tax return due date.

## ATTACHMENTS REQUIRED

**Corporations** must attach copies of Pages 1 through 4 of their Federal Form 1120. Corporations who file their Federal return using Form 1120A should attach copies of Pages 1 and 2 of their 1120A.

**S-Corporations** must attach copies of Pages 1 through 4 of their Federal Form 1120S and copies of all K-1's. NOTE: Preparers should note each member's share of city income tax paid on each member's behalf on their respective K-1's.

**Partnerships/Associations** must attach Pages 1 through 4 of their Federal Form 1065 and copies of all K-1's. NOTE: Preparers should note each partner's share of city income tax paid on each partner's behalf on their respective K-1's.

**Fiduciaries/Trusts/Estates** must attach a copy of Page 1 of their Federal Form 1041. All taxpayers must attach copies of all 1099-MISC. forms issued to central Ohio residents (if not already filed with the Tax Office) and copies of the following items (if applicable): Schedule of Other Income; Schedule of Other Deductions; Schedule A-Other Costs; Form 8825; Form 4797 (Pages 1&2); K-1's, etc.

## NET PROFIT

Due to State mandated changes, net profit is defined as Adjusted Federal Taxable Income (AFTI) for a taxpayer other than an individual. Refer to the Ohio Revised Code, Chapter 718.

## ADJUSTED FEDERAL TAXABLE INCOME

Adjusted federal taxable income means a C corporation's federal taxable income before net operating losses and special deductions as determined under the Internal Revenue Code, adjusted as follows:

- (a) Deduct intangible income to the extent included in federal taxable income (allowed regardless of whether the intangible income relates to assets used in a trade or business or assets held for the production of income).
- (b) Add an amount equal to 5% of intangible income deducted, excluding that portion of intangible income directly related to the sale, exchange, or other disposition of property described in section 1221 of the I.R.C.
- (c) Add any losses allowed as a deduction in the computation of federal taxable income if the losses directly relate to the sale, exchange, or other disposition of an asset described in section 1221 or 1231 of the I.R.C.
- (d) Deduct income and gain included in federal taxable income to the extent the income and gain directly relate to the sale, exchange, or other disposition of an asset described in section 1221 or 1231 of the I.R.C., except, this section does not apply to the extent the income or gain is income or gain described in section 1245 or 1250 of the I.R.C.
- (e) Add taxes on or measured by net income allowed as a deduction in the computation of federal taxable income.
- (f) In the case of a R.E.I.T. or R.I.C., add all amounts with respect to dividends to, distributions to, or amounts set aside for or credited to the benefit of investors and allowed as a deduction in the computation of federal taxable income.
- (g) If the taxpayer is not a C corporation and is not an individual, the taxpayer shall compute adjusted federal taxable income as if the taxpayer were a C corporation, except: (i) guaranteed payments and other similar amounts paid or accrued to a partner, former partner, member, or former member shall not be allowed as a deductible expense; and (ii) amounts paid or accrued to a qualified self-employed retirement plan with respect to an owner or owner-employee of the taxpayer, amounts paid or accrued to or for health insurance for an owner or owner-employee, and amounts paid or accrued to or for life insurance for an owner or owner-employee shall not be allowed as a deduction. NOTE: Nothing in this section shall be construed as allowing the taxpayer to add or deduct any amount more than once or shall be construed as allowing the taxpayer to deduct any amount paid to or accrued for purposes of federal self-employment tax.

## SCHEDULE Y – APPORTIONMENT FORMULA

A business apportionment formula consisting of the average original cost of property, gross receipts and wages paid must be used by business entities not required to pay tax on entire net profits, by reason of doing business both within and outside of Whitehall. Determine the average ratio of the following:

- (Step 1) Average original cost of the real and tangible property owned or used by the taxpayer in the business or profession in Whitehall 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. NOTE: 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.
- (Step 2) Gross receipts of the business or profession from sales made and services performed in Whitehall during the taxable period to gross receipts of the business or profession during the same period from sales made and services performed, wherever made or performed.
- (Step 3) Wages, salaries and other compensation paid during the taxable period to persons employed in the business or profession for services performed in Whitehall to the wages, salaries and other compensation paid during the taxable period to persons employed in the business or profession wherever their services are performed, excluding compensation exempt from taxation under section 718.011 of the Ohio Revised Code.

## OPERATING LOSSES

Operating losses from prior years cannot be carried forward or backward to offset current year net gains.

## CONSOLIDATED RETURNS

A consolidated City tax return will be accepted from any affiliated group of corporations subject to Whitehall tax, if that group filed for the same tax reporting period, a consolidated return for federal tax purposes pursuant to Section 1501 of the Internal Revenue Code.

## AMENDED RETURNS

An amended return is necessary for any year in which an amended Federal return is filed or in which your Federal tax liability has changed. An amended return must be filed within 3 months of the filing date of any amended Federal return and must include a copy of the amended Federal return. Filing must include payment of any additional tax owed.

## DECLARATION OF ESTIMATED TAX – CURRENT YEAR

Any entity anticipating Whitehall tax liability of \$100.00 or more shall file a declaration of estimated tax and pay quarterly payments. The Estimate filing and first payment is due by 4/18 or by the 15th day of the 4th month after the beginning of the fiscal year.

A minimum payment equal to 22.5% of the gross estimate is due each quarter (4/18, 6/15, 9/15 & 12/15, or, for other than calendar year taxpayers by the 15th day of the 4th, 6th, 9th and 12th months of the taxpayer's tax year).

Safe harbor rules do apply. Non-filing and/or nonpayment, as well as, late filing and late payments will be subject to penalty and interest; billing will take place upon filing of the annual return.

## PENALTY AND INTEREST

Penalty for filing tax return or declaration after due date is:

\$25.00 – if tax return is late

\$10.00 – declaration not filed, or filed late.

Penalty and interest on tax paid after due date:

10% – of tax owed when paid late

1.5%, per month – interest on estimated tax payments and/or annual tax payment when paid late

## CONFIDENTIALITY AND TAXPAYER ACCESS

The laws of the State of Ohio and the City of Whitehall require information about taxpayer accounts, such as amounts of income, amounts of tax liability and payment of taxes, to be held in strict confidence. Therefore, to safeguard this confidentiality, the taxpayer must provide written authorization to the Tax Division granting permission to release or discuss any taxpayer-specific information. We may require the taxpayer to request the information in person. To assist both the taxpayer and the tax practitioner, we have provided a place on the Business Tax Return, in the signature area, for the taxpayer to authorize discussions or the release of information to the tax practitioner.

## DISCLAIMER:

Definitions and instructions are illustrative only. The Tax Ordinance supersedes any interpretation presented.

## LINE-BY-LINE INSTRUCTIONS FOR WHITEHALL BUSINESS INCOME TAX RETURN

- LINE 1.** Enter Adjusted Federal Taxable Income (AFTI), or the equivalent on Line 1 before net operating losses or special deductions from Form 1120 (Line 28), Form 1120S (Sch. K, 18), Form 1065 (Sch. K, Pg. 4, Line 1), Form 1041 (Line 17), or Form 990 (Line 30).
- LINE 2.** Complete Schedule X (Page 2) to reconcile federal taxable income to city taxable income, if necessary. Items not taxable must be included in income reported to be deductible. Carry Line Q (Sch. X) amount to Page 1, Line 2.
- LINE 3.** Compute taxable income, before apportionment, by subtracting or adding Line 2 to Line 1. If net loss is realized, enter zero.
- LINE 4.** Enter 100% if income is fully taxable to Whitehall. Complete Schedule Y (Page 2) to determine percentage of net profits allocable to Whitehall when business is conducted both inside and outside of the city. Carry Step 5 percentage to Page 1, Line 4.
- LINE 5.** Whitehall taxable income is computed by multiplying Line 3 by percentage on Line 4.
- LINE 6.** Whitehall Income Tax due: multiply Line 5 by 2.0% (.02).
- LINE 7.** Enter estimated tax payments plus any prior year overpayment (not refunded).
- LINE 8.** Enter other allowable credit and explain. NOTE: Credit will be disallowed if supporting documents are not provided.
- LINE 9.** Total credit, add Lines 7 and 8.
- LINE 10.** If Line 6 is greater than Line 9, enter balance of tax due. Penalty and interest is applicable if tax return is filed after due date and/or estimated tax payments were required and not paid. If penalty and/or interest do not apply, go to Line 13. If amount due is less than \$5.00, enter zero.
- LINE 11.** If Line 9 is greater than Line 6, enter overpayment. If the tax return is filed after the due date, penalty is imposed (see instructions for Line 12). If penalty does not apply and overpayment is \$5.00, or more, enter here and go to Line 14.
- LINE 12.** **A.** \$25.00 if return is filed after the due date.  
**B.** Multiply Line 10 tax due by 10% if tax is paid after the due date.
- C.** Interest is calculated at 1.5% per month (or fractional part thereof) of Line 10 tax due.
- D.** Penalty for failure to file declaration of estimated tax by due date is \$10.00. Estimated tax payments not paid or paid after due dates are subject to 1.5% per month, interest.
- LINE 13.** Balance due. Add Lines 10 and 12, **or**, subtract Line 12, penalty and interest, from Line 11 overpayment. If the result is a penalty and interest balance due, enter amount due. Carry **balance due** to Line 13. If balance due is less than \$5.00, adjust to zero and remit no payment.
- LINE 14.** Overpayment from Line 11 is entered here (\$5.00 or more). If Line 11 is reduced by Line 12 (penalty/interest), enter remaining overpayment (\$5.00 or more). Overpayment of \$5.00, or more, will be refunded if no other debt exists, current year estimated tax is current and if all supporting documents and requirements of the Tax Ordinance have been complied with. Overpayments of \$4.99 or less will not be carried forward or backward, or refunded.
- NOTE: THE DUE DATE FOR THE CURRENT YEAR DECLARATION OF ESTIMATED TAX CANNOT BE EXTENDED FOR ANY REASON, EVEN IF A FEDERAL EXTENSION FOR THE PRIOR YEAR ANNUAL TAX RETURN HAS BEEN REQUESTED AND/OR APPROVED.**
- LINE 15.** Enter estimated income subject to Whitehall Tax.
- LINE 16.** Estimated tax is Line 15 multiplied by 2.50%, if \$100.00 or more, quarterly estimated payments must be remitted.
- LINE 17.** If Line 16 is \$100.00 or more, you must remit minimum payment with this filing of at least 22.5% of Line 16.
- LINE 18.** Enter prior year carryover from Line 14A (if \$5.00 or more).
- LINE 19.** Line 17 minus Line 18.
- LINE 20.** Add Line 13 and Line 19

Refer to the AFTI Worksheet found at [www.whitehall-oh.us](http://www.whitehall-oh.us) to determine the AFTI, as it pertains to taxpayers that are not a C corporation and is not an individual, and who shall compute FTI as if the taxpayer were a C corporation.

**DATE AND SIGN THE RETURN AND ATTACH ALL APPLICABLE SCHEDULES AND STATEMENTS.**  
The Tax Ordinance, forms and instructions are available at [www.whitehall-oh.us](http://www.whitehall-oh.us)