

GENERAL INSTRUCTIONS FOR TOLEDO INCOME TAX RETURN

1. WHO IS REQUIRED TO FILE

Individuals owing Toledo tax, and/or those conducting business in Toledo, to include partnerships, corporations and other entities conducting "for profit" activities.

2. WHEN AND WHERE TO FILE RETURN

The return is to be filed on or before April 15th, if you are on a calendar year basis. If you are on a fiscal year basis, it is due three months and fifteen days after the end of the fiscal year.

Mail to: City of Toledo
Division of Taxation and Treasury
One Government Center, Suite 2070
Toledo, OH 43604-2280

Make check payable to: Commissioner of Taxation

3. EXTENSION OF TIME FOR FILING RETURNS

Taxpayers granted extensions of time for filing their federal income tax returns have automatic extensions of time for filing their City of Toledo Income Tax Returns. A copy of the approved federal extension must be submitted with the Toledo return. Interest at the rate of 1/2% per month or portion thereof will be charged from the original date of the return until date of actual payment. Penalty will also be assessed from original due date if payments in full of all taxes due is not received by extended date.

4. FILING STATUS

Individuals required to file must file separately. There is no provision for joint filing in the Toledo Tax Ordinance. If you file jointly with IRS, you must separate you individual incomes for purposes of filing with the City of Toledo. If either spouse's income is solely from wages and is fully withheld upon by the employer, there is no need for that spouse to file.

5. INCOME SUBJECT TO THE TAX

- A. Salaries, wages, and other personal service compensation earned by Toledo residents anywhere and earned by nonresidents of Toledo for work done or services performed in Toledo.
- B. Net profits of unincorporated businesses either located in Toledo or located anywhere if owned by a Toledo resident.
- C. Net profits of incorporated businesses for business activity conducted inside Toledo whether or not an office or place of business is maintained in Toledo.
- D. Deferred Compensation, (ie., 401K, 403B, 457G, non-qualified deferred compensation, etc).
- E. Gambling Winnings

6. WHAT CONSTITUTES NET PROFIT

Net profit of any business entity is the same as reported to IRS with adjustments for Toledo for the requirements of the Ordinance and Regulations and rulings of the Commissioner.

7. THE FOLLOWING ARE NOT DEDUCTIBLE IN DETERMINING NET PROFITS FOR TOLEDO INCOME TAX PURPOSES

- A. Municipal, Federal or State Income Taxes
- B. Gift, Estate or Inheritance Tax
- C. Taxes for local benefits or improvements to property which tend to increase its value.
- D. Taxes on property producing income not taxable by the Municipal Income Tax Ordinance.
- E. The Federal Investment Credit
- F. Loss on the Sale, exchange or other disposition of depreciable property used in the taxpayer's business.

8. LOSSES

A. Taxpayers with multiple sources of income must aggregate all profits and losses subject to the tax from sources of income other than their principal source of income. If the result of such aggregation is a net profit, tax will be imposed and paid on that net profit. If the result of such aggregation is a net loss, the net loss may be carried forward to any of the succeeding five years to be used against an aggregate net profit.

B. A taxpayer with a single source of income subject to the tax who or which incurs a net operation loss may carry the loss forward for up to (5) years.

9. INCOME NOT TAXABLE

The following are not subject to the Toledo Tax

- A. Unemployment Compensation
- B. Strike Pay
- C. IRS Qualified retirement plans or annuities received as a result of retirement
- D. Workmen's Compensation
- E. Interest and Dividends from intangible property
- F. Military Pay
- G. Life Insurance Proceeds

SPECIFIC INSTRUCTIONS

A. If the return is made for a period other than a calendar year, insert the beginning and ending date of the accounting period.

B. Print name, address, social security or Employer's Identification Number (EIN), and Toledo Tax Account Number.

C. Enter your occupation and check whether or not you are a Toledo resident.

Line 1. List gross wages and salaries, **ATTACH W-2's**. IF YOU HAVE NO OTHER TAXABLE INCOME OR ADJUSTMENTS TO YOUR WAGES, SKIP TO LINE 12, AND COMPUTE YOUR TAX LIABILITY.

Line 2. Enter income from self-employment. If partnership income is included on this line, please complete Section C on Page 2 and attach K-1 forms. If you utilize sub-contract labor on Toledo jobs, please submit copies of their 1099's.

Line 3. Enter income from rents and leases. To be subject to tax, the gross rent from all properties subject to Toledo tax must exceed \$250 per month.

Line 4. Partnership Income (to include information only returns). Please complete Section D on Page 2 and attach copies of all K-1 Forms.

Line 5. All corporate entities report income on this line. Sub "S" corporations are treated the same as regular corporations for Toledo tax.

Line 6. Report any other income subject to Toledo tax not included on Lines 1 through 5 on this line. Attach 1099's or substitute form in support.

Line 7 & 8. Bring forward from Page 2, if applicable, Lines 23I or 24R.

Line 9. Total lines 1 through 8.

Line 10. If allocation formula is used, enter the percentage of allocation and multiply it times Line 9 for Corporations, Partnerships and non-resident businesses only.

Line 11. Enter loss carried forward from prior years to be used against current year's profit.

Line 12. Total Lines 9 + 11 or 10 + 11 as applicable.

Line 13. Multiply Toledo tax rate of 2.25% times Line 12 to arrive at preliminary tax liability

Line 14. If city tax from any city was withheld from your wages or paid by a partnership on your behalf, enter the amount here. (must be reduced by any refund you received from these cities). **Credit for taxes paid to other cities is limited to the tax rate of the other city (2.25% maximum) times the Toledo Taxable Income.**

Line 15A. Toledo Residents Only. If you paid tax directly to another city on income included in this return, enter the amount paid here and indicate the city to which the tax was paid. **Attach a copy of the return filed with the other City.**

Line 15B. use this line to record Council approved Toledo Municipal Jobs Tax Credit only.

Line 16. Line 13 – (14+15A+15B).

Line 17. Enter amounts you paid on your quarterly estimates or amounts carried forward from you prior year's return.

Line 18. Subtract Line 17 from Line 16.

Line 19. If the total of Line 14, 15A, 15B and 17 do not equal 80% of your current year tax liability or 100% of your previous year tax liability (provided your previous year's liability was not zero), you are subject to an assessment for underpayment. The assessment is computed on Form Tol 2210 which you can obtain from our website (<http://www.toledo.oh.gov/services/finance/taxation-and-treasury/tax-forms-information/>); by calling our office at 419-245-1662; or you may leave this line blank and we will compute the assessment for you.

Line 20. The penalty and interest for late payment is: PENALTY = 5% per month for each of the first five months and 1-1/2% per month for each month thereafter or fraction thereof. INTEREST = 1/2% per month or fraction thereof for all months.

Line 21. Total Amount Due is computed on this line. Make payments payable to the Commissioner of Taxation. *Payment can also be made via credit card on officialpayments.com or by calling (800) 272-9829. Toledo's jurisdiction code is 4539. (Note: There is a 2.5% fee associated with payments made through this option).

Line 22. If you tax is overpaid, you may choose between receiving a refund or having the overpayment credited to you next year's estimate.

Line 23(I). Total Lines A thru H. Transfer to Page 1, Line 7.

Line 24(O). You may deduct all unreimbursed employee business expenses as permitted by IRS on Form 2106 provided that you are able to itemize deductions on your federal return. You must attach copies of your Form 2106 and Schedule "A" as filed with IRS. **You MUST reduce your 2106 deduction by 2% of the federal adjusted gross income, as filed with the IRS.**

Line 24(P). If you have income reported on Page 1, Lines 1 through 4 which was earned while outside Toledo as a Non-resident of Toledo, you may include it here. **You MUST show dates moved in or out of Toledo in the applicable Box on Page 1. If you did not reside in Toledo at all during the year and had Toledo withholding on wages earned outside Toledo, complete Form NRR, Non-Resident Refund.**

Line 24(Q). If you have reported gambling winnings on Line 6, you may take a gambling deduction of up to \$2500, not to exceed the winnings claimed.

Line 24(R). Total Lines J thru Q. Transfer to Page 1, Line 8.

Line 25. If you are a partner in a partnership, complete this section and transfer totals to Page 1, Line 2.

Line 26. Partnership Income (to include information only returns). Please complete this section and transfer totals to Line 4, Page 1 and attach copies of all K-1 forms.

Line 27. The business allocation formula is contained in the Tax Ordinance at Section 1905.03(B) and in the Ohio Revised Code, Section 718.02.

TAXPAYER ASSISTANCE is available by calling 419-245-1662, by visiting our offices between 7:30 A.M. and 4:30 P.M. weekdays, or by writing to Division of Taxation, One Government Center, Suite 2070, Toledo, Ohio 43604-2280.

FORMS ONLY

Additional forms are available by writing or visiting the Division of Taxation at the above address, by calling 419-245-1662, by telefax at 419-936-2320 or by visiting our web site www.toledo.oh.gov. Go to "Tax Forms & Information" located under the Frequently Visited Pages.