

## VILLAGE OF MARIEMONT BUSINESS INCOME TAX INSTRUCTIONS

### GENERAL INFORMATION

This form is to be used by all entities, even if no tax is due, other than sole proprietorships and single member limited liability companies. Sole proprietorships and single member limited liability companies should file on the Individual Income Tax Return.

**Extension Requests:** Federal extensions will extend to the Mariemont return (6 months). You must attach a copy of the Federal extension to your return when you file. If no federal extension is granted, a taxpayer may request a Mariemont extension (form is on our website) by the filing due date. An extension to file is not an extension to pay. Penalty and interest will apply to all payments received after the due date.

**Estimated Payments:** First quarter due with return subsequent quarters due June 15, September 15, December 15.

### Part A – TAX CALCULATION

**Line 1:** Enter the Adjusted Federal Taxable Income (AFTI) from the appropriate Federal Form as follows:

- Form 1120, Line 28
- Form 1120S, Schedule K, Line 18
- Form 1065, Analysis of Income (Loss), Line 1

**Line 2:** Enter the total adjustments from Schedule X, Line L on page 2 of the return

#### **Schedule X – Reconciliation with the Federal Return**

#### ADD – Items not Deductible and Included in Line 1

- A. Enter the amount included in Line 1 of the Business Return related to the sale, exchange, or other disposition of an asset described in Section 1221 or 1231 of the Internal Revenue Code. This includes the 1231 loss reported on Form 4797, Part 1.
- B. Enter any taxes on or measured by net income included as a deduction in computing Line 1.
- C. Enter any guaranteed payments or similar payments made to partners, members or other owners that were deducted in arriving at the income amount on Line 1. This includes amounts related to self-employed retirement plans and health or life insurance for an owner or owner-employee.
- D. Enter 5% of the intangible income included in Line 1 of the Business Tax Return that is not directly related to the sale, exchange or other disposition of an asset described in Section 1221 or 1231 of the Internal Revenue Code.
- E. Add Real Estate Investment Trust distribution allowed as a deduction in the computation of Federal Taxable Income.
- F. Enter the amount of IRC Section 291 adjustments per ORC 718.01(A)(1)(g). Additional lines are for other adjustments (ie. 10% charitable contribution limitation)
- G. Add Lines A through F.
- H. Enter the amount of the income that is included on line 1 of the Business Tax Return that is directly related to the sale, exchange or other disposition of an asset described in Section 1221 or 1231 of the Internal Revenue Code less the income and gain included in this amount that is described in Section 1245 or 1250 of the Internal Revenue Code.
- I. Enter the amount of total intangible income included in Line 1 of the Business Tax Return that is not directly related to the sale, exchange or other disposition of property described in Section 1221 or 1231 of the Internal Revenue Code. Intangible income generally includes but is not limited to interest, dividends, copyrights and patents.
- J. If Line 1 of the return includes other income exempt from municipal tax, enter on this line and provide an explanation.
- K. Add Lines H-J
- L. Deduct Line K from Line G. Enter the net amount as an addition (or deduction) on Part A, Line 2.

**Line 3:** Line 1 plus or minus Line 2.

**Line 4:** Pre-apportioned Loss Carry-Forward for 2017; limited to the lesser of 50% of the income on line 3 or 50% of the loss available. State law requires a phase-in limitation for all municipalities affecting losses carried forward from years 2017-2021.

**Line 5:** Line 3 minus Line 4.

**Line 6:** Enter the apportionment percentage from Step 5 of Schedule Y (ORC 718.02) on page 2 of the return.

**Schedule Y - Apportionment to Mariemont**

Step 1: Compute the percentage of the original average cost of the real and intangible personal property owned or used by the taxpayer in the Village of Mariemont during the taxable period to the original average cost of all the real and intangible personal property owned or used by the taxpayer during the same period, wherever situated.

Real property shall include property rented or leased by the taxpayer. The value of such property shall be determined by multiplying the annual rental thereon by eight.

Step 2: Compute the percentage of total personal compensation paid during the period for services performed in the Village of Mariemont to total personal compensation paid during the same period for all business locations. Do not include amounts paid to contractors.

Step 3: Compute the percentage of gross receipts of the business or profession from sales made and services performed in the Village of Mariemont during the taxable period to gross receipts of the business or profession during the same time period from sales and services, wherever made or performed.

Step 4: Calculate the total percentages derived in Steps 1 through 3.

Step 5: Divide the total derived in Step 4 by the number of percentages used. Insert this percentage on Part A, line 6 of the return.

**Line 7:** Multiply Line 5 by Line 6.

**Line 8:** Enter the amount of net operating losses apportioned to Mariemont from 2013-2016. Operating losses from prior years may be carried forward for a maximum of five tax years. Provide a separate schedule of the applicable losses for each year.

**Line 9:** Line 7 plus or minus Line 8.

**Line 10:** Multiply Line 9 by 1.25% (.0125)

**Line 11a.** Enter the amount of estimated tax payments including any amounts paid with an extension.

**Line 11b.** Enter the amount of the overpayment from prior years credited to this year's tax return.

**Line 12:** Line 11a plus Line 11b.

**Line 13:** If Line 10 is greater than Line 12, enter the **tax due**. Payment is not required if \$10.00 or less.

If Line 12 is greater than Line 10, enter the **overpayment**.

**Lines 14-15b:** Apply the penalties and interest as directed on these lines, if applicable. Interest % can be found on our website.

**Line 16:** Enter total due for tax year 2018. Payment is not required if \$10.00 or less.

**Line 17:** Overpayment from Line 13, if applicable.

**Line 18:** Enter amount you wish to be refunded. Overpayment will not be refunded if \$10.00 or less or if you have a 2019 liability.

**Line 19:** Enter the amount to be credited to next year's estimated tax liability. Amounts under \$10.00 will not be credited.

**Part B – DECLARATION OF ESTIMATED TAX**

**Line 20:** Enter the amount of estimated income for the next tax year.

**Line 21:** Multiply Line 20 by 1.25% (.0125) to determine the total tax due for the next year.

**Line 22:** Option 1 – Divide Line 21 by 4 to pay 25%, to be on track to pay 100% of the estimated liability by December.

Option 2 – Safe Harbor- Multiply Line 21 by 22.5% (.225) to be on track to pay 90% of the liability by December.

**Line 23:** Enter the amount of credits from Line 19.

**Line 24:** Enter and remit the net estimated tax due if Line 22 minus Line 23 is greater than zero.

\*This is the first of four estimated tax payments. The second payment is due on the 15<sup>th</sup> day of the sixth month of the tax year and is equal to the amount on Line 22 less any overpayment still available from prior years. The third payment is due on the 15<sup>th</sup> day of the ninth month of the tax year and the final estimated payment is due on the 15<sup>th</sup> day of the twelfth month of the tax year. The total amount paid by the 15<sup>th</sup> day of the twelfth month must equal a minimum of 90% of the tax liability. Failure to remit timely estimated payments may result in charges of interest and penalties.

**Line 25:** Combine Line 16 and Line 24 to determine the total amount due.