

A RESIDENT IS...an individual who is domiciled in this City. A domicile is that place where an individual has his true, fixed and principal establishment, and to which, whenever he is absent, he has the intention of returning. The place where an individual actually lives is presumed to be his domicile and that domicile, once established, continues until a change is in fact shown. Domicile is not changed by removal for a definite period of time or for a particular purpose such as employment. Abandonment of the domicile does not occur until the acquisition of a new one.

A RESIDENT IS ALSO...for Kenton income tax purposes, an individual temporarily **LIVING** in Kenton for purposes such as employment and/or education, etc., and is therefore covered by City services and protection.

WHO MUST FILE: IT IS MANDATORY THAT YOU FILE THIS RETURN, EVEN IF NO TAX IS DUE.

- ALL KENTON RESIDENTS and partial year residents ages 18 and over.
- RETIRED RESIDENTS age 65 or over if they have rental, business income or earned income.
- EVERY BUSINESS ENTITY that conducts business within or for the City of Kenton. *This includes owners of rental property within the City of Kenton.*
- ALL PASS THROUGH ENTITIES (any class of entity the income or profits from which are given pass-through treatment under the Internal Revenue Code) shall be taxed at the hands of the entity, not the hands of the owners of the entity.

WHEN TO FILE: Taxpayers who end their taxable year on December 31 must file their return on or before April 17, 2012. *The normal filing date is April 15, but April 15th is Sunday and April 16th is a Federal holiday in 2012.*

REQUEST FOR EXTENSION OF TIME TO FILE: An extension may be granted upon filing a request and paying the anticipated tax owed not later than April 17, 2012. *The normal filing/payment date is April 15, but April 15th is Sunday and April 16th is a Federal holiday in 2012.* The taxpayer shall make the request by filing a copy of the Federal extension or by providing a letter of request that includes the taxpayer's name, address, social security number or federal tax identification number. **Kenton does not receive federal extensions.** The request must be mailed by the due date of the return. An extension request that is granted is for an extension of time to file and not an extension to pay.

PARTIAL YEAR RESIDENTS: If you were a Kenton resident (see definition above) only part of the year, you must file a tax return covering that time. Report the amount of income you earned while you were a Kenton resident. 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 Kenton cannot be determined, you may break down your earnings by the number of months employed by 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.

WHERE TO FILE: The return is to be filed with:

City of Kenton
Division of Income Tax
111 W. Franklin Street
P O Box 220
Kenton, OH 43326-0220.

ESTIMATED TAX PAYMENTS: Every person who anticipates any taxable income which is not subject to withholding of income tax or who engages in any business, profession, enterprise or activity subject to Kenton taxation and such income results in tax due shall file a declaration and pay estimated tax. The payments are due on April 30, June 30, September 30, and December 31. Estimated tax forms for the 2012 tax year are included with this return.

EMPLOYEE BUSINESS EXPENSES: Employee business expenses, as defined on Federal Form 2106, may be deducted against income subject to city taxation. If income is allocated between cities, 2106 expenses should be allocated accordingly. Federal Form 2106 and Federal Schedule A as well as Federal Form 1040 **MUST** be included with the return.

CREDIT FOR TAXES PAID TO OTHER CITIES: EFFECTIVE FOR TAX YEAR 2010, No credit is allowed for taxes paid to other cities.

BUSINESS ACTIVITY: The net loss from a business activity may not be used to offset qualifying wages from employment. However, if a taxpayer is engaged in two or more taxable business activities to be included on the same return, the net loss of one, except any portion of a loss separately reportable for municipal tax purposes to another taxing entity, may be used to offset the profits of another for purposes of arriving at overall net profits. *NOTE: Gambling losses may only be used to offset gambling winnings. Gambling losses cannot be used to offset income from other business activities.*

TAX PREPARATION: If you are unable to prepare your tax return, it is suggested that you contact a qualified tax preparer for assistance since the City of Kenton is unable to prepare your city tax return. Electronic filing is not available and taxpayers are responsible for the delivery of their tax return to the City of Kenton.

GAMBLING AND LOTTERY WINNINGS AND LOSSES: Winnings as reported on line 21 of Federal 1040 are taxable to the City of Kenton. Losses may be claimed to the extent of winnings as reported on line 27 of Federal Schedule A. *NOTE: Gambling losses may only be used to offset gambling winnings. Gambling losses cannot be used to offset income from other business activities.*

A COPY OF THE KENTON INCOME TAX RULES AND REGULATIONS IS AVAILABLE AT OUR WEBSITE –

www.kentoncity.com

CONTACT INFORMATION:

Phone: (419)673-1355

Fax: (419)675-3200

PAYMENT INFORMATION:

- Checks or money orders should be made payable to the "City of Kenton"
- Effective 1/1/2012, cash will no longer be accepted.
- Mastercard/VISA/Discover accepted in person only (no phone or Internet processing) at the Water Department window

**This is a basic overview and does not replace or supersede the Kenton City Income Tax Rules and Regulations which are available at our website – www.kentoncity.com.*

Preparing your City of Kenton 2011 Individual Income Tax Return:

SECTION A – If you have no taxable or reportable income for tax year 2011, complete Section A and Section C only. If you have taxable income, you must complete Section B. **Kenton residents 65 years of age or older with no city taxable income should check the appropriate box and provide proof of age/type of income.**

SECTION B – Line 1. Enter name of employer, amount of Kenton city tax withheld and the wages from W-2 Box 5 (Medicare Wages). Enter totals on Lines 1A and 1B. Copies of all W-2s must be attached to the return.

Line 1D. Enter applicable 2106 employee business expenses.

Line 1E. Subtract Line 1D from Line 1B.

Line 2. Enter the TOTAL of all income, other than W2 wages, subject to the tax. All unincorporated business schedules and 1099 income must be listed on Worksheet A or Schedule H (back of the form). *A loss listed on Line 2 may not be subtracted from wages on Line 1.*

Line 3. Enter the total of Lines 1E and Line 2. *A loss listed on Line 2 may not be subtracted from wages on Line 1.*

Line 4. Multiply Line 3 by 1.50% (.0150). This is your Kenton City tax.

Line 5A. Enter total tax withheld for Kenton from Line 1A.

Line 5B. Enter the total of all estimated payments made to Kenton for this tax year plus any credit from a prior year return. Add any estimated payments made after the date indicated on this line to the preprinted amount.

Line 5C. Enter the total of Lines 5A and 5B. These are your credits to be applied to your Kenton City tax.

Line 6. If Line 4 is greater than Line 5C, enter the difference here. This is the amount of your tax due. If the amount is less than \$1.00, no payment is required. **You should file by April 17th even if you cannot pay in full.**

Line 7. If Line 5C is greater than Line 4, enter the difference here. This amount will be credited toward next year's tax if no selection is made. No refund or carryover credit will be given of tax withheld for another city. **Refunds less than \$10.00 are not made. Credits less than \$10.00 will automatically be credited to next year's tax.**

Line 8. Penalty/Interest will be computed at the time the return is filed.

Line 9. Enter the total of Lines 6 and 8. This is your total due for tax year 2011.

Line 10. Enter your estimated tax due for 2012 (Projected 2012 income multiplied by 1.50% [.0150]).

Line 11. Enter any estimated credits based on employer withholdings or prior year credits carried forward.

Line 12. Subtract Line 11 from Line 10. This is your estimated 2012 Kenton City tax liability.

Line 13. First quarter estimated taxes due (25% [.25] of Line 12).

Line 14. Enter the total of Line 9 and Line 13. This is your total due by April 17^h, 2012. **You should file by April 17, 2012, even if you cannot pay in full. Make checks or money orders payable to the City of Kenton. Mastercard/VISA/Discover accepted in person (no phone or Internet processing) at the Water Department window only. CASH WILL NOT BE ACCEPTED.**

SECTION C – Sign and date.

TAXABLE INCOME

Allowance for uniforms, autos and travel Annual leave lump sum payment Bonuses Commissions Compensation paid in goods, services, property or the use thereof at fair market value same as to IRS Contributions made by or on behalf of employees to 401K or deferred compensation plans Contributions made by or on behalf of employees to a tax deferred annuity or stock purchase plan Cost of group term life insurance over \$50,000 Director's fees Disability income received as a benefit of employment Employee contributions to cost of fringe benefits Employer paid education assistance if IRS taxed Executor fees Gambling winnings, prizes and lottery winnings Golden parachute payments Honorariums Incentive payments Income buyouts Income from guaranteed annual wage contracts Income from wage continuation plans	Miscellaneous earned income, examples: child-care, house cleaning, yard work (1099-Misc) Moving expense reimbursement in excess of expense Net profits of incorporated or unincorporated business Ordinary income from Form 4797 to the extent of depreciation allowed or allowable Prizes, awards and gifts if connected with employment Profit sharing Royalties, if not derived from intangible property Salaries Severance pay Sick pay if premiums paid by employer Stipends if work required Stock bonus incentive plans Stock options as indicated on W-2 Strike benefits paid by or on employer's behalf Supplemental unemployment pay paid by employer Taxes paid by employer on employee's behalf Tips Union steward fees Vacation pay Wages
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NON-TAXABLE INCOME

Alimony Annuities Capital gains Compensation for personal injury Compensation for property damages Copyright and patent income Disability income paid by SS or other Federal Dividends (1099-Div) Election worker compensation up to \$1000 Government allotments Housing for clergy Income earned while under age 16 Income of religious, fraternal, charitable, scientific, literary or educational institutions to the extent derived from tax-exempt: real estate, tangible or intangible property or activities	Insurance benefits- unless connected with employment Interest income (1099-Int) Meals and lodging required on premises Military pay including National Guard and reserve Moving expense reimbursement to extent of expenses Pension income (1099-R) Royalties if derived from intangible property Sick pay if premiums paid by employee Social Security benefits Unemployment compensation payments Welfare payments Workers compensation payments
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*This is a basic overview and does not replace or supersede the Kenton City Income Tax Rules and Regulations which are available at our website – www.kentoncity.com