

Q: What is Findlay's tax rate?

A: From 1967, the year the tax was enacted, through 2009, Findlay's tax rate was one percent (.01). From 2010 through 2012, Findlay's tax rate is one and one-quarter percent (.0125).

Q: What is subject to Findlay's income tax?

A: Salaries, wages, tips, commissions, and other compensation earned by Findlay residents who are 16 years of age or older, regardless of where the work or services are performed.

Salaries, wages, tips, commissions, and other compensation earned by non-residents who are 16 years of age or older for work performed or services rendered within the Findlay city limits. [See ORC 718.011]

Net profits from rental properties owned by Findlay residents, regardless of where each property is located.

Net profits from rental properties located inside Findlay, regardless of where the individual owner resides.

Net profits from other business activities performed anywhere by Findlay residents.

Net profits from other business activities performed within Findlay by any type of business.

Q: Who must file income tax returns?

Resident individuals, regardless of age, who have income subject to the tax must file even if no tax is due. Non-resident individuals whose Findlay taxable income was not fully withheld upon must file. Non-residents do not need to file if all their tax has been properly withheld by their employers.

Non-resident individuals, sole proprietorships, partnerships, limited partnerships, limited liability companies, limited liability partnerships, associations, corporations, trusts, and S corporations that own rental properties, conduct business, perform services, solicit sales, operate, or maintain an office in Findlay must file, even if no tax is due.

See Ohio Revised Code Sections 718.01(A) and 718.02 for reconciling and apportioning business net income.

Findlay temporarily suspended the resident individual mandatory filing requirement for tax years 2008 and 2009 for those who had a history of filing "even" returns and whose tax was properly withheld by their employers.

Q: If I am required to file, why didn't the Tax Department send me a forms package this year?

A: As a cost-saving measure, the Income Tax Department stopped mailing tax forms to taxpayers who have their returns prepared by tax professionals that generate their own forms. All the necessary tax forms are available on the forms page of this website.

Q: Should married couples file jointly or separately?

A: A married couple should file a joint Findlay income tax return even if they file separately on their Federal and state income tax returns. There is no tax incentive for filing separate Findlay income tax returns.

Q: How can a taxpayer request an extension to file?

A: A taxpayer who has requested an extension to file their Federal income tax return may request an extension to file their Findlay income tax return. The initial request should be submitted by the original due date of the return and then a copy should also be attached to the actual return when it is filed. The extension is for filing the return, not for paying the tax. Interest is due on any tax not paid by the original payment due date(s).

Q: Why do I have to make estimate payments?

A: Tax is due as you earn the income throughout the year. Estimate payments are necessary when your tax due for the year, in addition to what is withheld from your wages, is \$100 or more. The tax is required to be paid on the estimate payment due dates of April 15, July 31, October 31, and January 31 for individuals and April 15, June 15, September 15, and December 15 for businesses. April 15 of each year is the due date for filing the annual income tax return and comparing your total tax with what has already been paid and withheld. The goal is to pay 100 percent of your prior year's tax or 90 percent of your current year's tax. If you do not make estimate payments, you may be charged interest at the annual rate of 18 percent. The estimate payment requirements have been part of the ordinance since the tax was enacted. The State of Ohio and the IRS also have estimate payment requirements. (See Section 7 of Ordinance No. 1976-106, as amended and Article VII of the Rules and Regulations that complement the Ordinance.)

Q: What if a Findlay resident earns income and pays tax in another community?

A: Through 2008, resident individuals who earn wages or profits and pay income tax in another community are allowed a non-refundable credit for the tax that is paid to the other community. The credit was determined by multiplying the income earned in the other community by (.005) one-half of Findlay's tax rate, or by one-half of the other community's tax rate if their rate is less than one percent. The credit is not permitted for tax that was, will be, or can be refunded. The credit was rescinded January 1, 2009.

Q: At what age do individuals become subject to Findlay income tax?

A: Individuals are subject to the tax and to the resident individual filing requirement when they reach age 16.

Q: How are partnerships, LLCs, LPs, & S corporations taxed?

A: If the business owns rental properties, conducts business, performs services, solicits sales, operates, or maintains an office in Findlay, the tax is imposed first on the business based on the income that is attributable to Findlay. Resident individual general partners, members, and shareholders must then report their untaxed distributive shares. An LLC taxed as a corporation by the IRS will be taxed as a corporation by Findlay. An LLC owned by only one person will be taxed as a sole proprietorship. (The S corporation shareholder provision was effective January 2002.)

For example, 78 percent of a pass-through entity's \$30,000 loss is attributable to Findlay. The pass-through entity has five individual owners who share losses equally. The entity is required to file a return and report a loss attributable to Findlay of \$23,400 ($\$30,000 \times 78\%$). Each resident individual S corporation shareholder (to the extent the S corporation's income is apportioned within Ohio), general partner, or member is permitted to report a loss of \$1,320 [$\$30,000 \times 20\% \text{ share} \times (1 - 78\%)$].

Q: What are employers' responsibilities?

A: Any individual, business, or organization that employs one or more persons who work or perform services within the Findlay city limits is required to withhold and remit Findlay tax on the portion of each employee's wages earned in Findlay. [See ORC 718.03(A)] (Request Pub. 1635 from the IRS.)

Any individual or business that employs one or more persons within the Findlay city limits must withhold and remit Findlay tax on each Findlay resident employed by the business, regardless of where the resident performs his/her services, unless the employer is required to withhold for another municipality which has a tax rate of one percent or greater.

Quarterly withholding remittances are due April 30, July 31, October 31, and January 31. Monthly remittances are due on the 16th of each month.

Churches should withhold on their designated minister's entire housing allowance. The ministers are then permitted to deduct their personal home expenses and utilities on their income tax returns to the extent they are deductible for Federal income tax purposes. [See ORC 718.01(F)(7), IRC 107, and Articles III(A)(1)(c) and V(A)(5) of Findlay's Rules and Regulations.]

Q: Why do individuals pay Ohio municipal income taxes in the cities and villages where they work?

A: Municipal income tax exists in Ohio to assure financial independence for its communities. Moreover, cities and villages use municipal income tax revenues to provide personal and property protection and to build and maintain thoroughfares and infrastructure. These resources develop and strategically locate mutually beneficial places that attract businesses and consumers ensuring employment and entrepreneurial opportunities for all Ohio residents.

Q: What common types of income are taxable?

A: Taxable income includes, but is not limited to:

Medicare wages (W-2 Box 5) described in IRC 3121(a) without regard to limitations or exclusions
[see ORC 718.03]

Salaries, commissions, and bonuses

Actual tips; allocated tips

Third-party sick pay through June 2007, sick pay, vacation pay

Severance pay, incentive pay

Strike pay

Contributions to deferred compensation plans such as IRC 401(k), 403(b), or 457

Stock options even if not reported in the W-2 box 5 Medicare wages

Salaries, wages, or stipends earned or received through college or university work-study programs, internships, and grant-funded programs even if not reported in the W-2 box 5 Medicare wages

Supplemental unemployment compensation benefits described in IRC 3402(o)(2)(A)

Employment-related prizes, awards, and gifts

Cost of group term life insurance for active employees for protection in excess of the amount specified in IRC 79

Net housing allowance (versus gross effective January 2000)

Lottery winnings in excess of \$600 (effective January 2001)

Lottery winnings (without regard to a \$600 floor effective January 2009)

Fees received by: jurors, union stewards, directors, executors, executrixes

Other income and non-employee compensation reported on Federal Form 1099-MISC

Babysitting income

Business income

Farm income

Rental income (Gross monthly rental charge must exceed \$300 before profit is taxed or loss is allowed)

Covenants not to compete received by Findlay residents

Oil & gas royalties (i.e., derived from land)

Individuals' gains on sales of real estate and tangible personal property used in business to the extent of depreciation taken [see Article III(A)(6)(c)(.1)(.08) of the Rules & Regulations]

Gains on sales of real estate and tangible personal property used in non-individual businesses to the extent of depreciation taken (January 2002 through December 2003)

IRC 1245, 1250, and 291 recapture for C corporations, S corporations, partnerships, LLCs, LPs, etc. effective January 2004 [see ORC 718.01(A)(1)(c), (d)(i) & (ii)]

IRC 1221 and 1231 losses are not deductible

Resident shareholder's untaxed distributive share of S corporation income (effective January 2002) to the extent apportioned within Ohio (effective January 2003)

Resident member's untaxed distributive share from an LLC or LLP

Resident general partner's untaxed distributive share from a limited partnership

Resident partner's untaxed distributive share from a partnership

Partnership guaranteed payments (Federal Form 1065, page 1, line 10)

Q: What common types of income are not taxable?

A: Non-taxable income includes, but is not limited to:

IRC 125 cafeteria plan contributions (effective January 1, 2004)
Sick pay described in IRC 3402(o)(2)(C), not reported in the W-2 box 5 Medicare wages
Third-party sick pay (effective July 1, 2007) (subject to change)
Interest
Dividends
Government-paid unemployment compensation
Workers' compensation
Social Security benefits, Government aid
Pensions and qualified retirement benefits
Income reported on a 1099-R, 1099-DIV, or 1099-INT
Active and reserve military pay [ORC 718.01(H)(1)]
Gambling winnings, except from Lotteries (gambling losses are not deductible)
Alimony (payments are not deductible)
Non-qualified pension income reported on a W-2
Distributions from deferred compensation plans [See ORC 718.03(A)]
Limited partner's distributive share from a limited partnership (losses are not deductible)
(only through December 31, 2010)
Royalties derived from intangible property
Patent and copyright income
Value of a home or a parsonage furnished by a church to its designated
minister (effective January 2000)
Value of board and lodging as a condition of employment
First \$1,000 of annual income for serving as a precinct election official [ORC 718.01(H)(4)]
Income of individuals who are under age 16
Life insurance proceeds
Proceeds from inheritance
Capital gains, except see Article III(A)(6)(c)(.1)(.08) of the Rules & Regulations and
ORC 718.01(A) for business and rental property transactions
Capital losses are not deductible

Q: Can a self-employed individual deduct contributions to a health savings account, to a self-employed SEP, SIMPLE, or qualified plan, or deduct one-half of the self-employment tax?

A: No, there is no provision for these Federal Form 1040 adjustments to Federal income to be deducted from Findlay taxable income.

Q: Can members of an affiliated group file a consolidated return?

A: See ORC 718.06 and Article III(D) of the Rules and Regulations for information regarding consolidated returns.

Q: How are trusts taxed?

A: The tax is imposed on the trust if the trust operates a business within Findlay or owns rental property within Findlay or manages or controls lottery winnings. There is no provision for the tax to be imposed on a beneficiary. See Articles I(D) and V(A)(8) of the Rules and Regulations

Q: What Federal Forms and schedules should I include with my Findlay return when I file?

A: The required forms include, but are not limited to:

Individual (Resident)	C Corp	S Corp	PartnershipLLC
1040 pp. 1-2 or equivalents	1120 pp. 1-5	1120S pp. 1-4	1065 pp. 1-5
W-2s	4562	Schedules K-1	Schedules K-1
Schedule C pages 1-2	4797	4562	4562
Schedule E pages 1-2	8903	4797	4797
Schedule K-1 (1120-S)	Schedule D	8825	8825
Schedule K-1 (1065)	7004	8903	8903
4797	Schedule X	Schedule D	Schedule D
Schedule F	Schedule Y	7004	7004
4835	Statements*	Schedule X	Schedule X
Statements*		Schedule Y	Schedule Y
Schedule A (if claiming 2106 expenses)		Statements*	Statements*
2106 (if claiming unreimbursed employee business expenses and the form is required to be prepared by the IRS; also applies to non-residents)			
4868 extension request or equivalent (file by the original due date and attach a copy with the return when it is filed)			
8582 (if Schedule E rental losses are limited or suspended for Federal tax purposes)			
Schedule D (if rental properties have been sold)			

* Most of the return preparation software applications generate supporting or supplemental "statements" that should be included with the filing.

Q: How should fiscal-year entities affected by the January 1, 2010 tax rate change that occurred within the fiscal year calculate the tax?

A: Fiscal-year entities affected by the one-quarter percent rate increase can file separate returns, allocate the net income by month and attach a worksheet, or use the applicable effective tax rate below.

Fiscal Year 2009 — 2010	Rate	Fiscal Year 2012 — 2013	Rate
February 2009 thru January 2010	1.0208%	February 2012 thru January 2013	1.2292%
March 2009 thru February 2010	1.0417%	March 2012 thru February 2013	1.2083%
April 2009 thru March 2010	1.0625%	April 2012 thru March 2013	1.1875%
May 2009 thru April 2010	1.0833%	May 2012 thru April 2013	1.1667%
June 2009 thru May 2010	1.1042%	June 2012 thru May 2013	1.1458%
July 2009 thru June 2010	1.1250%	July 2012 thru June 2013	1.1250%
August 2009 thru July 2010	1.1458%	August 2012 thru July 2013	1.1042%
September 2009 thru August 2010	1.1667%	September 2012 thru August 2013	1.0833%
October 2009 thru September 2010	1.1875%	October 2012 thru September 2013	1.0625%
November 2009 thru October 2010	1.2083%	November 2012 thru October 2013	1.0417%
December 2009 thru November 2010	1.2292%	December 2012 thru November 2013	1.0208%

IRC = Internal Revenue Code, ORC = Ohio Revised Code