

**MARION INCOME TAX DEPARTMENT
233 WEST CENTER STREET
MARION, OHIO 43301-1822
(740)-387-6926**

INDIVIDUAL INCOME TAX RETURN INSTRUCTIONS

LINE 1. Enter your wages subject to Marion income tax on line 1 of your return and attach a copy of all applicable W-2's. In general, your taxable wages will equal your Medicare taxable wages shown on your W-2 form with the following additions:

1) Any amount arising from the sale, exchange, or other disposition of a stock option, or other disposition of stock purchased under a stock option if the income is treated as "ordinary income" for federal income tax purposes.

2) Supplemental unemployment benefits if not already included in Medicare wages.

If your wages are exempt from Medicare tax because of your particular line of employment (such as an ordained minister or a government employee hired before April 1, 1986) you will need to calculate your local taxable wages as if your wages were subject to Medicare tax.

If you were only a part-year resident and are prorating your wages for the part-year, please attach an explanation of how you calculated your wages.

If you are a statutory employee, report your taxable on line 1 and your business expenses on line 2.

LINE 2. Federal Form 2106 expenses are limited on the city return to the amount of the expenses actually deducted for federal income tax purposes for the year, subject to the 2% floor limitation. Therefore, if you can claim all the expenses reported on your Form 2106 directly on Schedule A of your Federal return without being required to file Form 2106, you may not claim these expenses on your city return. You must attach a copy of Federal Form 2106 AND Schedule A, and it must clearly indicate to what job the expenses relate.

If you are a resident individual whose wages are subject to tax in another city, you may deduct your form 2106 expenses from your wages; however, the form 2106 expenses may qualify you for a partial refund of the tax paid to the other city. See instructions for line 7C.

If you are a non-resident individual and only a portion of your wages are subject to tax, you may need to prorate the form 2106 expenses to determine the portion of the expenses attributable to Marion. Attach a copy of your calculation.

LINE 3. Subtract line 2 from line 1.

LINE 4. Enter your net income or loss from business and rental activities.

If you own the activity individually (or through a disregarded entity such as a single-member limited liability company), the taxable income is the net profit or loss reported on the individual's federal schedule C, C-EZ, E or F. Do not include income from a statutory employee. Statutory employees report income and expenses on lines 1 & 2.

If you own the activity through a partnership, limited liability company (which is not disregarded for federal income tax purposes), or other non-individual entity, income is determined by the entity's "adjusted federal taxable income" as defined by the Ohio Revised Code.

If the business and rental activities result in a net loss for the year, enter "LOSS" on line 4. Business and rental losses may not be deducted from wages.

Use Schedule 1 to calculate your net income or loss from business and rental activities.

LINE 5. Add line 3 and line 4.

LINE 6. Multiply line 5 by 2% (.02)

LINE 7A. Enter the amount of Marion income tax withheld by your employers from your W-2 forms.

LINE 7B. Enter any Marion income tax paid on your behalf by a pass-through entity (other than an S corporation). The information should appear on your federal schedule K-1. Attach a copy of federal schedule K-1.

LINE 7C. Enter the total of tax withheld for other cities, of tax paid directly by you to other cities, and tax paid on your behalf to other cities by pass-through entities. If you paid tax directly, attach a copy of page 1 of the other city's tax return. Attach a copy of your federal Schedule K-1 for tax paid on behalf by a pass-through entity.

The credit for tax paid to other cities only applies to income earned while a resident of the City of Marion. The credit for tax paid to another city is: **50% credit.**

-The 50% credit for tax paid to another city is 50% of the income taxes paid to that other city at that city's tax rate. You may not claim credit for tax paid to another city if the tax was paid to the other city in error and/or you are entitled to a refund from the other city. If you claimed a deduction on line 2 and worked in another city, you may need to file for a refund from the other city. Any refund to which you are entitled will reduce the credit you may claim for tax paid to that city.

LINE 7D. Add lines 7A, 7B and 7C.

LINE 8. Subtract line 7D from line 6. If the result is a negative number, enter the result in ().

LINE 9. Enter any estimated tax payments and credit carryovers from prior tax years. If you are unsure of the amount of payments and credits, please contact our office.

LINE 10. Subtract line 9 from line 8. If the result is a negative number, enter the result in ().

LINE 11. If line 10 shows an overpayment, indicate whether you want the overpayment credited to next year or refunded.

LINE 12. The tax return and the payment of tax is due by the date shown at the top of the Individual Income Tax Form. Federal extension requests will be honored by the City of Marion; the return will be extended to the fifteenth day of the tenth month after the last day of the taxable year to which the return relates. Extensions of time to file do not extend the time to pay the tax; if you estimate that you will have tax due, you should submit payment of the estimated tax due with your extension request. Taxes not paid by the original due date may be subject to a late payment penalty-15% of the amount not timely paid for all income tax and estimate tax paid. Past due taxes will accrue interest-federal short term rate + 5%. For current year rate, you may contact our office. Returns filed after the due date (including any extensions) may be subject to a late filing penalty of \$25.00 for each month or part of a month late up to \$150.00. Any unpaid taxes, interest and penalties may be referred to the City Law Director for collection.

DECLARATION OF ESTIMATED TAX FOR CURRENT YEAR

You are required to pay your tax in quarterly estimates if your tax less credit for withholding tax and tax paid to other cities is \$500.00 or more. In the case of an underpayment of any portion of a tax liability, penalty and interest may be imposed.

LINE 13: Enter your total estimated taxable income and multiply by 2.0% (.02).

LINE 14: Enter your estimated credit for Marion tax withheld, tax paid on your behalf by pass-through entities (excluding S corporations), and tax paid to other cities.

LINE 15: Subtract the total of line 14 from line 13.

LINE 16: Multiply line 15 by 25% (.25).

LINE 17: Subtract any overpayment credit from line 11 A from line 16 to determine the balance of your 1st quarterly estimated payment. The first quarterly payment is due the same day as the tax return. The 2nd, 3rd, & 4th quarter payment coupons may be printed off the City's website www.marionohio.us. The remaining estimates are due:

<u>2nd</u>	<u>Due June 15th</u>
<u>3rd</u>	<u>Due September 15th</u>
<u>4th</u>	<u>Due December 15th</u>

17. Please make checks payable to: Marion City Income Tax.

**BUSINESS/RENTAL INCOME SCHEDULES
SCHEDULE 1 – INDIVIDUALS**

LINE 1. Enter your net profits from federal schedules C, C-EZ, or F.

LINE 2. If you are a nonresident and only part of your income on line 1 was earned within the city, complete the allocation formula (Schedule 2) and enter the result.

If you are a resident or if all of the business was conducted within the city, enter 100%.

LINE 3. Multiply line 1 by line 2.

LINE 4. Enter the net profits from page 1 of federal schedule E.

LINE 5. Enter the net profits from pass-through entities. **Do not include any income from an S corporation. S corporations are not pass-through entities for Marion income tax purposes.** Use a copy Schedule 3 to calculate the net profit from each pass-through entity.

LINE 6. Add lines 3, 4 and 5. If a net profit, enter result on line 4 of your return. If a loss, enter "LOSS" on line 4 of your return.

SCHEDULE 2. BUSINESS ALLOCATION FORMULA

Non-residents whose business is conducted both inside and outside the city are to use an allocation formula based on property, sales and wages to determine the portion of their net business income (loss) subject to Marion income tax.

If the business is located entirely within the city or if the business is owned by a resident, the allocation percentage is 100%.

SCHEDULE 3. PASS-THROUGH ENTITIES (EXCLUDING S CORPORATIONS)

If you own the activity through a partnership, limited liability company (which is not disregarded for federal income tax purposes), or other non-individual entity, income is determined by the entity's "adjusted federal taxable income" as defined by the Ohio Revised Code.

Residents must include this income regardless of where the income is earned. This schedule may be used to calculate your "adjusted federal taxable income" from your pass-through entities based on your federal schedule K-1's.

Non-residents should only include this income if the income was earned by the entity within the city. The pass-through entity should provide you with the amount of its "adjusted federal taxable income" earned within the city. You may enter the amount calculated by the pass-through entity on line 17. Attach a copy of your federal schedule K-1.

LINE 1. Enter your ordinary income(loss) from your federal return.

LINE 2. Enter the net profit (loss) from rental real estate.

LINE 3. Enter the net profit (loss) from other rentals.

LINE 4. Enter guaranteed payments to owners.

LINE 5. Enter other income from your federal schedule K.

LINE 6. Add lines 1, 2, 3, 4 & 5.

LINE 7. Enter your charitable contributions.

LINE 8. Enter your Section 179 deduction.

LINE 9. Enter your deductions related to portfolio income.

LINE 10. Enter your other deductions if they would be deductible by a C corporation.

LINE 11. Add lines 7, 8, 9 & 10.

LINE 12. Subtract line 11 from line 6.

LINES 13 A-F. Enter interest income on line 13A, dividends on line 13B, royalties on line 13C, and other portfolio income on line 13D. Enter the sum of 13A, 13B, 13C and 13D on line 13E. Enter 5%(.05) of line 13E on line 13F.

LINE 14. Enter all taxes based on income deducted on the federal income tax return.

LINE 15. Enter amounts deducted on the federal return for qualified self-employed retirement plans, health insurance, and/or life insurance for an owner-employee.

LINE 16. Add lines 13F, 14 & 15.

LINE 17. Add lines 12 & 16.

Enter the sum of line 17 for all of your pass-through entities (excluding S corporations) on line 5 of Schedule 1.

QUESTIONS AND ASSISTANCE

Marion City Income Tax Department
233 W. Center Street
Marion, Ohio 43302
(740)-387-6926

Monday through Thursday, 8 a.m. to 5:00 p.m.
Friday, 8 a.m. to 3:00 p.m.

Information about the Marion income tax can be found on the internet at:
www.marionohio.us

Information about the income taxes for other cities in Ohio can be found on the internet at:
https://thefinder.tax.ohio.gov/StreamlineSalesTaxWeb/default_municipal.aspx