

VILLAGE OF SOUTH AMHERST INCOME TAX INSTRUCTIONS

WHO MUST FILE:

Every Resident, full or partial year, 18 years of age and older, must file a tax return, whether or not taxes are due, unless that resident is retired with no earned income. See definition of earned income in the **RETIREE** section below.

Every Business Entity, whether a resident or non-resident, who conducts a business in South Amherst must file a return and pay any tax on that profit. If you have a net loss you are still required to file a return. ("Business" includes rental income.)

Individuals, earning income in South Amherst not subject to the withholding of South Amherst income tax must also file a return.

If you received a preprinted form from this office, be sure to file, even if you had no taxable income for the year. If you are no longer subject to South Amherst tax, state the reason on the front of the form. This will remove you from our mailing list and subsequent delinquency lists.

RETIREES: Retirees who earn wages, operate a business, own rental property or earn other income, are required to file. If your ONLY income source is retirement income (ie. SSI, other pensions, interest, dividends, IRA and 401k distributions), complete the block on the front of the tax form, sign and date the return and mail it to us. Notify our office if your situation changes.

UNDER 18: If a person is under 18, was employed in the Village of South Amherst and had South Amherst taxes withheld, send in W-2(s) with a copy of a driver's license or birth certificate and a refund will be issued.

FILING STATUS: Taxpayers who prepare their federal and state tax returns using the "married filing separate" status to lower their overall tax liability may still file a joint return for the Village of South Amherst. Filing a joint return will neither increase nor decrease your Village of South Amherst tax liability. Husband and wife may file joint returns, in which case both must sign the return and submit their social security numbers.

WHEN TO FILE: Taxpayers who end their taxable year on December 31 must file on or before the following April 15th. Taxpayers on a fiscal year must file on or before the 15th day of the fourth month after the close of that fiscal year or other period.

EXTENSIONS: If the deadline cannot be met, a copy of the federal request for extension or a letter, which includes name, address, social security or federal identification number, must be filed by the due date of the return. **An extension request is not an extension of time to pay.** Payment of any estimated tax due should accompany the extension request. If no request for extension is filed, a \$25 late charge will be applied. Also see declaration of estimated tax payments.

PARTIAL YEAR RESIDENTS: If you only lived in South Amherst during part of the year you must file a tax return covering that time. Report the amount of income you earned while you lived in South Amherst. 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 South Amherst cannot be determined, you may break down your earnings by the number of months employed at the 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 you must also pro-rate your city tax that was withheld on the same income. **Attach a worksheet explaining your calculations.**

DECLARATION OF ESTIMATED TAX FOR THE COMING YEAR: Taxpayers who expect to receive taxable income for the coming year must declare estimated tax payments (25% of full amount may be paid at the time of filing the Annual Return - April 15th). The estimated tax payments due July 31st, October 31st, and January 31st will be billed. This declaration is mandatory.

PENALTY AND INTEREST: Except in those cases where an extension was filed, a late fee of \$25.00 shall be due on returns filed after the due date, even when no tax is due. Interest at the rate of 1% per month will be charged from the original due date of the return until date of actual payment.

NET OPERATING LOSSES: The net loss from an unincorporated business activity may not be used to offset salaries, wages, commissions or other compensation. The portion of a net operating loss, based on income taxable under the ordinance allocable to South Amherst may be applied against the portion of the profit of succeeding years until exhausted, but in no event for more than five (5) years. The loss must be applied to the profits on the same business activity. **An NOL schedule must accompany this return.**

AMENDED RETURNS: Amended returns are accepted by completing an income tax return with the words "Amended Return" written in red ink across the top and indicating the year being amended. The amended return is required within three (3) months of the final determination of any changed tax liability resulting from the Federal audit, Judicial decision, or other circumstances.

TAXABLE INCOME: South Amherst income tax is levied at the rate of 1%. Income taxable to the Village is listed below. While this list is not comprehensive, it encompasses most of the taxable situations. In addition to the listing, the net profits of all unincorporated businesses, professions, rentals or other activities conducted by residents and non-residents of the Village of South Amherst are taxable.

TAXABLE INCOME

Wages, salaries and other compensation
Bonuses, stipends and tip income
Commissions, fees and other earned income
Sick pay (including third party sick pay)
Employee contributions to retirement plans and tax deferred annuity plans (including Sec. 401k, 403b, 457b, etc)
Net rental income
Net profits of businesses, professions, sole proprietorships, etc
Income from partnerships, estates or trusts
Employee contributions to cost of fringe benefits
Vacation pay
Stock options
Net farm income

Income from guaranteed annual wage contract
Prizes and gifts, if connected with employment, to the same extent as taxable for Federal Income Tax purposes.
Director fees
Income from jury duty
Strike pay
Uniform, automobile, moving and travel allowances
Employer-provided educational assistance, taxable to the same extent as taxable for Federal Income Tax purposes
Executor fees
Disability payments from employer
Supplemental Unemployment Benefits (SUB pay)

NON-TAXABLE INCOME

Interest or dividend income
Welfare benefits
Social Security
Income from qualified pension plans
State unemployment benefits
Worker's compensation
Proceeds of life insurance
Alimony
Government disability payments
Poll worker income

Active duty military pay (including National Guard when on active duty)
Earnings of persons under 18 year of age
Capital gains
Patent and copyright income
Royalties derived from intangible property
Annuity distributions
Compensatory insurance proceeds derived from property damage or personal injury settlements
Section 125 contributions made by employees

LINE BY LINE INSTRUCTIONS

Complete the worksheet detailing the salaries received on your W-2s. If you are only reporting on one W-2 and have no 2106 expenses, it is not necessary to complete this worksheet. Proceed to Line 1 of the tax return.

Column 1 - Enter the city where employed. If your W-2 states "various" or "all cities", please attach a copy of the itemized breakdown.

Column 2 - Enter the wages earned on each W-2. In most cases the amount shown in Box 18 of the W-2 should be used. However, if Box 5 is higher, that wage must be used to calculate total wages earned.

Column 3 - Unreimbursed employee business expenses in **EXCESS** of 2% of Federal Adjusted Gross Income may be deducted. If income is allocated between cities, 2106 expenses should likewise be allocated. **Federal Form 2106 and Schedule A must be included with the return.**

Column 4 - Enter Village of South Amherst tax withheld from Box 19 on the W-2.

Column 5 - South Amherst allows a tax credit for taxes withheld by another city up to .5%. Credit may not exceed .5% of the wages actually taxed by another city on each W-2 form. When you reduce income earned in another city by 2106 expenses, you must also reduce the tax credit in Column 5. If a portion of your gross wages is not taxed by another city, 1% tax is owed on that portion. (For example, township wages are not withheld on; therefore, no credit is given and the wages are taxed at the full 1%.)

Line 1 - Enter total amount of W-2 wages from Column 2. Attach all W-2s on the side of the return as indicated.

Line 2 - Enter 2106 expenses from Column 3.

Line 3 - Subtract Line 2 from Line 1.

Line 4 - Enter the amount of other income from schedules C, E, or H from the back of the return, but not less than -0-. Attach appropriate schedules and documentation. Attach 1099s on the side of the return with the W-2s.

Line 5 - Add Lines 3 and 4.

Line 6 - Multiply Line 5 by 1% (.01).

Line 7 - Enter tax withheld for South Amherst from Column 4.

Box 8a - Enter any prior year credits.

Box 8b - Enter any estimated payments made.

Box 8c - Total of 8a plus 8b.

Line 9 - Enter credit for taxes withheld by other cities from Column 5.

Lines 10 - Enter credit for taxes paid to other cities not shown on a W-2. Credit may not exceed .5% of the income actually taxed by the Village of South Amherst. Attach appropriate documentation verifying credits from other cities. (Copy of other city tax returns will be acceptable.)

Line 11 - Add Lines 7 through 10.

Line 12 - Subtract Line 11 from Line 6. If Line 6 is more than Line 12, enter balance due.

Line 13 - Enter Late Filing Penalty, if applicable.

Line 14 - Enter interest at 1% per month on the balance due, if applicable.

Line 15 - Add Lines 12, 13, and 14. Enter total here.

Line 16 - If Line 6 is less than Line 11, enter overpayment.

Line 17a & 17b - Indicate disposition of overpayment either by refund or credit to next year.

NOTE: If your tax on Line 6 is greater than \$80.00, estimated taxes for the next year, are mandatory.

Line 18 - Enter total income tax estimated.

Line 19 - Enter amount due with estimate, 25% of Line 18.

Line 20 - If applicable, enter overpayment from previous year (Credit Line 17b). If credit Line 17b exceeds Line 19, credit will carry over into 2nd Quarter payment. No estimated tax will be due at this time, unless you want to pay your remaining estimated balance in full for the year.

Line 21 - Subtract Line 20 from Line 19.

Line 22 - Enter amount from Line 15.

Line 23 - Add Lines 21 and 22. **Sign and date return and make check payable to the Village of South Amherst.**

SCHEDULE C: Net profits shall be determined on the basis of the information used for Federal income tax purposes, adjusted to the requirements of the ordinance. All business entities must attach copies of appropriate Federal Schedules. If you had more than one business a separate Schedule C must be completed for each business.

SCHEDULE E: The address of each rental must be listed in first column. Rental income is taxable only if the aggregate monthly rental exceeds \$100.00.

SCHEDULE H: This schedule is used to list all other taxable income not reported elsewhere on this return.

SCHEDULE X: This schedule is used to adjust your Federal net income to your South Amherst taxable income. The left hand column is for items deductible on the Federal return, but not deductible under the South Amherst ordinance. The right hand column is for items taxable on the Federal return, but not taxable by South Amherst. Enter the total of Line 5 on Line 2 of Schedule C. Enter the total of Line 10 on Line 3 of Schedule C.

SCHEDULE Y: To be used only when the books and records of the taxpayer do not disclose with reasonable accuracy the net profit attributable to South Amherst. A business allocation formula consisting of the average property, wages paid, and gross receipts may be used by business entities not required to pay tax on entire net profits.

SCHEDULE Z: Must be completed by all partnerships and associations filing returns. Amounts shown in this schedule must correspond with the amounts reported on your Federal Partnership Form.