City of Whitehall
Income Tax Division

Instructions for Form W-1120

Whitehall Business Return

For use in preparing
2018 Returns

Whitehall's Tax rate is 2.5%

Businesses conducting activities within Whitehall are liable for the income tax. These instructions are applicable to Whitehall.

If you have any questions about completing any of our forms and/or need tax forms, please call (614) 237-9803. All forms, instructions, and the tax codes for Whitehall **are available on-line at www.whitehall-oh.us**

By Whom This Form is to be Used.

**Associations (including Partnerships, Joint Ventures, etc.)*
**Corporations (including S-Corporations)*
**Fiduciaries – Estates and Trusts (including Grantor Trusts)*

The following business enterprises must file an annual return on form W-1120 and a Declaration of Estimated Tax for the current year on form W-1121:

1. **ASSOCIATIONS** deriving income from work done or services performed or rendered and business conducted in Whitehall.

2. **CORPORATIONS and FIDUCIARIES (ESTATES, TRUSTS and GRANTOR TRUSTS)** deriving income or losses from work done or services performed or rendered and business conducted in Whitehall. All taxpayers engaged in business, including S-Corporations and Partnerships, must file an annual return even if a loss is claimed on the business. A declaration of estimated city income tax is also required for all business entities.

When a Return is not Required.

Nonprofit businesses (as defined in I.R.C. §501l) are not required to file an annual city tax return if a copy of the organization's approved I.R.S. determination letter is on file with the City. However, should such a business have unrelated business income (as defined in I.R.C. §512), said business is required to file a city income tax return and pay tax thereon.

Tax exempt activities: if you are in an exempt status per O.R.C. §715.013 (such as banks, trucking, or insurance companies) please provide documentation designating your exempt status.

When and Where to File This Return

This return must be filed on or before the fifteenth day of the fourth month following the close of the tax year. For calendar year taxpayers, this means the return is due April 15th.

Any business that has duly requested an automatic six-month extension for filing the businesses federal income tax return shall automatically receive an extension for the filing of the city income tax return (attach a copy). The extended due date of the city income tax return shall be the fifteenth day of the tenth month after the last day of the taxable year to which the return relates.

Any business that has not requested or received a six-month extension for filing the businesses federal income tax return may request that the income tax division grant a six-month extension of the date for filing the businesses city income tax return by using city extension form. The request for an extension will be granted if the request is received on or before the original due date of the city income tax return.

If payment is due with the extension request, it should be made using City Extension Form. If you are unable to pay any taxes owed, you should still file your return timely to avoid late filing charges.

Mail to:

Whitehall Income Tax Division
360 S Yearling Road
Whitehall, Ohio 43213-1894

Make payable to: CITY OF WHITEHALL

Contact information:

Phone: 614-237-9803
Fax: 614-237-7902

www.whitehall-oh.us

Payment and Refunds.

If the full amount of the business tax liability is not paid by remittance of the estimated tax for the City of Whitehall, any unpaid balance should be filed and paid by the due date, unless the balance due $10.00 or less.

Refunds due to an overpayment of estimated tax or payments made on your behalf by an association may be requested, providing any overpayment is greater than $10.00 and you have checked the refund box in the upper right section of the W-1120 and/or recorded the refund amount properly on Line 6B.

No refund or carryforwards of overpayment to subsequent years shall be allowed unless a written request is presented to the Whitehall Income Tax Division within three (3) years after the tax was due or paid, whichever is later, as defined in W.C.C. §184.096(B)(1)

Mail refunds to: **Whitehall Income Tax Division**
360 S Yearling Road
Whitehall, Ohio 43213-1894

Penalties and Interest.

Penalties are provided by ordinance for failure to file and pay tax due on a required return, for filing late and for filing a false or fraudulent return.

Corporations, associations, trusts and estates located within or doing business within Whitehall will incur a penalty of $25.00 per month up to a maximum of $150.00 per applicable city for failing to file this return in a timely fashion.

Taxes due for Whitehall remaining unpaid after they become due shall bear interest at the rate of 7%. In addition to any interest charged, a penalty of 15% of the amount of the unpaid tax shall be charged.

Period Covered by This Return.

Returns are required to cover the same period covered by your Federal income tax return.

What is Taxable Income?

Whitehall imposes a tax only on the portion of the allocated net profits from business or professional activities conducted within their boundaries. Net operating loss carrybacks are not permitted. In addition, the following applies:

A. **In the case of RESIDENT and NONRESIDENT ASSOCIATIONS** {PARTNERSHIPS, LIMITED PARTNERSHIPS, AND LIMITED LIABILITY CORPORATIONS (LLCs) treated as partnerships for Federal income tax purposes}: Whitehall requires that the partnership (or LLC) pay all tax due on behalf of all affected partners. Guaranteed payments to partners must be included in net profits.

B. **In the case of CORPORATIONS** {including S-CORPORATIONS and LIMITED LIABILITY COMPANIES (LLCs) treated as corporations for Federal income tax purposes} AND FIDUCIARIES (ESTATES AND TRUSTS, including GRANTOR TRUSTS): Whitehall requires that the corporation or fiduciary pay all tax due on their taxable income. Sub-Chapter S Corporations are taxed as regular C Corporations for city tax purposes, and must adjust their income accordingly.

Consolidated Returns (Corporations Only)

An affiliated group of corporations may file a consolidated income tax return if that affiliated group for the same tax reporting period filed a consolidated return for federal income tax purposes. The city return is required to be completed based on the common parent federal income tax return of the affiliated group as filed with the Internal Revenue Service. ”Affiliated Group of Corporations” means an affiliated group as defined in section 1504 of the Internal Revenue Code. “Consolidated Federal Income Tax Return” means a consolidated return for federal income tax purposes pursuant to section 1501 of the Internal Revenue Code.

What to Attach to Your Return.

Partnerships/Associations should attach Pages 1 through 5 of their Federal Form 1065, and copies of all K-1s.

Preparers should note each partner’s share of city income and city tax paid on each partner’s behalf on their respective K-1s.

Corporations should attach copies of Pages 1 through 5 of their Federal Form 1120 or Pages 1 through 4 of their Federal Form 1120S and copies of all K-1s.

Fiduciaries/Trusts/Estates should attach a copy of Page 1 of their Federal Form 1041.

Per Whitehall City Code §184.091(F)(6), any other documentation, including schedules, other municipal income tax returns, or other supporting documentation necessary to verify credits, income, losses, or other pertinent factors on the return shall also be included to avoid delay in processing, or disallowance by the Tax Commissioner of undocumented credits or losses.

All taxpayers should attach complete copies of the following if they are attached to their federal tax return: 1) schedule of other income; 2) schedule of other deductions; 3) schedule of Federal Form 1125-A other costs; 4) Federal Form 8825; 5) Federal Form 4797; 6) Federal Schedule E; 7) Federal Schedule D; 8) Federal Form 1125-A; 9) Federal Schedule M-3; 10) Federal Form 8949; and 11) copies of all 1099-MISC forms issued to central Ohio residents.

Completing Form W-1120

Indicate year of tax return with beginning and ending dates. Fiscal year taxpayers use beginning year of the fiscal period as the tax year reported on your attached Federal return.

1. Please enter the information in the spaces provided for name, current address and EIN/FID number.

2. Check the appropriate box that corresponds to the filing status of the business. This form is NOT appropriate for Schedule C filers. Schedule C is reportable on Form IR-25 for individuals.

3. If you are anticipating a refund for the year in which you are filing, place an "X" in the box marked **REFUND** located in the upper right section. The requested amount of the refund must appear on line 6B**.**

   If you are amending a tax year, place an "X" in the box marked **AMENDED** which is located in the upper right section and be sure to indicate the tax year that you are amending in the space provided. If you are amending the City return based upon an amended return that you filed with the I.R.S., you must include a copy of the Amended Federal Return, including any applicable schedules that pertain to the amendment. If you are filing an amended City return based upon an audit that the I.R.S. conducted, you must include documentation pertaining to the audit which must identify when the I.R.S. audit was concluded. Note any changes that were made by the I.R.S. to reduce or increase your taxable income.

4. Complete the box that pertains to the filing of a city return in the previous year, the consolidated corporate return question and whether or not the account should be inactivated. If your account should be inactivated, provide an explanation. If this is a final return, give the reason why. If you sold the business, provide the name, address and phone number of the purchaser on a separate attachment. Also, indicate if the sale was a sale of assets or of stock.

5. List the city or cities of income where business is being conducted.

6. If the address of the business operation is different from the mailing address, please provide the complete local business address.

Mailing addresses, used for postal purposes, cannot be used to determine taxing jurisdictions. Mailing addresses of Whitehall, Ohio can fall in another taxing jurisdiction as well as in non-taxing areas (townships). If you are unsure where a local address is actually located, please call our office at (614)237-9803.

Part A: Tax Calculation

Please complete Page 2 and Schedule E (if applicable) before proceeding to this section.

Column B – Enter total net taxable income from net profits of corporations, associations (partnerships, joint ventures, etc.) and fiduciaries (from Schedule X and/or Schedule Y). Entry must **NOT** be less than zero.

Unincorporated losses cannot offset corporate income. Corporate losses cannot offset unincorporated income.

TAX RATE- Use tax rate as indicated on appropriate city line.

Column C – Enter the tax due – Column B multiplied by 2.5%.

Line 1 - Enter total net tax due from all cities.

Line 2 - Enter all declaration and extension payments made for this tax year, and any overpayment carried forward from your prior year's return.

Line 3 - Subtract Line 2 from Line 1 to arrive at the net tax due. However, if the result is an overpayment, indicate amount with parentheses and carry to Line 6.

Line 4 – Enter penalty, interest and late filing fee, if applicable. All taxes unpaid after April 15th are subject to a 15% penalty. Taxes due for Whitehall remaining unpaid after they become due shall bear interest at the rate of 6%. The late filing fee of $25.00 per month up to a maximum of $150.00 may apply.

Line 5 - Enter total amount due – Line 3 plus Line 4.

Line 6 - Enter overpayment, if applicable; from Line 5 as a positive number (do not use parentheses).

Line 6A - Enter amount of the overpayment from Line 6 you want **credited** to your next year's tax estimate.

Line 6B - Enter the amount of the overpayment from Line 6 that you want **refunded.**

Part B

Complete this section and answer all questions that are contained in this area regarding the corporation.

Paid Preparer Authorization

If the corporation wants to allow the City of Whitehall to discuss its tax return with the paid preparer who signed it, check the "YES" box in the signature area of the return. This authorization applies only to the individual whose signature appears in the "Paid Preparer's Use Only" section of the return. It does not apply to the firm, if any, shown in that section. If the "YES" box is checked, the corporation is authorizing the City of Whitehall to call the paid preparer to answer any questions that may arise during the processing of its return. The corporation is also authorizing the paid preparer to:

- Give the City of Whitehall any information that is missing from the return,
- Call the City of Whitehall for information about the processing of the return or the status of any refund or payment(s), and
- Respond to certain City of Whitehall notices about math errors, offsets, and return preparation.

The corporation is not authorizing the paid preparer to receive any refund check, bind the corporation to anything (including any additional tax liability), or otherwise represent the corporation before the City of Whitehall.

Schedule X – Reconciliation with Federal Income Tax Return per O.R.C. §718.

Enter in this section all those items shown on your Federal tax return (Forms 990T, 1041, 1065, 1120, 1120REIT or 1120S) which are non-taxable or non-deductible for city tax purposes. Associations reconciling from Line 1 of the "Analysis of Net Income (Loss)" section of Schedule K of Form 1065 should complete all lines as applicable except Line 4D. Taxes paid by associations on this return are considered to be paid on behalf of the members of the association and should not be deducted on Line 14 of Federal Form 1065 or Line 11 of Federal Form 8825.

Line 1- Income per attached Federal tax return per W.C.C. §184.03(A).

Line 2 A- Items not deductible (from 4J below).

Line 2 B- Items not taxable (from Line 5F below).

Line 2 C- Record excess of Line 2A or 2B.

Line 2 D- Partnership income or loss adjustment (add back a partnership loss or deduct a gain).

Line 2 E- Suspended §179 expense from prior years allowed in this tax year/Suspended charitable contributions from prior years allowed in this year.

Line 2 F- Other City taxable income not in Line 1 (such as I.R.C. §291 recalculation of §1250 gain for S corporations or partnerships treated as C corporations per W.C.C. §184.03(A)(10).year.

Line 2 G- Net operating loss calculated per WWC §184.03(A)(8); attach a schedule detailing the calculation and application of the net operating loss carryforward to the return.

Line 3- City net taxable income.

Loss carry forwards are limited to five (5) consecutive years the year of loss (2017-2021 limited to a 50% carry forward). Losses may not be carried back to any prior years. Schedule must be attached.

Items not deductible are added to taxable income. They should be entered as follows:

Line 4A – Non-deductible losses incurred from the sale or exchange of capital or other assets per W.C.C. §184.03(A)(3).

Line 4B – Amount equal to 5% of intangible income not attributable to the sale, exchange or other disposition of I.R.S. §1221 property.

Line 4C – Taxes based on net income – includes any state or municipal tax deducted.

Line 4D – Guaranteed payments to partners – applies only if guaranteed payments to partners/members has not been included within net profits under W.C.C. §184.03(W)(1).

Line 4E – Charitable contributions – All business entities should report any contributions over the 10% corporate limitations in accordance with W.C.C.§184.03(A)(10). Non-C corporate businesses may carry forward any unused contributions as if they were C corporations. A schedule should be provided to show how your deduction was calculated and identify any portion that was carried forward from prior years. **(Deduction is limited to 10% of city taxable income before consideration for any charitable contribution deduction).**

Line 4F – In accordance with W.C.C. §184.03(A)(10) Non-corporate business entities may be limited to the corporate limitations for I.R.S. §179 expense deduction.

Line 4G- Qualified retirement, health insurance and life insurance plans on behalf of owners/owner employees must be added back as non-deductible under W.C.C. §184.03(A)(10).

Line 4H- Add any deduction for a pass-through entity not allowed as a deduction for a C-Corporation under the Internal Revenue Code. i.e. specially allocated expense items from 1065 line 13d. (applies to associations only).

Line 4I – Other expenses not deductible (with explanation). Do not include expenses on income earned in other taxing districts (see Line 5E instructions).

Line 4J – Total Additions – add Lines 4A through 4I – carry result to Line 2A.

Items not taxable are deducted from taxable income. They should be entered as follows:

Line 5A – Non-taxable gains from sale or exchange of capital or other assets per W.C.C. §184.03(A)(4).

Line 5B – Interest Income.

Line 5C – Dividend Income.

Line 5D – Income from patents, trademarks, copyrights and royalties related to intangible sources. Do not include royalty income derived from land (timber rights, grazing rights, etc.) which is fully taxable for city tax purposes.

Line 5E - Other exempt income (with explanation). The changes in municipal taxation mandated by HB5 do not include any adjustments for Federal credits such as the FICA tip credit, Work Opportunity credit, Welfare to Work credit, Indian Employment Tax credit, Empowerment Zone credit, etc. Therefore, the City of Whitehall will no longer allow these deductions against Adjusted Federal Taxable Income on Schedule X.

Line 5F - Total Deductions – add Lines 5A through 5E - carry result to Line 2B.

Distributions from investment partnerships cannot be apportioned. These distributions must be deducted on Line 2D.

Calculate adjusted net income (Line 3) and carry result: 1) to Part A, Page 1; 2) to adjusted net income column of Schedule Y if allocation of net profits is required;

Schedule Y – Required Calculation of Net Profit for Multi-City Allocation

Provide a completed W-1120, Schedule Y, to properly allocate your city taxable income. In order to promote uniformity and consistency in the calculation of net profits, it is the City of Whitehall's policy to strictly interpret the changes in Ohio Revised Code §718.02. Commencing with tax year 2004, the use of Separate Accounting in the calculation of Net Profits is no longer an available option.

Column A, Line a- List the average original cost of all real and tangible personal property owned or used by the taxpayer that was situated within the city limits. Include on each line the annual rental on rented and leased real property situated within the city limits multiplied by 8.**Column A, Line b-** Divide Column A, Line a by the amount of Line 3. If the amount of Line 3 is zero, enter "n/a" on this line.

Column B, Line a- List the gross receipts from sales made or services performed within the city limits.

Column B, Line b- Divide Column B, Line a by the amount of Line 4. If the amount of Line 4 is zero, enter "n/a" on this line.

Column C, Line a- List the wages, salaries and other compensation paid to W-2 employees for services performed within the city limits except compensation exempt from municipal taxation under W.C.C. §184.03(K)(17).

Column C, Line b- Divide Column C, Line a by the amount of Line 5. If the amount of Line 5 is zero, enter "n/a" on this line.

Column D- Divide the sum of line b for Columns A-C by the number of factors used.

> **Example 1**: Line 5 shows no wages companywide. If Line b for Whitehall shows 30%, 60%, and N/A for Columns A-C respectively, you would divide 90% (30% + 60%) by 2 (since only two columns had numbers).
>
> **Example 2**: Line 5 reports wages companywide. None of those wages are earned in Whitehall. Thus, if Line b for Whitehall shows 30%, 60%, and 0% for columns A-C respectively, you would divide 90% (30% + 60% + 0%) by 3 (since all three columns had numbers… even though Column C's number was zero).

Column E- Multiply the amount shown on Schedule X, Line 3 by the percentage shown in Column D. If the amount is zero or less, enter zero on line on Form W-1120, Page 1, Part A, Column C. If Column D is more than zero, enter the amount on the line on Form W-1120, Page 1, Part A, Column C.

Schedule E – Partnership K-1 Income (or Loss)

Use this section to determine the income or loss resulting from investments in partnerships. **Please note that due to changes mandated by the state legislature in House Bill 5, the offsetting of local partnership income with local partnership losses is no longer allowed for corporations, associations (partnerships, joint ventures, etc.), and fiduciaries.**

Column 4 - Enter total income/loss incurred by each activity listed in Column 1.

Instructions for Filing Form W-1120

Declaration of Estimated Tax and Quarterly Payment Vouchers

All business enterprises shall file a declaration setting forth the estimated annual income, together with an estimate of the amount of tax due thereon. The taxpayer's annual estimated tax liability shall be divided by four (4) to determine the amount of tax which should be paid quarterly on an estimated basis.

Filing and Paying

The declaration (form W-1121) should be filed by the 15th day of the fourth month of your tax year. For calendar year taxpayers, this would be April 15th. The first quarter payment should be submitted with the declaration.

No extensions of time to file or pay will be granted. Each subsequent quarterly payment should be filed using one of the vouchers that came with the W-1121. The second, third and fourth payments are due the 15th day of the sixth, ninth and twelfth month of your tax year. For calendar year taxpayers, the payments are due on the 15th of June, September and December. Each estimated tax payment must show a credit carryforward and/or be accompanied by a payment of at least one-fourth (1/4) of the total estimated tax shown on your declaration.

You will receive no further notification of payment due dates from this office. If you need additional payment vouchers, please visit our website at www.whitehall-oh.us and download our Quarterly Notice of Installment Due on Estimated Tax Delcared form.

Mail to:

Whitehall Income Tax Division
360 S Yearling Road
Whitehall, Ohio 43213-1894

Make payable to: CITY OF WHITEHALL

Calculation of Estimate

To be considered as filed in good faith and not subject to penalty and interest charges, your timely estimated tax payments must not be less than **90%** of the total tax liability shown in Column E on your final return. We will also consider timely estimated tax payments equal to your previous year's tax liability as filed in good faith, and thus not subject to penalty and interest. Failure to make timely estimated tax payments will result in penalty and interest assessments. A penalty of 15% and interest (rates may vary annually) will be assessed on all estimated tax payments which are underpaid and/or not timely received. If tax is due to more than one city, each city is considered separately in the calculation and payment of a good faith estimate.

Amended Declaration

An amended declaration may be filed by each quarterly due date to increase or decrease the original declaration as deemed necessary. Use form W-1121 and mark the box at the top right portion of the form designated as "AMENDED". If an amended declaration is filed, the balance of the estimated tax, as amended, should be paid in equal installments on or before the remaining payment dates. If no amended declarations are filed, it shall be assumed that estimated income in the amount shown on the original declaration is earned ratably throughout the year. Documentation may be requested to verify the date and nature of unanticipated income resulting in the filing of an amended declaration of estimated tax.

Estimated Payment Voucher

Line 1 - Indicate amount of installment.
Line 2 - Indicate amount of unused credit, applied to installment.
Line 3 - Amount of payment due (Line 1 less Line 2).

Prior Year's Credit

Credit for overpayment of prior year return may be applied entirely to the first installment or apportioned to each installment. Any balance due on each installment must be paid with the installment payment voucher.

THE ORIGINAL DECLARATION MUST ASSIGN ESTIMATED TAX LIABILITY TO THE APPROPRIATE CITIES IN ORDER TO PROCESS QUARTERLY PAYMENT VOUCHERS CORRECTLY.

Rev. 11/3/16