

## INCOME TAX

### FREQUENTLY ASKED QUESTIONS

**Q: Can someone help me prepare my Village tax return?**

A: Yes, and the help is FREE. You can bring your information to the Village office and someone can review your records and prepare your Village tax return at NO COST. Note: We will only prepare your Village tax return (not federal and state) and we cannot help you with other cities/villages that we don't administer. Bring your W2's and/or 1099 forms to the office at 151 E Columbia St.

If you have any questions, please call 419-363-3032 ext. 1 during regular business hours.

If you want help with your Federal or State returns, contact the IRS at 1-800-829-1040 or the Ohio Department of Taxation at 1-800-282-1780

**Q: Why do individuals pay Ohio municipal income taxes in the cities and villages where they live or 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 business and consumers ensuring employment and entrepreneurial opportunities for all Ohio residents.

**Q: What is subject to Rockford's one percent (1%) income tax?**

A: Salaries, wages, tips, commissions, and other compensation earned by Rockford residents who are 18 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 18 years of age or older for work performed or services rendered within the Rockford village limits.

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

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

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

**Q. I owe Village taxes, but I am unable to pay my full liability at the time my return is due. Should I still file my return?**

A. YES. You should file your return by the due date whether or not you are able to pay the entire amount of tax that you owe. You will receive a bill for the unpaid taxes along with penalty and interest charges.

**Q: Who must file income tax returns?**

A: Each person who engages in business or other activity or whose qualifying wage, other commissions, and other taxable income, or is the owner of real estate located within the Village of Rockford is subject to the tax imposed by Ordinance, shall, whether or not a tax be due thereon, make and file a return on or before April 15<sup>th</sup> of each year.

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

**Q: Should married couples file jointly or separately?**

A: A married couple may file either separate returns or a joint return. There is no tax incentive for filing separate.

**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 Rockford income tax return. The original 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 and penalty is due on any tax not paid by the original due date.

**Q: Why do I have to make estimated payments?**

A: Tax is due as you earn the income throughout the year. It is necessary to make estimate payments if your tax due for the year is more than \$150. The tax is required to be paid on the following estimate due dates: April 30, July 31, October 31, January 31. Penalties will be incurred if you do not comply.

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

A: Individuals are subject to the tax when they reach age 18.

**Q: What are employer's responsibilities?**

A: Any individual, business, or organization that employs one or more persons who work or perform services within the Rockford village limits is required to withhold and remit to Rockford the portion of each employee's wages earned in Rockford.

Quarterly withholding remittances are due April 30, July 31, October 31 and January 31.

**Q: What common type 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

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

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

Lottery Winnings

Business, farm and rental income

Babysitting / elderly care income

**Q: What common types of income are not taxable?**

A: Proceeds from welfare benefits, unemployment insurance benefits, social security benefits, and qualified retirement plans as defined by the Internal Revenue Service.

Proceeds of insurance, annuities, workers compensation insurance, permanent disability benefits, compensation for damages for personal injury and like reimbursements, not including damages for loss of profits and wages.

Dues, contributions, and similar payments received by charitable, religious, educational organizations, or labor unions, trade or professional associates, lodges, and similar organizations.

Alimony

Compensation for damage to property by way of insurance or otherwise.

Interest and dividends from intangible property.

Military Pay or allowances of members of the Armed Forces of the United States and members of their reserve components, including the Ohio National Guard.

Income of individuals under the age of 18.

**Top 10 mistakes people make in filing a tax return:**

- 10. Failure to sign return or attach check.**
- 9. Failure to file estimates.**
- 8. Failure to advise of address change.**
- 7. Failure to file return for the year taxpayer moves in or out.**
- 6. Failure to allocate taxes paid when allocating income for move in or move out year.**
- 5. Failure to pay 2<sup>nd</sup>, 3<sup>rd</sup>, and 4<sup>th</sup> quarter estimated tax payments.**
- 4. Failure to mail return.**
- 3. Failure to attach schedules/Forms, and statements**
- 2. Failure to attach W2**
- 1. Failure to use gross compensation.**