

**GUIDELINES FOR INDIVIDUAL TAXPAYERS FOR
SPENCERVILLE INCOME TAX RETURN**

**Village of Spencerville
Income Tax Department
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TAX RATE AND DUE DATE

The tax rate for the calendar year is 1 ¼% of gross earned income.

Tax returns and payments are due April 15. Penalties will begin to accrue the day after due date at the rate of 1 ½% per month or fraction thereof. Amounts of less than \$1.00 shall not be collected.

TAXABLE INCOME IN SPENCERVILLE

Wages, salaries, and other compensation paid by an employer(s) beginning with the Medicare wages base (box 5 of the W2 form) with the following mandatory adjustments: add supplemental unemployment compensation benefits described in Section 3402(o)(2) of the Internal Revenue Code and compensation of pre-1986 employees exempt from Medicare that is not in the Medicare wage base solely because of the Medicare grandfathering provision.

Rental income is included in taxable income when the monthly rental income is \$250.00 or more; allowable deductions apply with proper documentation (Federal Schedule E) attached to the return.

Business expenses are deductible per Federal Form 2106 and the documentation must accompany the return.

Copies of W-2's and any other pertinent documentation showing income or deductions must accompany the return.

INCOME EXEMPT FROM SPENCERVILLE INCOME TAX

Military Pay	Unemployment Benefits	Insurance Benefits
Pensions	Dividends	Worker's Compensation
Interest	Social Security	IRC Section 125 Cafeteria Plans

INDIVIDUALS REQUIRED TO FILE

All Residents of Spencerville, except when the sole income falls under income exempt from Spencerville Income Tax, whether or not a tax be due and whether or not they pay another municipal income tax or have this municipal income tax withheld from wages, salaries, and other compensation by an employer or employers.

All Residents who have farm and/or rental income, wherever situated.

All Residents who pay another municipal tax which is less than Spencerville's 1.25% must pay the difference. If you have moved into Spencerville in mid-year and will owe Spencerville tax, you will have to pro-rate your tax accordingly. Likewise, if you have moved out of Spencerville and owe Spencerville tax, you must pro-rate tax due.

All Non-Residents who work inside of Spencerville and whose tax is not being withheld by an employer.

All Non-Residents who have rental income acquired in Spencerville. (You must file a return even if you show a loss.)

EXTENSION OF TIME TO FILE

If you cannot file your tax return by April 15, you must notify the Spencerville Tax Administrator *IN WRITING* or send a copy of your Federal Tax Return Extension by April 15. Failure to do so could result in a penalty. Extension due date will be the last day of the month following the month to which the Federal return has been extended.

CREDITS OR REFUNDS

Any overpayment of tax may be credited to the next year's tax or be refunded. Allow approximately 30-45 days for a refund. Amounts of less than \$1.00 shall not be credited or refunded.

COMMON MISTAKES IN PREPARING SPENCERVILLE TAX RETURNS

- 1. Crediting Spencerville School District Income Tax (1%) withheld from wages as Spencerville Village Income Tax (1¼%) paid.** These are two different taxes and should be identified as such on your W-2 forms. School tax (code 0209) is paid directly to the State of Ohio. Village tax is paid to the Village Income Tax Department. If your employer has not properly identified these taxes on your W-2 form, question your employer/payroll department concerning which tax was withheld.
- 2. Using wrong gross wages to determine tax due.** The Village taxes wages and salaries on the Medicare Wage Base box 5 of the W-2 Form.
- 3. Improper credit is taken for local tax paid to another municipality (line 8c on tax return).** Spencerville allows up to 1¼% credit paid to another municipality. For example: If a husband and wife file jointly and the husband worked in Lima and paid Lima city tax at 1½% and the wife owes 1¼% to Spencerville, Line 6 should show combined gross wages. Line 7 should be 1¼% of combined gross wages, Line 8c should be husband's gross wages from Lima times 1¼% (not 1½%) for credit paid to Lima. (If 1½% credit is taken, that has the effect of reducing the wife's Spencerville tax liability to 1% instead of 1¼%.) In other words, tax due should be 1¼% of wife's gross wages (Line 9).

If the husband had paid only 1% city tax to another municipality, only the 1% amount should be entered on line 8c, and he would owe Spencerville ¼% of his wages plus 1¼% of his wife's gross wages.