

CITY OF MONROE 2014
BUSINESS INCOME TAX RETURN INSTRUCTIONS

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This form is to be used by all entities other than sole proprietorships. Single member LLCs and sole proprietors must file on the Individual Income Tax Return.

General Instructions:

If you are filing for any year other than 01/01/2014 through 12/31/2014, indicate the year of the tax return with beginning and ending dates. Fiscal year taxpayers should use the beginning year of the fiscal period as the year of the tax return.

1. If you received a pre-printed form containing incorrect information, make the necessary corrections to the form. If the form is not pre-printed, please enter the information in the spaces provided for name, address and EIN/FID number.
2. Complete the box that pertains to the filing of a city return in the previous year, the combined 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.
3. Check the appropriate box that corresponds to the filing status of the business.
4. If you are amending a tax year, place an "X" in the box marked AMENDED and be sure to indicate the year that you are amending in the space provided. Include your Amended Federal Return or documentation pertaining to the Internal Revenue Service audit.

Part A –TAX CALCULATION

LINE 1: Enter the Adjusted Federal Taxable Income (AFTI). As defined by Ohio Revised Code (ORC) 718.01 AFTI means a C Corporation's federal taxable income before net operating losses and special deductions. Other business entities must compute the AFTI as if they were a C Corporation. Generally this is the line titled "Income/(Loss) Reconciliation" on the Schedule K of the Form 1120S for Subchapter S Corporations or Line 1 page 4 of the Form 1065 Analysis of Net Income (Loss) for partnerships and Limited Liability Companies.

LINE 2: Enter the total adjustments from Schedule X.

LINE 3: Line 1 plus or minus Line 2.

LINE 4: Enter the apportionment percentage from Step 5 of Schedule Y. (See Monroe Ordinance Section 886.04 and ORC 718.02)

LINE 5: Multiply Line 3 by Line 4.

LINE 6: Enter the amount of net operating losses apportioned to Monroe. Operating losses may be carried forward for a maximum period of three tax years. Deduct Monroe rental losses and loss carry-forwards from prior years. Add Monroe rental income. *An explanatory schedule is required to support any adjustments made on this line.*

LINE 7: Line 5 plus or minus Line 6.

LINE 8: Multiply Line 7 by 1.5% (.015).

LINE 9a: Enter the amount of estimated tax payments including any amounts paid with an extension. Estimated payments may be subject to the underpayment of estimated tax penalty. Businesses must remit quarterly estimates equal to 100% of the prior year's tax or 90% of the current year's tax.

LINE 9b: Enter the amount of the overpayment from prior years credited to 2014.

LINE 10: Line 9a plus Line 9b.

LINE 11: If Line 8 is greater than Line 10, enter the tax due. Amounts less than \$5.00 are not payable.

LINE 12: If Line 10 is greater than Line 8, enter the overpayment.

LINE 13: Enter the amount to be refunded. Amounts less than \$5.00 will not be refunded.

LINE 14: Enter the amount to be credited to tax year 2015 estimated tax liability.

Part B – DECLARATION OF ESTIMATED TAX FOR 2015

The taxpayer shall base the estimated tax on the preceding full year's tax liability, or on the preceding three-month period, annualized for the remainder of the year, and updating this estimate by amendment as necessary each succeeding three-month period so that at least 90 percent of the annual Monroe tax liability to be ultimately determined shall have been paid by the due date of each installment payment.

LINE 15: Enter the amount of estimated income for 2015 using one of the two safe harbors above.

LINE 16: Enter the total estimated tax due for 2015.

LINE 17: Divide Line 16 by 4 to determine the amount of estimated tax for the first quarter.

LINE 18: Enter the amount of credits from Line 14.

LINE 19: Enter and remit the net estimated tax due if Line 17 minus Line 18 is greater than zero. This is the first of four quarterly estimated tax payments. The first payment is due April 15, 2015, the second payment is due on July 31, 2015, the third quarter is due October 31, 2015 and the fourth quarter is due January 31, 2016.

LINE 20: TOTAL AMOUNT DUE WITH RETURN Combine Line 11 and Line 19

Schedule X – Reconciliation with the Federal Return

- A. Enter the amount included in Line 1 of the Business Tax Return related to the sale, exchange, or other disposition of an asset described in section 1221 or 1231 of the Internal Revenue Code.
- B. Enter any taxes on or measured by net income included as a deduction in computing Line 1.
- C. Enter any guaranteed payments or similar payments made to partners, members or other owners that were deducted in arriving at the income amount on Line 1. This includes amounts related to self-employed retirement plans and health or life insurance for an owner or owner-employee.
- D. Enter 5% of the intangible income included in Line 1 of the Business tax return that is not directly related to the sale, exchange or other disposition of property described in Section 1221 or 1231 of the Internal Revenue Code.
- E. Add Real Estate Investment Trust distribution deductions allowed as a deduction in the computation of Federal Taxable Income.
- F. Other. Please provide a complete explanation. Examples: Losses from Flow-Thru Entities, Real Estate Rental Losses.
- G. Add Lines A through F.
- H. Enter the amount of the income that is included on Line 1 of the Business Tax Return that is directly related to the sale, exchange, or other disposition of an asset described in Section 1221 or 1231 of the Internal Revenue Code less the income and gain included in this amount that is described in Section 1245 or 1250 of the Internal Revenue Code.
- I. Enter the total amount of intangible income included in Line 1 of the Business tax return that is not directly related to the sale, exchange or other disposition of property described in Section 1221 or 1231 of the Internal Revenue Code.
- J. If Line 1 of the return includes other income exempt from municipal tax, enter on this Line and explain. For example, if the Federal Targeted Jobs Credit adjustment understates your salary and wage expense reported for Monroe purposes, an adjustment restoring the amount of the credit adjustment must be made in order to properly reflect total salaries and wages paid. *Attach a copy of Federal Form 5884 when filing your Monroe Tax Return.*
- K. Add Lines H-J.
- L. Deduct Line K from Line G. Insert the net amount as an addition (or deduction) on Part A, Line 2.

Schedule Y – Apportionment to Monroe

Step 1. The original average +cost of the real and tangible personal property owned or used by the taxpayer in the City of Monroe during the taxable period to the original cost of all of the real and tangible personal property owned or used by the taxpayer during the same period, wherever situated. Real property shall include property rented or leased by the taxpayer and the value of such property shall be determined by multiplying the annual rental thereon by eight. Sum the amounts Located Everywhere and the amounts located in Monroe. Divide the Monroe total by the everywhere total.

Step 2. Total compensation paid during the period to persons employed in the business for services performed in the City of Monroe to total compensation paid during the same period to persons employed in the business everywhere. Do not include amounts paid to contractors.

Step 3. Gross receipts of the business or profession from sales made and services performed during the taxable period in the City of Monroe to gross receipts of the business or profession during the same period from sales and services, wherever made or performed.