CITY OF MONROE 2012
INDIVIDUAL INCOME TAX RETURN INSTRUCTIONS

Office Phone: (513) 539-7374 **Website: www.monroeohio.org**

Mail to: P.O. Box 629, Monroe, Ohio 45050-0629

This form is to be used by individuals who receive income reported on federal forms, W-2s or 1099-MISC or schedules C, E, F or K-1. Please attach a copy of all federal forms used to compute your local tax and an itinerary of days worked outside Monroe, listing dates and location if applicable. Individuals who file as Sole Proprietors or Single Member LLCs should also use this form.

General Information:

1. *"Qualifying wages" generally include amounts reported in the Medicare wage base (The amount in Box 5 on the W-2.) plus 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.*
2. The due date for filing Individual returns is April 15th, 2013 or the 15th day of the fourth month following the fiscal year end.

Part A - Tax Calculation

LINE 1: Enter the total qualifying wages. Attach copies of the federal forms (front page 1040) and schedules showing all reportable income with the return. For multiple W-2s complete Worksheet A on page 2.

LINE 2: Enter the amount of unreimbursed employee business expenses. You must include a copy of Federal Form 2106 or 2106EZ to support the deduction. You must also include a copy of Federal Schedule A. **These expenses are subject to the 2% Adjusted Gross Income limitation.**

LINE 3: Line 1 minus Line 2.

LINE 4: Part-year or non-residents only: Deduct the amount of gross wages included on Part A, Line 1 that were earned outside of Monroe during the period of your non-residency. If accurate records are not available, you may pro-rate your taxable income by dividing the number of days lived in Monroe by the total days in the year. *Include a schedule of calculations and an itinerary of days worked outside Monroe, listing the dates and the location of the work site*.

LINE 5: Line 3 minus Line 4.

LINE 6: Complete Worksheet B Business Income or Loss.

Schedule C-Business Income: Combine the profits and losses from all businesses reported on Schedule C. Residents are subject to Monroe tax on all business income no matter where earned. Non-residents of Monroe must multiply net profits by the apportionment percentage derived on Schedule Y to determine the Monroe Taxable Income / (Loss).
Schedule E-Rental Income: Monroe residents report all profits or losses from rental property no matter where property is located. Non-residents of Monroe report profits or losses only from properties located within Monroe.
Schedule E-Flow-through Profits or Losses: The tax is levied on the partners, members or other owners of a flow-through entity excluding S-Corporations. Businesses operating in Monroe are required to report their portion of Net Profit in Monroe and remit the tax on behalf of all their partners. Residents of Monroe are to report their distributive shares of income or loss that was not withheld on by the business. The resident taxpayer may claim a credit for taxes paid to other localities by the business.
Other Income: Please provide documentation such as copies of federal schedules or forms 1099-MISC not already reported on Schedule C. Also taxable are all prizes, awards and income derived from gaming, wagering, lotteries or schemes of chance by residents, regardless of where derived or by non-residents from sources in the municipality and as reported on IRS Form W-2G, IRS Form 5754 or any other form required by the Internal Revenue Service to report such prizes, awards and income. (1099s reporting interest, dividends & retirement income are NOT taxable to the City.)
NOL Carry forward: Enter the amount of net operating losses apportioned to Monroe. Operating losses may be carried forward for a maximum period of three tax years. *An explanatory schedule is **required** to support the carry-forward operating losses claimed on the return.* Total Income / (Loss): Add all the profits and deduct the losses in the Monroe Taxable Income column. Enter on Part A, Line 6. The Monroe taxable income is determined by multiplying the Monroe percentage indicated by the net profits from Schedules C, E, F, K-1 or 1099Misc. The Schedule Y- Business Apportionment Formula on page 2 is completed by non-residents that earn a portion of their net profits in Monroe.

LINE 7: Line 5 plus Line 6. (Losses may not be used to offset W-2 income from Line 5).

LINE 8: Multiply Line 7 by 1.5% (.0150).

LINE 9a: Enter the amount of Monroe Tax withheld by employers.

LINE 9b: 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. The total of the quarterly estimates should equal 100% of the prior year's tax or 90% of the current year's tax.

LINE 9c: Enter the amount of taxes withheld for or paid to another city. Residents of the City of Monroe may claim taxes paid to another city up to 1.5% of the Qualifying Wages. Credit is limited to the local tax rate used (1.5% or less) multiplied by the Qualifying Wages. Part-year residents may claim taxes paid to other cities for the part of the year they were a resident. Non-residents may not claim taxes paid to another municipality. (Provide documentation in the form of W-2s or tax returns submitted to other municipalities). Partners claiming credit for taxes withheld by a partnership must provide documentation to support this credit.

LINE 10: Add Lines 9a, 9b, 9c.

Line 11: Subtract Line 10 from Line 8.

LINE 12: Penalty and Interest Penalty is 3% of the balance due per month late, minimum $50.00. Interest is 1% of balance due per month late, no minimum.

LINE 13: Enter total tax due (Line 11 plus Line 12).

LINE 14: Enter the amount from Line 13 to be credited to the year 2013 estimated tax liability.

Line 15: Enter the amount to be refunded. Amounts less than $5.00 will not be refunded.

Part B - Declaration of Estimated Tax for 2013

LINE 16: Enter the amount of estimated income for 2013. *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 estimate within one month following the close of each such period so applicable.*

LINE 17: Enter the total estimated tax due for 2013.

LINE 18: Enter the total of Monroe and other allowable municipal taxes estimated to be withheld from wages.

LINE 19: Subtract Line 18 from Line 17.

LINE 20: Divide Line 19 by 4 to determine the amount of estimated tax to be paid for the first quarter.

LINE 21: Enter the amount of credits from Line 14.

LINE 22: Enter and remit the net estimated tax due if Line 20 minus Line 21 is greater than zero. **This is the first of four quarterly estimated tax payments. Subsequent estimated payments are due by the 31st of July, October and January. Failure to remit timely estimated payments may result in the assessment of interest and penalties.**

LINE 23: **TOTAL AMOUNT DUE WITH RETURN -** Combine **Line 13 and Line 22.**

Make Checks Payable to: **City of Monroe**

Mail to: **P.O. Box 629, Monroe OH 45050-0629**

The 2012 Tax Filing Due Date: **April 15, 2013**