

**READ BEFORE COMPLETING THE TAX RETURN
INSTRUCTIONS FOR 2006 MUNICIPAL IR-LONG FORM**

EXTENSIONS

In order to receive credit for a valid extension you must have filed or e-mailed the federal extension to the City of Hamilton Income Tax Division prior to the due date of the tax return (for 2006 calendar year filers, due date is April 16, 2007). Our e-mail address is citytax@ci.hamilton.oh.us. An extension of time to file does not give you an extension of time to pay. A valid filed extension request extends the due date for filing a return up to six months from the original due date of such return. Per Ohio Revised Code Section 718.05(D), the city or village may deny a taxpayer's request for extension if the taxpayer fails to file a copy of the federal extension timely; owes the city or village any delinquent income tax or any penalty, interest, assessment or other charge for the late payment or non-payment of income tax; or has failed to file any required income tax return, report, or other related document for a prior tax period. **The granting of an extension for filing the city or village income tax return does not extend the last date for paying the tax without penalty.**

IDENTIFICATION SECTION

Enter your account number, name, and address in the section provided, if it is not already printed. Make any corrections. If you moved into or out of the city during the tax year, list the date on the tax form in the space provided.

COMPUTATION SECTION

Line 1. Enter the total qualifying wages from all W-2 forms for the tax year. Usually the amount in Box 5 of the W-2 is the qualifying wage. An example of wages subject to tax not included in Box 5 would be wages for an employee who was hired before April 1, 1986 by a political subdivision or school district. In these situations, qualifying wages should be in Box 1 plus any deferred compensation shown normally in Box 12. Please attach all W-2s.

Line 1 A. Line is used for a reduction of income taxable to the municipality.

1) When used for 2106 expenses, follow these instructions. (These expenses must properly belong on a Form 2106 for Federal reporting purposes and be required by the employer. All pages of Form 2106 or 2106-EZ must be attached.)

Enter the amount from IRS Form 2106 Line 10 or Form 2106-EZ Line 6. **EMPLOYEE BUSINESS EXPENSES MUST FIRST BE CLAIMED AGAINST THE MUNICIPALITY WHERE THE INCOME TAXES ARE BEING WITHHELD. THE BALANCE IF ANY MAY THEN BE CLAIMED AGAINST MUNICIPALITY OF RESIDENCE TAXES.** Example: A resident of Hamilton works in Fairfield and incurs \$5,000 in employee expenses. The taxpayer must file for a refund with Fairfield. Because Fairfield's tax rate of 1.5% is 75% of Hamilton's, 25% (\$1,250) is allowable as a deduction against Hamilton Wage Income. **EMPLOYEE BUSINESS EXPENSES MUST COMPLY WITH FEDERAL LAWS. PLEASE ATTACH AN EXPLANATION OF BUSINESS EXPENSES. IF EXPENSES CANNOT BE VERIFIED, THEY WILL NOT BE ALLOWED AS A DEDUCTION AGAINST WAGE INCOME.** If only Line 4 is completed, this is miscellaneous itemized expenses on Schedule A and a 2106 refund will not be granted nor a deduction be allowed.

2) Used for part time residents to reduce income. If you moved in or out of the city during the year, use these directions: Estimate (to the nearest whole month) the number of months you lived **outside** the city limits. Divide that number by 12. Multiply the result by the total on Line 1. Enter the sum on Line 1A. This is the amount that your income will be reduced for the time you lived out of the city. Be sure to fill in **PART TIME RESIDENT** section on tax form.

Line 1 B. For Hamilton, Oxford, and West Milton residents only: Please enter the total of gambling and prize winnings reported on IRS Form W-2G or Form 5754. Attach all copies. **GAMBLING LOSSES ARE NOT ALLOWABLE AS A DEDUCTION AGAINST WINNINGS. BUSINESS LOSSES AND RENTAL LOSSES ARE NOT ALLOWABLE AS DEDUCTIONS AGAINST GAMBLING WINNINGS.**

Line 2. Enter total taxable other income, including executor fees, and attach a copy of schedule C, E or F if applicable.

Line 2 A. Enter current years net operating losses and attach the appropriate schedules. Hamilton, Butler County Annex, and Oxford do not allow a net operating loss by a business or profession to be deducted from W-2 wages, but losses may be carried forward for three (3) years for Hamilton, and Butler County Annex, and five (5) years for New Miami and Oxford residents. New Miami, Phillipsburg, West Milton, and Eaton allow losses against W-2 wages. (Note: No refund will be issued for non-resident withholding.) Phillipsburg, West Milton, and Eaton allow no loss carry forward.

Line 2 B. Enter the allocable losses per previous income tax returns, three (3) years for Hamilton and Butler County Annex, and five (5) years for New Miami and Oxford residents.

Line 2 C. Total lines 2A and 2B.

Line 2 D. Eaton, New Miami, Phillipsburg, and West Milton residents enter Line 2 less Line 2C. For Hamilton, Butler County Annex, and Oxford residents, if Line 2 minus Line 2C is a negative number enter \$0.

Line 3. Enter sum of Lines 1, 1B, and 2D less line 1A.

Line 4. Multiply Line 3 by the tax rate for the appropriate city.

Line 5A. Enter taxes withheld by your employer(s) specifically for your resident City. If your place of employment is not your resident city and no resident city tax has been withheld enter zero on this line. Your W-2 form(s) should identify your local income tax withheld. For local income tax withheld for a city other than your resident city see Line 5B.

Line 5B. Enter local income taxes withheld by your employer(s) **OTHER THAN** your resident city. If your W-2(s) is marked "Various" or "All Cities", you should request an itemized breakdown by city from your employer(s). Attach the itemized list to your tax return. **School tax is not allowed as a credit on a city tax return.** The only city that allows county tax as a credit is Eaton. Eaton allows credit for county tax based

on income. For Hamilton(2%), Butler County Annex(2%), Oxford(1.75%), Eaton (1.5%), or New Miami (1.75%) you are permitted tax credit for other **municipal** tax withheld up to the tax rate of your resident municipality. Example: A resident of Oxford who has a job in Hamilton and earns \$20,000 would receive credit for \$350 in Hamilton taxes paid even though \$400 was withheld for Hamilton. Phillipsburg and West Milton residents are permitted a tax credit for other **municipal** income tax up to 1% of the same wages withheld on for other cities. Using the same figures for a resident of Phillipsburg or West Milton, the taxpayer would receive credit of \$200 because the credit is limited to 1%. This is because under Ohio law taxes are withheld by the employer based on the municipality where the work is performed. **If you reduced your income on Line 1A because you didn't live in the municipality the entire year, you also need to reduce your credits by the same factor.**

Refunds of tax withheld or paid to another municipality: You cannot take credit for taxes that will be or have been refunded to you.

Line 5C. Add Line 5A and 5B.

Line 5D. Line 4 less line 5C.

Line 5E. Enter estimated tax paid for this year plus prior year overpayments carried forward to the current year.

Line 6. Line 5D minus Line 5E. If negative, see Line 7. If positive and the sum is greater than \$1.00, this is your outstanding tax balance. **Full payment must be received on or before April 16, 2007.** Any tax remaining unpaid after April 16, 2007 is subject to interest and penalties per the Income Tax Ordinance.

Line 6A. To be filled in by the tax office.

Line 7. If Line 6 is negative, you have an overpayment. Specify how the overpayment should be allocated, credited to next year's tax liability (Line 12) or refunded. If the sum is less than one dollar (1.00), no refund or credit will be issued.

GENERAL INFORMATION FOR DECLARATION OF ESTIMATED INCOME TAX

Declaration of Estimated Income Tax is required for Hamilton and Butler County Annex taxpayers if your 2007 tax liability will be \$200.00 or more; for West Milton and Phillipsburg taxpayers if your 2007 tax liability will be \$150.00 or more; for all businesses if your 2007 tax liability will be \$200.00 or more. Note: Failure to file and to pay estimate timely will result in a penalty.

To avoid being penalized a taxpayer must have 100% of the previous year's tax liability paid in (Line 5D) or 90% of the current year's tax liability completely paid in by the last estimated tax due date. Since it is difficult to determine your 2007 tax liability, using your 2006 liability, or an amount greater, is insurance against any penalty. A new taxpayer without basis on which to make a better estimate may make a valid estimate by declaring \$200.00 as the first year's tax estimate (\$150.00 for West Milton and Phillipsburg).

Line 8. Enter your estimate of the income subject to tax, which you expect to receive in 2007.

Line 9. Multiply Line 8 by the appropriate tax rate for your city.

Line 10. Enter the amount your employer will withhold for you up to your resident municipality's rate. **For Phillipsburg and West Milton taxpayers, limit to 1% for other municipalities.**

Line 11. Line 9 minus Line 10.

Line 12. List any allowable credits, (from Line 7) that are not to be refunded.

Line 13. Line 11 minus Line 12. This is your estimated tax for the year.

Line 14. Enter the amount you will pay with this declaration.

*Please note: We do not bill for the first quarter, which is due 4/16/07. Once you file this declaration of estimated income tax form and the return is posted to our system, you will be billed for subsequent payments.

**The amount of each quarterly billing will be determined by dividing Line 11 by four and subtracting any credits on line 12 from the most current payment due.

Line 15. Enter the total of Line 6 plus Line 14.

Signature. The tax return must be signed and dated. Please provide the daytime phone numbers for the taxpayer and tax preparer. The return, unless signed, dated, and accompanied with payment of the balance due on Line 15 does not constitute a legal final return.

ASSISTANCE

For assistance in completing this return, or if you have any questions, please contact the Income Tax Division.

Office hours are 8:30 a.m. to 5:00 p.m., Monday through Friday.

E-mail: citytax@ci.hamilton.oh.us

Phone numbers: (513) 785-7400 or 1-800-854-1684. Fax (513) 785-7401.

Visit the City of Hamilton's web page at www.hamilton-city.org/tax

Our forms, instructions and street listings are available on the Internet.

DISCLAIMER: Definitions and instructions are illustrative only; the Municipal Income Tax Codes and the Ohio Revised Code supersede any interpretations presented.