

2021



CITY OF WOOSTER BUSINESS TAX RETURN

GENERAL INSTRUCTIONS

**BUSINESSES REQUIRED TO FILE**

Each C-corporation, S-corporation, partnership, trust, estate or other business entity, other than non-profit organizations, that have activities conducted in the City of Wooster, whether or not such organization has an office or place of business inside the City, is subject to Wooster income tax. Such entities must allocate their profits (losses) within the City by using the business allocation formula (Schedule Y). Businesses having an office or place of business in Wooster should identify the Wooster location's street address on their tax return.

**NOTE: If a business filed a return, or was required to file a tax return in previous years, but did not do any business within Wooster in 2021, a Non-Filing Declaration on page 5 must be completed and returned to the City of Wooster's tax office.**

**TAXABLE INCOME**

Income subject to city tax should be figured in the same manner as income subject to federal income tax, except for the following exempt items, that should be reported on schedule Z of this return and deducted from federal taxable income:

- Dividends
- Interest Income
- Capital Gains
- Income from intangible property

All deductions reported on the federal income tax return may be used in computing Wooster taxable income, except for the following items, that should be added back to income and reported on Schedule Z:

- Taxes based on income
- Capital Losses
- Net operating loss carry backs

**NET OPERATING LOSS**

The portion of a net operating loss allocated to Wooster may be carried forward for the lesser of five calendar or six fiscal tax years and used to offset current Wooster Taxable Income. A schedule of net operating loss carry forwards, which shows the fiscal year the loss was incurred and any subsequent Wooster taxable income to which this loss was applied, should be attached.

# GENERAL INSTRUCTIONS, CONTINUED

## ESTIMATED TAXES

To receive payment vouchers for the second, third and fourth quarters, complete the 2022 estimate on line 18 of page 3 or line 7 of page 6 or contact this office. Non-receipt of forms does not relieve the taxpayer of the responsibility to file forms and pay taxes due quarterly.

Any business entity that anticipates owing tax of \$200.00 or greater in 2022, must file a Declaration of Estimated Tax on or before the fifteenth day of the fourth month of their fiscal year. The declaration should be accompanied by payment of one-fourth (25%) of the estimated tax liability declared by the fifteenth day of the fourth month of the fiscal year, 1/2 (50%) by the fifteenth day of the sixth month, 3/4 (75%) by the fifteenth day of the ninth month and all (100%) by the fifteenth day of the twelfth month following the fiscal year end.

Overpayments from previous tax years (carry forward credits) may be applied towards the estimated payments. **Do not use the overpayment to decrease your estimated tax liability, but rather to decrease your quarterly payment due after the carry forward credit is determined.**

Estimated payments must, in equal quarterly installments, be equal to 90% of the current year's Wooster tax liability. The estimate can be amended at any time following the initial declaration.

## EXTENSION OF TIME TO FILE TAX RETURN

A business entity may receive an extension of time to file its City of Wooster Business Income Tax Return in one of the following ways:

- By filling out the "Request for Automatic Extension of Time to File," which is included in this packet, and mailing it to the City of Wooster income tax office.
- By mailing a photocopy of the request for extension which was filed with the Internal Revenue Service, to the City of Wooster income tax office.

**Requesting an extension of time to file does not extend the due date for payment of 2021 taxes owed or 2022 estimated tax payments.**

## PENALTY AND INTEREST

Penalty and interest charges are imposed for late filing/payment and/or underestimating taxes. Total payments of estimated taxes must be equal to or greater than 90% of the current year's total tax liability.

An under payment of estimated tax penalty will be charged at 15% of the 90% of tax liability that was to be remitted.

Late filing penalty is \$25.00 for each month the return is late up to \$150.00.

Late payment penalty of 15% is calculated on the tax due that is remitted past the due date.

Interest is calculated at .42% of the tax due, and for each month the tax is late.

## PAPERWORK REQUIRED

*S-Corporations, Partnerships Limited Liability Companies or other entities* a photocopy of all five pages of federal form 1120S or 1065 and all K-1's issued should be attached to the return. S-corporations and partnerships that pay Wooster income tax as an entity should complete all portions of the return. They should attach the **complete** federal income tax return and a schedule of taxes deducted on the federal return.

*C-Corporation, Trusts, Estates and all entities NOT filing federal form 1120S or 1065* should attach a photocopy of the entity's **complete** federal income tax return and include a schedule of "taxes and licenses" deducted on the federal tax return. If the company takes any deductions from, or makes any additions to, their federal taxable income on their city return, that is not clearly identifiable on the federal return, paperwork filed with the federal return showing these additions or deductions should be included.

**ANY RETURN RECEIVED WITHOUT THE APPROPRIATE PAPERWORK WILL NOT BE CONSIDERED PROPERLY FILED.**

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**LINE BY LINE INSTRUCTIONS FOR WOOSTER BUSINESS INCOME TAX RETURNS**

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Line 1- Depending on the type of entity and federal tax form being used; enter the following amount from the federal tax return:

<u>Entity</u>	<u>Form</u>	<u>Description</u>
Corporation	1120	Taxable Income before Net Operating Loss Deduction
S Corporation	1120S	Schedule K Income/Loss Reconciliation
Partnership	1065	Analysis of Net Income (Loss)

Line 2- 2A- Enter total from Schedule Z, Line F  
2B- Enter total from Schedule Z, Line L

Line 3- Sum from lines 1, 2A, 2B. If a loss, this is your NOL to report for 2021. Losses may be carried forward for the lesser of five calendar or six fiscal tax years.

3A- Deduct any pre-apportioned losses from 2017, 2018, 2019, and 2020

Line 5- See instructions for schedule Y below.

Line 6- Put in the net operating loss carry forward applicable to the City of Wooster from 2016. Losses may be carried forward for the lesser of five calendar or six fiscal tax years.

Line 8- Multiply the net Wooster taxable income (line 7) by 1.5% (.015) to arrive at the 2021 Wooster income tax liability.

Line 9- This section is to list all credits for 2021 Wooster income tax. Line A is the overpayment of 2020 income tax credited to 2021. Line B are the 2021 estimated tax payments made to the City of Wooster. Line C is the amount paid towards 2021 taxes with an extension.

Line 11- If line 10 is greater than line 8; enter the overpayment on this line.

Line 12- If line 8 is greater than line 10; enter the tax due on this line.

Line 13- Amount of the overpayment, on line 11, to be refunded. If the amount on line 11 is \$10.00 or less, place \$0.

Line 14- Amount of line 11 to apply to 2022 income tax.

Line 15- Late filing penalty of \$25.00 for every month or fraction thereof, not to exceed \$150.00.

Line 16- Late payment penalty, 15% of tax due not remitted by the due date.

Line 17- Interest .42% per month or fraction thereof of tax not remitted by the due date.

Line 18- Enter the 2022 tax estimate in the space provided, and any amounts applied towards that estimate on the next space. Enter any remaining balance of the estimate due with the return. Please see the general instructions for more detailed information on estimates (page 2).

Line 19- Add lines 12, 15, 16, 17, & 18 and enter sum here. This is the payment that should be sent with the return. Make check payable to "City of Wooster".

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**SCHEDULE Y INSTRUCTIONS FOR WOOSTER BUSINESS TAX RETURNS**

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**Line 1-** Enter the original cost of all tangible real and personal property related to the business for which allocation is made in column a, and then the same for property located in Wooster in column b. Enter any annual rental amounts paid multiplied by eight for the second line. Total the columns on the third line, and divide column b by a. Enter the percentage in column c.

**Line 2-** Enter all receipts from the sale of goods or services in column a, and those for inside of Wooster in column b. Section 1701.062 of the Wooster Codified Ordinances sets forth the method for determining sales of goods inside and outside the City. Divide column b by a, and enter percentage in c.

**Line 3-** Do the same for line 3 as line 2 for wages.

**Line 4-** Total the percentages in column c.

**Line 5-** Divide line 4 by the number of percentages in column c. If there is an amount in column a, and none in column b, the percentage is -0-, and should be counted in determining the average. If both a, and b are -0-, it should not be used in calculating the average.

## SCHEDULE Z INSTRUCTIONS FOR WOOSTER BUSINESS TAX RETURNS

- Line A Enter your capital losses, including losses directly related to the sale, exchange or other disposition of an asset described in Section 1221 or 1231 of the IRC.
- Line B Enter 5% of gross non-taxable income (lines H, I and J of this schedule).
- Line C Add back all taxes that are based on income, such as state and local income taxes
- Line D Amounts paid or accrued to qualified retirement plans and health and life insurance plans on behalf of owners and owner employees must be totaled and entered here.
- Line E Enter other non-deductible expenses and attach documentation and/or explanation.
- Line G Enter the capital gains that directly relate to the sale, exchange or other disposition of Section 1221 and 1231 assets
- Line H Enter dividends from federal tax return.
- Line I Enter interest from federal tax return.
- Line J Enter portion of royalties received whose source is intangible property.
- Line K Other please list deduction.

### NON-FILING DECLARATION INSTRUCTIONS

This schedule is for businesses that have filed a Wooster Business Income Tax Return for the 2021 calendar year or a fiscal period beginning in 2021, but did not do any business within Wooster in the following calendar year or fiscal period.

One of the four options should be checked. If the first one is checked, please be sure to give the effective date of liquidation. If the fourth option is checked, attach a valid explanation as to why the entity, which has previously filed, is no longer required to. Having a loss for the year is not a valid explanation. If the entity has changed, please give the date of change and the name, address and Federal ID# for the new entity.

**QUESTIONS? CALL (330) 263-5226 FOR ASSISTANCE.**

**FORMS AND INSTRUCTIONS AVAILABLE AT [WWW.WOOSTEROH.COM](http://WWW.WOOSTEROH.COM)**