

INFORMATION

WHO MUST FILE?

- 1) Every East Canton, Ohio resident who is 18 years or older who is either employed within the Village, or who is employed outside the Village, whether or not a local income tax is withheld.
- 2) Every East Canton, Ohio resident who conducts a business operation within the Village or outside the Village.
- 3) Every non-resident business that performs business operations within the Village.
- 4) Every non-resident who received compensation where no income tax withheld (in the limits of East Canton).

WHAT IS EARNED INCOME?

Earned income is defined as salaries, wages and earnings designated for deferred compensation, commissions, and other compensation and would include but not be limited to: bonuses, incentive payments, directors fees, property in lieu of cash, tips, dismissal or severance pay, tax shelter plans, vacation and sick pay, wage continuation plans, 401K plans, mineral royalties, jury duty, ordinary gain from 4797, partnership income, rental income, Self-employment (Schedule C), Net Farm income (Schedule F) and lottery and gambling winnings \$2,500 and over.

WHAT IS NOT EARNED INCOME?

Income not taxable includes: dividends, interest, military pay and allowances, insurance proceeds, alimony, social security, Medicare, poor relief, unemployment insurance benefits, scholarships, capital gains, workers compensation, IRA Distributions, disability income, child support, annuity and pension withdrawal.

WHEN TO FILE?

File as early as possible but no later than April 15th following the close of the calendar year. Fiscal year taxpayers file within four months from the end of the fiscal year.

WHERE TO FILE?

VILLAGE OF EAST CANTON, Income Tax Department, 130 Cedar Street South, East Canton, OH 44730. Office Hours 10:00-4:00pm M-F. (330) 488-0220.

WHAT ATTACHMENTS ARE NEEDED WITH THE RETURN?

W2's (no exceptions), Federal Schedules of income or reduction of income (example: Schedule A, C, E, F, K-1, 1120, 1120S, 4797, 1099-Misc). Landlords with rental property within the City must include list of tenants who rented throughout the tax year.

WHAT DO I DO TO OBTAIN AN EXTENSION?

A copy of your Federal Extension must be filed by the last day of the month following the month to which the due date of the related Federal return has been extended. An extension is only granted for the filing of the return, NOT for the payment of any tax that is due.

WHAT DO I DO TO AMEND MY RETURN?

Amended returns are completed on the same form as provided within the package. Mark across the return AMENDED 20___. Federal Amendment Schedules must be attached along with the amendment justification.

TAX FORM INSTRUCTIONS – All information provided on the tax year is CONFIDENTIAL and used for office purposes only

PAGE ONE

FILING YEAR – Tax Year 2024

IDENTIFICATION NUMBERS – Enter social security number of taxpayer and spouse (if applicable). Federal employer identification numbers to be entered in space provided.

PHONE NUMBER – please provide **EMAIL** – please provide **MOVE IN/OUT** – please complete this section as it affects your tax return

LINE 1 - TAXABLE INCOME

Line 1A- Enter Gross Wages located in Box 5 of W-2 or Box 18, whichever is higher, salaries, tips, other income, etc. There are exceptions. Some employers do not complete Box 5 wages when printing W2's. You must use base wages and add back all deferments and deductions from earnings (Box 12-14). Section 125 Plans are not taxable income. All copies of W2's and schedules must be attached to the return. If you moved in/out during the year, use applicable wages. Example of prorated wages: Filing for 6 months, one (1) W2 for the entire year that equals \$50,000.00. Divide the \$50,000.00 by 12 (months) x 6. = \$25,000.00. If there are multiple W2s and any of the W2 wages were earned before you moved in or after you moved out, there is no need to include this W2 as it is not taxable to East Canton. If you have a prorated tax return and have a payroll stub that reflects this, please attach a copy along with your W2.

Line 1B- Adjustments from Page 2 – Individuals/Corporations – Individuals enter amount from Line 17. This line must never be less than zero. W2 income can not be offset by losses or business losses. Corporations and Partnerships – enter the amount of profit/loss from Page 2 Line 17, 18, 19 (whichever is applicable)

Line 1C – Gambling/Lottery Winnings (\$2,500.00 or higher)

Line 1D – TAXABLE INCOME – The sum of Line 1A through 1C

LINE 2 – EAST CANTON INCOME TAX – Multiply Line 1D by 1.5 percent (.015) If line 1D is a loss, enter \$0.00.

Line 3 - CREDITS

Line 3A – Enter the amount of Village of East Canton income tax withheld.

Line 3B – Enter withholding tax withheld by other municipalities on W2. In a case where the withholding on W2 exceeds East Canton's 1.5% tax rate, the **1.5% must be used**. (Examples of cities with a higher tax rate are: Akron, Kent, Barberton, and Canton). If you moved in/out during the year, use applicable reduced withholding if the W2 is for the entire year. Rule of thumb: If you reduce the wages in Box 5 by exact dates of payroll or prorated payroll, you must do the same thing on the withholding side. Example of prorated withholding: Filing for 6 months, (Box 19 = \$1,000.00. Divide the \$1,000.00 by 12 (months) x 6 = \$500.00.

Line 3C – Enter the amount of Estimate Declaration paid for the tax year.

Line 3D – If you had an overpayment on a prior year tax return that was not refunded, enter the amount.

Line 3E – Total Lines 3A through 3D. This is the total amount of available credits.

LINE 4 – TAX DUE

If Line 2 (East Canton Income Tax) is greater than Line 3E (Total Credits), enter the difference. This is the amount of tax due. If this amount is greater than \$200.00, you could be subject to failure to file quarterly declarations penalties. Amounts **less than** \$10.01 are not payable (if tax return is correctly prepared).

LINE 5 – OVERPAYMENT CLAIMED

If Line 2 (East Canton Income Tax) is less than Line 3E (Total Credits), enter the amount. This is the amount of overpayment.

Line 5A – Enter the portion of Line 5 that you would like applied to next year's income tax return.

Line 5B – Enter the portion of Line 5 that you would like refunded. Amounts **less than** \$10.01 will not be refunded (if tax return is correctly prepared).

LINE 6 – LATE FILING FEE

If your return is filed after April 15th (with no Extension on file) or for fiscal filers, after the fourth month after the close of the fiscal year, you are subject to late filing fees. Minimum is \$25.00 up to maximum of \$150.00. Please see Ordinance for detailed information.

LINE 7 – PENALTY & INTEREST

Penalties can be charged for failing to file and pay declaration returns, and for late payments of tax dollars due. Penalty, one time 15% of unpaid balance plus Interest calculated on Federal Short Term rate plus 5% annual rate in accordance with ORC 718.27 (7% annual rate).

LINE 8 – TOTAL TAX DUE BY APRIL 15th

Add Line 8 and Line 11c, REMIT TO: VILLAGE OF EAST CANTON INCOME TAX DEPARTMENT, 130 Cedar Street South, East Canton, OH 44730.

INSTRUCTIONS FOR MANDATORY DECLARATION OF ESTIMATE TAX ** If an individual or corporation owes more than \$200 in tax an estimate must be set up.

LINE 9 – INCOME SUBJECT TO EAST CANTON TAX

Line 9A - Enter the amount of estimated income that will be subject to East Canton tax.

Line 9B - Multiply Line 9A by 1.5 percent (.015). This will be the Estimated Tax.

LINE 10 – ESTIMATE CREDITS

Line 10A - Enter Estimated amount of East Canton tax withheld.

Line 10B - Enter 1.5% of estimated amount of tax to be withheld for other cities. **In a case where the withholding tax exceeds East Canton's tax rate of 1.5%, the 1.5% tax must be used to figure the estimate. Examples of some cities are listed under the instructions for LINE 3B.

LINE 10C - Previous years credit (5A)

LINE 10D Total of Line (10A – 10C)

LINE 10E - Total of estimated income tax (9B less 10D)

LINE 11 – CALCULATION OF 1st QUARTER ESTIMATE

Line 11 - Multiply Line (10E) x .25

LINE 12 – BALANCE OF ESTIMATED TAX TO BE PAID BY INSTALLMENT

You will be invoiced for the remaining three quarters of estimated taxes if applicable. Multiply Line (11A) by 3. The taxpayer is responsible for the contents of the return. Individual due dates are as follows: 04/15/2025, 06/15/2025, 9/15/2025 AND 1/15/2026.

PAGE TWO INSTRUCTIONS

LINE 13 – BUSINESS PROFIT OR LOSS

Enter profit (loss) from Federal Schedules: 1120, 1120, Schedule C, etc.

LINE 14 – SALE OF BUSINESS PROPERTY

Enter profit (loss) from sale of business property from Federal form 4797.

LINE 15 – RENTAL PROPERTY

Enter profit (loss) from Federal Schedule E, Supplemental Income Schedule. A list of all tenants who rented during the tax year must be attached to the return. Attach other cities tax returns regarding Schedule E income/loss.

LINE 16 – ALL OTHER INCOME

Partnership – If a partnership principal offices are within the Village of East Canton, enter the amount of profit (loss) from the Federal Schedule 1065. Attach Schedule to tax return.

Partners – if a citizen of East Canton is in a partnership located outside the Village, enter partner share of profit (loss) from Federal Form 1065 – K1. Attach Schedule (s) form (s) to tax return.

Other Income – Income from fees, tips, commission and miscellaneous income earned within the Village of East Canton. Attach copies of forms associated to tax return.

LINE 17 – TOTAL OF LINES 13 THRU 16

Individuals carry forward to Page 1, Line 1C. Corporations go to lines 18 and/ or 19, if applicable.

**Individuals CANNOT offset W2 income by a loss from a business and or rentals.

INDIVIDUAL TAXPAYERS STOP HERE**LINE 18 – ADJUSTMENTS TO FEDERAL INCOME (LOSS)****ITEMS NOT DEDUCTIBLE**

Line 18a - Enter the amount of capital losses that are included in income (loss) in Federal schedules.

Line 18b - If you deducted expenses on federal return in production income non-taxable in East Canton, you must enter that amount here.

Line 18c - If you deducted State, Federal, and Local income taxes on your Federal Schedule, you must enter the amount here.

Line 18d - Plans that defer income (e.g. retirement) to future years are taxable.

Line 18e - Total Lines 18a thru 18d.

ITEMS NOT TAXABLE

Line 18f - Capital gain as a result of investment portfolio transaction are not taxable. Ordinary Capital Gains as defined by the Internal Revenue Service are taxable.

Line 18g - Interest income from investments are not taxable.

Line 18h - Dividends earned on Stock ownership are not taxable.

Line 18i - Any other income ruled not taxable by the Village Ordinance 189. See General Instructions.

Line 18j - Total Lines 18f thru 18i.

Line 18k - Combine Line 18e and Line 18j. Then add or subtract line 18k from your Federal Income (Loss) and enter on line 18.

LINE 19 – BUSINESS ALLOCATIONS FORMULA

The Business Allocation formula is to be only used for business that did not keep separate accounting records for each location of business.

STEP 1A - Enter the average value of real and tangible rental property as filed with the County Auditor

STEP 1B - Multiply Gross Annual Rents Paid by 8 (Add Step1A to Step 1B)

STEP 2 - Enter the Gross Receipts as stated on your Federal Tax Return.

STEP 3 - Enter wages, salaries and other compensation paid to employees for the tax year.

STEP 4 - TOTAL all percentages.

STEP 5 - AVERAGE PERCENTAGE - Divide the amount on Step 4 by the number of percentages used.

STEP 6 - Multiply your income (loss) from your Federal Return by the percentage on Step 5 and enter on line 19