



**TY 2003**

ATTACH COPIES OF ALL FEDERAL SCHEDULES

**PART I PASSIVE ACTIVITIES**

FEDERAL SCHEDULES	DESCRIPTION	AMOUNT
TOTAL	a.	

- b. Schedule X Adjustment (Attach Schedule X) b. + \_\_\_\_\_
- c. (a + b) c. = \_\_\_\_\_
- d. Allocation Percentage (Attach Schedule Y) d. X \_\_\_\_\_%  
 If business conducted entirely in Canton enter 100%
- e. (c x d) e. = \_\_\_\_\_
- f. Loss carry forward (Attach Schedule of Losses) f. - \_\_\_\_\_
- g. Passive net profit (if less than zero, **enter zero** and carry loss forward) g. = \_\_\_\_\_
- \*Passive loss carry forward to 2004 \_\_\_\_\_

**PART II NON PASSIVE ACTIVITY**

FEDERAL SCHEDULES	DESCRIPTION	AMOUNT
A. TOTAL	A.	

- B. Schedule X Adjustment (Attach Schedule X) B. + \_\_\_\_\_
- C. (A + B) C. = \_\_\_\_\_
- D. Allocation Percentage (Attach Schedule Y) D. X \_\_\_\_\_%  
 If business conducted entirely in Canton enter 100%
- E. (C X D) E. = \_\_\_\_\_
- F. Loss carry forward (Attach Schedule of Losses) F. - \_\_\_\_\_
- G. Non Passive Net Profit/Loss G. = \_\_\_\_\_  
 IF LESS THAN ZERO, **ENTER LOSS**

**TAXABLE/INCOME FROM BUSINESS ACTIVITIES**

- H. NET AGGREGATE INCOME (g + G) H. \_\_\_\_\_
- IF LESS THAN ZERO ENTER ZERO AND CARRY LOSS FORWARD
- \*NON-PASSIVE LOSS CARRY FORWARD TO 2004 \_\_\_\_\_

ENTER LINE H ON LINE 2 ON FRONT OF FORM

**CITY OF CANTON, OHIO  
DECLARATION OF ESTIMATED TAX  
AND QUARTERLY ESTIMATED PAYMENTS**

ROBERT C. SCHIRACK  
TREASURER  
CITY OF CANTON  
INCOME TAX DEPARTMENT  
P.O. BOX 9940  
CANTON, OHIO 44711-9940

424 MARKET AVE. N.  
CANTON, OHIO 44711  
330-430-7300  
cantonincometax.com

**IMPORTANT INFORMATION**

You **must** pay estimated tax payments if: You have or expect to have any taxable income where withholding is not done; Local taxes of at least 1.5% are not being withheld by your employer; or You engage in any business, profession, enterprise, or activity subject the Income Tax where the tax is not withheld.

You **must** file the MANDATORY DECLARATION OF ESTIMATED TAX FOR 2004 below, together with the first quarter estimated tax due (1/4 of the annual estimated tax) on or before **April 30, 2004**. Additional payments of at least 1/4 of the annual estimated tax each must be paid on or before July 31, 2004, October 31, 2004 and January 31, 2005. Please send in the Quarterly Estimate Payment forms below to identify your payments. (No quarterly payment notices will be sent to remind you to make your quarterly payments, so please mark your calendars.)

A DECLARATION OF ESTIMATED TAX WHICH IS LESS THAN 75% OF THE TAX DUE ON THE FINAL RETURN WILL BE SUBJECT TO INTEREST OF 9% PER QUARTER ON THE DIFFERENCE AND A PENALTY OF \$25.00.

No Declaration or Estimated Tax and no quarterly payments are required if you may reasonably expect to have less than \$5,000.00 of income subject to the estimated tax this year.

You may amend your Declaration of Estimated Tax during the year in writing for good cause shown.

Record of Payments				
PAYMENT NO.	DUE DATE	CHECK NO.	DATE PAID	AMOUNT PAID
1.	April 30, 2004			
2.	July 31, 2004			
3.	October 31, 2004			
4.	January 31, 2005			

**MANDATORY DECLARATION OF ESTIMATED TAX FOR 2004**

- |   |             |
|---|-------------|
| 1. TOTAL INCOME SUBJECT TO CANTON TAX \$ _____ X 2% | 1. \$ _____ |
| 2. LESS CREDITS                                     | 2. \$ _____ |
| 3. NET TAX DUE (LINE 1 LESS LINE 2)                 | 3. \$ _____ |
| 4. 1/4 OF LINE 3 IS YOUR ESTIMATE AMOUNT            | 4. \$ _____ |

Robert C. Schirack, Treasurer  
CITY OF CANTON  
INCOME TAX DEPARTMENT  
P.O. BOX 9940  
CANTON, OHIO 44711-9940



**CITY OF CANTON, OHIO  
QUARTERLY ESTIMATE PAYMENT COUPON  
2004 1st Quarter**

AMOUNT PAID \$

Taxpayer Soc. Sec. No.	Account Number	Due on or Before <b>4-30-2004</b>
------------------------	----------------	--------------------------------------

Name & Address

TO CHARGE YOUR PAYMENT, PLEASE COMPLETE.

\$ \_\_\_\_\_      
(Amount Authorized)

CREDIT CARD EXPIRATION DATE \_\_\_\_\_ / \_\_\_\_\_

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
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CARDHOLDER



# TY 2003

PASSIVE

## SCHEDULE X

### RECONCILIATION WITH FEDERAL INCOME TAX RETURN - Attach Schedules

ITEMS NOT DEDUCTIBLE		ADD	DEDUCT	
a. Capital Losses -----	\$ _____		p. Capital gains (Excluding Ordinary Gains From 4797) --	\$ _____
b. Expenses incurred in the production of non-taxable income (At least 5% of Line t) -----	_____		q. Interest income -----	_____
c. Taxes based on income -----	_____		r. Dividends -----	_____
d. Payments to partners -----	_____		s. Other (Explain) -----	_____
e. Sick pay/3rd party insurance payment -----	_____		_____	_____
f. Charitable Contributions -----	_____		_____	_____
g. Other (Explain) -----	_____		_____	_____
h. Total Additions -----	\$ _____		t. Total Deductions -----	\$ _____

### NET ADJUSTMENTS (h-t)

#### SCHEDULE Y BUSINESS ALLOCATION FORMULA

	a. LOCATED EVERYWHERE	b. LOCATED IN THIS MUNICIPALITY	c. PERCENTAGE (b÷a)
<b>STEP 1.</b> AVG. VALUE OF REAL & TANG. PERSONAL PROPERTY. GROSS ANNUAL RENTALS PAID MULTIPLIED BY 8 TOTAL STEP 1.	_____	_____	_____ %
<b>STEP 2.</b> GROSS RECEIPTS FROM SALES MADE AND/OR WORK OR SERVICES PERFORMED (SEE INSTRUCTIONS).	_____	_____	_____ %
<b>STEP 3.</b> WAGES, SALARIES, AND OTHER COMPENSATION PAID.	_____	_____	_____ %
4. TOTAL PERCENTAGES.			_____ %
5. AVERAGE PERCENTAGE (Divide Total Percentages by number of percentages used. A factor is applicable even though it may be allocable entirely in or outside THE CITY OF CANTON).			_____ %

## NON-PASSIVE

## SCHEDULE X

### RECONCILIATION WITH FEDERAL INCOME TAX RETURN - Attach Schedules

ITEMS NOT DEDUCTIBLE		ADD	ITEMS NOT TAXABLE		DEDUCT
a. Capital Losses -----	\$ _____		p. Capital gains (Excluding Ordinary Gains From 4797) --	\$ _____	
b. Expenses incurred in the production of non-taxable income (At least 5% of Line t) -----	_____		q. Interest income -----	_____	
c. Taxes based on income -----	_____		r. Dividends -----	_____	
d. Payments to partners -----	_____		s. Other (Explain) -----	_____	
e. Sick pay/3rd party insurance payment -----	_____		_____	_____	
f. Charitable Contributions -----	_____		_____	_____	
g. Other (Explain) -----	_____		_____	_____	
h. Total Additions -----	\$ _____		t. Total Deductions -----	\$ _____	

### NET ADJUSTMENTS (h-t)

#### SCHEDULE Y BUSINESS ALLOCATION FORMULA

	a. LOCATED EVERYWHERE	b. LOCATED IN THIS MUNICIPALITY	c. PERCENTAGE (b÷a)
<b>STEP 1.</b> AVG. VALUE OF REAL & TANG. PERSONAL PROPERTY. GROSS ANNUAL RENTALS PAID MULTIPLIED BY 8 TOTAL STEP 1.	_____	_____	_____ %
<b>STEP 2.</b> GROSS RECEIPTS FROM SALES MADE AND/OR WORK OR SERVICES PERFORMED (SEE INSTRUCTIONS).	_____	_____	_____ %
<b>STEP 3.</b> WAGES, SALARIES, AND OTHER COMPENSATION PAID.	_____	_____	_____ %
4. TOTAL PERCENTAGES.			_____ %
5. AVERAGE PERCENTAGE (Divide Total Percentages by number of percentages used. A factor is applicable even though it may be allocable entirely in or outside THE CITY OF CANTON).			_____ %

# GENERAL INFORMATION

## DO I HAVE TO FILE A CITY INCOME TAX RETURN?

Every Canton, Ohio resident between the ages of 18 and 65 must file a city income tax return; even if there is no tax due. (Any resident who only has non-taxable income may simply fill out the Exemption Form to fulfill the filing requirement).

Taxpayers who are 65 years old or older on or before December 31, 2003, and whose sole income is derived from non-taxable sources such as social security, pension, etc., do not have to file a tax return. Please fill out and return the Exemption Form, informing us of your exempt status so that you no longer receive a tax form. **FAILURE TO DO THIS WILL RESULT IN OUR CONSIDERING YOUR ACCOUNT DELINQUENT.**

Taxpayers who are 65 years old or older on or before December 31, 2003, and whose salary or wage income is \$10,000 or less do not have to file a return; however, you must fill out the Exemption Form. **To receive a refund of Canton taxes withheld by an employer, you must file a tax return.**

Taxpayers who are 65 years old or older and have no earned income (W-2 wages) but who engage in rental and/or business activity must continue to file an Exemption Form if \$10,000, or less was earned. **If more than \$10,000 is earned from rental and/or business activity a return must be filed.**

Any non-resident who has Canton business or rental activities must file a City return and estimate. Non-residents who are employed in Canton, but have not paid the correct amount of income tax by payroll deduction, also must file a return and remit the tax due.

**Any part-year resident who has lived in the city 30 days or more must file a city return.**

## WHEN AND WHERE DO I FILE?

File as early as possible but no later than April 30, 2004 for the calendar year 2003.

For a fiscal year or any period less than a year, file within four (4) months from the end of the fiscal year or other period.

You may have your city tax return prepared free of charge by city Income Tax Department staff auditors at the office at **424 Market Ave., North**.

**Regular Office Hours** Monday through Friday  
8:00 a.m. to 4:00 p.m.

## Extended April Hours

Tuesday, Thursday, & Friday: (April 27, 29 & 30)  
8:00 a.m. - 6:00 p.m.

Saturday: (April 24) 8:00 a.m. - 1:00 p.m.

## FAILURE TO FILE PENALTY

RETURNS POSTMARKED AFTER APRIL 30TH or four months after the end of the fiscal period are subject to a \$25.00 late filing penalty.

## WHAT IF I NEED MORE TIME TO FILE?

Submit a written request for an extension or copy of the federal extension form to the Canton Income Tax Department on or before the April 30th or fiscal deadline for filing annual returns. Send extension requests to P.O. Box 8876, Canton, OH 44711-8876.

If you need even more time, submit a written request before the extended deadline. An additional extension may be granted, not to exceed one (1) month beyond additional extensions granted by the Internal Revenue Service.

**NOTE: Even though an extension has been granted, interest will be charged on any unpaid tax. The interest will be charged from the date the tax should have been paid. We will contact you only if your extension request is denied.**

## DO I HAVE TO PAY ESTIMATED TAX?

Any individual who will owe \$100 or more of Canton income tax which is not being withheld by an employer is required to file a Declaration of Estimated Tax and make

quarterly payments. Payments on estimated taxes PLUS any other CREDITS must EQUAL at least SEVENTY-FIVE (75%) of the FINAL LIABILITY to avoid interest penalty. Estimated payments on a Declaration greater than or equal to the prior year's final liability are sufficient and will not be subject to interest penalty.

Each Declaration shall be accompanied by a payment of at least one fourth (1/4) of the estimated tax. At least a similar amount shall be paid on or before July 31, 2004, October 31, 2004, and January 31, 2005. Please note carefully. The Canton city income tax department will *not* send a statement of estimated tax due every quarter. *Instead, the quarterly statements are sent with the annual income tax return. Each remittance will be due on the last day of the month following Quarter end. Please mark your calendar and be sure to file the estimates timely.*

A DECLARATION OF ESTIMATED TAX WHICH IS LESS THAN 75% OF THE TAX DUE ON THE FINAL RETURN WILL BE SUBJECT TO INTEREST PENALTY OF 9% PER QUARTER, MULTIPLIED BY THE NUMBER OF QUARTERS UNPAID, AND A FINE OF \$25.00.

A Declaration can be amended at any time during the year by written request to the tax department.

## WHAT IS TAXABLE INCOME?

In general, taxable income is earned income. It includes, but is not limited to: business profits, net profits from rental property, natural resource royalties, salaries, wages, deferred compensation, commissions, other fees, executor's fees, property in lieu of cash, tips, severance pay, tax shelter plans, vacation pay, sick pay, third party sick pay, and pre-tax programs that reflect a reduction from salaries, wages, commissions, and other compensation as reported on W-2 and/or similar wage reporting forms under Federal and State tax regulations unless specifically exempted in the Canton City ordinance and/or under state statutes.

All income derived from gambling, wagering, lotteries, (including Ohio state lottery), and all games of chance are taxable.

## WHAT IS NON-TAXABLE INCOME?

In general, non-taxable income is unearned income and income specifically exempted by the Canton city ordinance. It includes: dividends, interest, military pay and allowances, compensation paid to precinct election officials (poll workers), ministers housing allowances, lump-sum insurance proceeds, annuities, alimony, medicare, gifts, inheritances, scholarships, involuntary conversions, revenue from intangible property, strike benefits, qualified relocation costs of any employee that are reimbursed by the employer; and, poor relief, pensions, unemployment compensation, sub pay, social security benefits, disability payments, and/or similar payments.

## HOW ARE BUSINESS NET PROFITS DETERMINED? (SCHEDULE X)

Net profits shall be determined on the basis of the information used for Federal Income Tax purposes, adjusted to the requirements of Canton's Ordinance.

Schedule X is used to reconcile the Federal return with the City return by making adjustments for items not taxable and/or items not deductible for city tax purposes. Enter the amounts of any such items on the appropriate lines of Schedule X, and calculate the net adjustment amount. **SCHEDULE X MUST BE ATTACHED TO CITY RETURN.**

## HOW ARE NET PROFITS ALLOCATED? (SCHEDULE Y)

The business allocation percentage formula is to be used by all business enterprises doing business within and outside of the City of Canton if actual records of their Canton business are not maintained.

The business allocation percentage shall be determined by the ratio of the Canton portion of:

(1) Average value of real and tangible property owned, rented or leased by the taxpayer for use in the trade or business.

*To determine the value of rented or leased property used in business, multiply the gross annual rental by 8.*

(2) Gross receipts from sales made and services performed, regardless of where made or performed.

## (3) Total Payroll

Add the ratios obtained and divide the total by the number of ratios used to obtain the business allocation percentage. A ratio shall not be excluded from the computation because it is allocable entirely within or entirely outside the City of Canton. The business allocation percentage is to be applied against the total net profits adjusted in accordance with the provisions of the Ordinance, to determine the taxable portion.

**SCHEDULE Y MUST BE ATTACHED.**

## HOW ARE NET OPERATING LOSSES TREATED?

*Passive or non-passive net losses may not be utilized to off set income from salaries, wages, commissions and/or other compensation for the purposes of this tax.*

**Net aggregate non-passive net losses may be offset against net aggregate passive net profits. Net aggregate passive net losses may not be offset against net aggregate non-passive net profits.**

## WHAT DEDUCTIONS FROM COMMISSIONS AND OTHER COMPENSATION ARE ALLOWED?

2106 - Employee Business Expenses. Any taxpayer claiming employee business expenses must attach a copy of Form 2106 and a copy of Schedule A. The City of Canton will allow only those expenses that are required to have been reported to the IRS on Form 2106.

TAXPAYER MUST ATTACH FORM 2106, SCHEDULE A, AND DETAIL OF LINE 4, 2106. Expenses will not be allowed if schedule A has not been filed with IRS.

## WHAT ATTACHMENTS ARE REQUIRED TO THE CITY RETURN?

**All W-2's, (no exceptions) 1099's and copies of all Federal Schedules. The return is not complete unless this source data is provided.** For taxpayers under 18 or over 65, proof of age required.

## PENALTIES

A fine of \$25.00 for:

(1) Failure to file returns when due.

(2) Failure to file and pay a bona fide declaration of estimated tax.

Interest Penalty of 3% per month will be charged on:

(1) All unpaid taxes after the due date.

(2) The difference paid and due each month between any estimated tax which is less than 75% of the tax Shown on the final return.

**EXEMPTION FORM 2003**

(See General Information)

**CITY OF CANTON  
INCOME TAX DEPARTMENT**

You may not be required to file a city income tax return. Complete this form and return it to our office by April 30th, and you will not be considered a delinquent taxpayer.

ACCOUNT # \_\_\_\_\_

SOCIAL SECURITY # \_\_\_\_\_ NAME \_\_\_\_\_

SOCIAL SECURITY # \_\_\_\_\_ SPOUSE \_\_\_\_\_

ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

TELEPHONE NO. \_\_\_\_\_

Upon turning 65 years old, please submit this form and proof of age.  
(Copy of Birth Certificate, Driver's License)

Please indicate birthdate: Yours \_\_\_\_\_

Spouse \_\_\_\_\_

I am not required to file a 2003 return because:

1. My sole income is derived from the following source(s):

A.  Social Security Benefits

B.  Pension

C.  Interest Income

D.  Dividend Income

E.  Total Permanent Disability

F.  Workers Compensation

G.  Alimony

H.  No Income

I.  Other (Please Explain)  
\_\_\_\_\_

J.  Military Service

K.  A.D.C.

L.  General Public Assistance

M.  Unemployment Compensation

N.  65 yrs. old or older with wages, commission or other compensation earning less than \$10,000.

\* O.  65 yrs. old or older with rental and/or business activity earning less than \$10,000. (Attach Schedule E and/or Schedule C as filed.)

2. Taxpayer Deceased in previous year

Date Deceased \_\_\_\_\_

3. Did not live in city of Canton in previous year.

Date Moved Out \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_

Spouse \_\_\_\_\_ Date \_\_\_\_\_

\*PLEASE NOTE: The Exemption Form may be used only if a senior citizen's net income is less than ten thousand dollars (\$10,000). Seniors will need to continue filing tax returns or Exemption Forms as long as they engage in rental and/or business activity.

# CANTON CITY INCOME TAX FORM INSTRUCTIONS

Name, address, social security number.

Please check your address on the tax return.

## IS ALL THE INFORMATION CORRECT?

If all information is not correct, please make the necessary corrections.

## FILING, INCOME, RESIDENCY AND AGE STATUS (REQUIRED INFORMATION)

Filing - Mark the box next to your filing status.

Residency - Give the exact date that you moved in or out of Canton. It may affect your taxable income.

Please note previous or current address after residency line.

Age - Citizens 65 and over can receive a tax credit up to \$200.00. Write in birthdate and attach a copy of your birth certificate, driver's license, or any document that lists your birthdate. This is only necessary for the first time you claim the credit. Taxpayers under age 18, claiming a refund, must write in birthdate and submit a copy of proof of age. (driver's license or birth certificate).

## LINE INSTRUCTIONS

**LINE 1 - TOTAL WAGES AND SALARIES** Enter the gross earnings from Federal Form W-2. Include all "pre-tax" amounts deducted from wages, tips and other compensations for 401(K), 125 plans (flexible benefits), etc. Enter the tax paid to other cities and the Canton City tax withheld as indicated.  
NOTE: The return is not complete unless all W-2's are attached.

**LINE 2 - TOTAL ADJUSTMENTS FROM BACK OF FORM, LINE H** Enter the total combined net taxable income from sole proprietorships, rentals, partnerships, S corporations, corporations and other compensation. Only net taxable income is brought forward from back of form.

**LINE 3 - WAGES AND SALARIES EARNED OUTSIDE THE CITY OF CANTON BY A PART YEAR RESIDENT, OR PRIOR TO 18th BIRTHDAY** If you moved into or out of Canton during the taxable year, you may deduct wages earned while you were a non-resident working outside the city of Canton. You also may deduct wages earned prior to your 18th birthday.

**LINE 4 - EMPLOYEE BUSINESS EXPENSES** Only those expenses that have been properly reported to the IRS on Form 2106 are allowed. Attach a copy of Form 2106, Schedule A, and itemized detail of "Other Business Expenses" on 2106 Line 4.

**LINE 5 - TAXABLE INCOME** Add lines 1 and 2 and subtract lines 3 and 4.

**LINE 6 - CANTON CITY TAX** Multiply taxable income on line 5 by 2%.

**LINE 7 - SENIOR CITIZEN TAX CREDIT** If 65 or older on December 31, 2003, deduct the amount of Canton tax due or \$200.00 whichever is less. If not applicable to you, enter zero.  
(The credit is applied only to seniors' income, it does not transfer to spouses on joint filings.)

**LINE 8 - CANTON CITY TAX LIABILITY** Line 6 less line 7.

### LINE 9 - CREDITS

- (a) Canton city income tax withheld by employers.
- (b) Municipal tax paid to other cities. - Not to exceed 2%.
- (c) Estimated tax payments.
- (d) Adjustments for local tax refunds, local taxes paid in error, non-applicable taxes, etc. No credit will be given for taxes paid to another city on income not taxable by Canton.
- (e) Total credits (a+b+c-d)

**LINE 10 - BALANCE DUE** If line 8 is larger than line 9e, you owe more tax. Subtract line 9e from line 8 and enter the balance due on line 10.

**LINE 11 - OVERPAYMENT CLAIMED** If line 9e is greater than Line 8, claim credit or refund on Line 12 or Line 13.

**LINE 12 - CREDIT TO 2004 ESTIMATE** If you have an estimate obligation for 2004, the over payment should be transferred to the declaration Line 2b.

**LINE 13 - REFUND** If you have an estimate obligation for 2004, the over payment should be transferred using Line 12.

**LINE 14 - LATE FILING FINE** All returns filed after filing deadline will be assessed a \$25.00 fine.

NOTE: Make certain that returns are postmarked on or before filing deadline. File early to avoid this fine.

**LINE 15 - INTEREST PENALTY** 3% per month will be assessed the first of each month on taxes remaining unpaid after filing deadline.

NOTE: Send a check or money order for the balance due with your return before filing deadline, to avoid this interest penalty.

**LINE 16 - ESTIMATE FINE & INTEREST PENALTY** See general information.

**LINE 17 - TOTAL AMOUNT DUE** Add lines 10, 13, 14 and 15. This amount must be paid in full when you file your return.

## MANDATORY DECLARATION OF ESTIMATED TAX

**LINE 1 - TOTAL INCOME SUBJECT TO CANTON TAX** Multiply total estimated income from all sources subject to Canton tax by 2%.

**LINE 2 - LESS TAX TO BE WITHHELD** Enter the amount, to be withheld by employer.

**LINE 3 - BALANCE ESTIMATED CANTON TAX** Subtract the amount, on lines 2 from line 1. This is your gross Canton estimated tax due.

**LINE 4 - LESS CREDITS** Enter total applicable credits from lines a and b on the total credits line.

**LINE 5 - NET TAX DUE** Subtract total credits from line 3. This is the net estimated balance due.

**LINE 6 - AMOUNT PAID WITH THIS RETURN** Make check or money order payable to "Robert C. Schirack, Canton City Treasurer" for not less than 1/4 x line 3 minus line 4 and remit by April 30, 2004.

**LINE 7 - BALANCE OF TAX** This amount is due in three equal installments on July 31 and October 31, 2004 and January 31, 2005.

Please mark your calendar and remit installments using enclosed coupons. A statement will **NOT** be sent.

## INSTRUCTIONS FOR BACK OF TAX RETURN

### PART I FOR PASSIVE ACTIVITIES ONLY

### PART II FOR NON-PASSIVE ACTIVITIES ONLY

**LINE a/A** - Aggregate net profit/loss from activities.

**LINE b/B** - Net adjustment from Schedule X (attach schedule).

**LINE d/D** - For business conducted inside and outside city by non residents, apply allocation percentage from Schedule Y (attach schedule).

**LINE f/F** - Loss carried forward from previous years (please detail).

**LINE g** - Taxable passive Income Only: If loss, enter zero and carry forward at asterisk (\*).

**LINE G** - Taxable non passive income or loss: If loss, enter loss amount.

### PART III NET AGGREGATE INCOME FROM BUSINESS ACTIVITIES

**LINE H** - Net aggregate Income Only: Add lines g and G. If net loss, enter zero and carry forward at asterisk (\*).

City of Canton  
**INCOME TAX DEPARTMENT**

P.O. BOX 8876 • 424 MARKET N., CANTON, OHIO 44711 • PHONE (330) 430-7900

Dear Taxpayer:

Enclosed, you will find your City of Canton Income Tax Return forms for calendar year 2003, *and quarterly estimate remittance statements for 2004.*

The tax department will make every effort to efficiently serve all Canton residents who are required to file a city tax return. **WE ADVISE YOU TO FILE AS EARLY AS POSSIBLE.** Our auditors are available to assist you in filling out your tax return, at no charge. No appointments are necessary, simply walk in to our office during regularly scheduled hours.

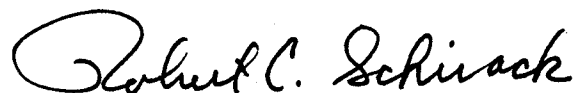
All returns must be filed by April 30, 2004. If you mail your City of Canton tax return after 5:00 pm on the deadline, your filing may be postmarked on the next business day, and thus be delinquent, **MAY 1<sup>ST</sup> POSTMARKS WILL BE CONSIDERED LATE, AND THE RETURNS WILL BE ASSESSED WITH A \$25.00 LATE FILING FINE.** Be sure to mail the return early!

The following are points to which you should pay particular attention:

1. Any part-year resident who lived in the city 30 days or more in 2003 must file a city income tax return.
2. **Any return not signed will be returned to the taxpayer. If it is not resubmitted with proper signatures by April 30, 2004, it will be considered delinquent.**
3. Be sure that all necessary documentation, including W-2s, Federal Schedules and statements, proof of age (if you are under 18 or over 65), etc., is attached.
4. All requests for extensions must be submitted, *in writing*, to our office by April 30, 2004, or fiscal deadline, to avoid paying the \$25.00 late filing penalty. Send extension requests to P.O. Box 8876, Canton, OH 44711-8876.
5. **EXEMPTION FORM** - If your income is derived solely from the following nontaxable sources, you can simply fill out an Exemption Form to fulfill your filing requirement: social security benefits, interest and dividend income, military pay, total permanent disability benefits, pensions, unemployment compensation, general or dependent's relief, alimony and child support.
6. The Declaration of Estimate Tax is also due on April 30. A question and answer sheet is on the back of this letter.
7. ***Please note carefully: each of the quarterly statements for your 2004 Declaration of Estimated Tax are in this package. The Canton city income tax department does not send a statement of estimated tax due every quarter. Instead, the quarterly statements have been included with this mailing. The remittances will be due April 30, 2004, July 31, 2004, October 31, 2004, and January 31, 2005. Please mark your calendar and be sure to file your estimates timely.***
8. All residents' "other income" derived from gambling, wagering, lotteries (including the Ohio State Lottery) and games or schemes of chance are subject to Canton tax. Church bingo, raffles, and the like are exempt.

Thank you for your cooperation and compliance.

Sincerely,



Robert C. Schirack, Treasurer

# Declaration of Estimated Tax F.A.Q.s

(Frequently Asked Questions)

## What is a Declaration of Estimated Tax?

Any Canton taxpayer who expects to receive taxable income that has no tax withholding (or less than 1.5% tax withheld) must Declare that income at the beginning of the year, and pay the estimated tax on it quarterly. Basically, if an employer doesn't withhold city tax, taxpayers must withhold it from their own pay, and remit it to the City themselves.

## Who must file a Declaration?

Any person who receives taxable wages which are not subject to withholding at the source by his or her employer must file a "Declaration of Estimated Tax." **Example:** XYZ Corporation in Plain Township employs a Canton resident. XYZ Corp. does not withhold Canton city income tax from the employee's paycheck, so the employee must file a Declaration.

Any person who anticipates taxable income from a business, profession, enterprise, or other for-profit activity which is subject to the Canton city income tax. **Example:** A nonresident of Canton operates a Lawn care/Landscaping service which has customers inside the Canton city limits. He must file a Declaration of Estimated Tax on that income.

## Is there a penalty for failure to file a Declaration?

Yes! The Declaration of Estimated Tax is required by Law. The failure to file a *bonafide* Declaration will result in a fine of \$25.00, and a substantial interest penalty.

## What is a bonafide Declaration?

A *bonafide* ("good faith") Declaration is one in which the combination of the taxes withheld and the estimated taxes paid in the year total 75% or more of the tax obligation shown on the taxpayer's income tax return. Payments of estimated tax plus any other credits must equal 75% of the final liability to avoid the fine and interest penalty. Estimated credits equal to at least 100% of the prior year's final liability will not be penalized either. **Example:** A small-businessman, who owed \$300.00 on the prior year's tax return, files a Declaration of Estimated Tax for the current year, of \$245.00. On the final tax return, it is determined that his tax obligation was actually \$350.00. The Declaration was less than 100% of the prior year's tax liability and was only 70% of the current tax obligation, rather than the 75% required to be "in good faith." This taxpayer is subject to the \$25.00 fine, and the interest penalty.

## How much is the interest penalty?

The amount of interest penalty depends upon the estimate requirement (75% of the tax obligation), and total credit on the tax return (withholding + estimate payments). When the tax return is filed, an auditor will multiply the tax obligation by 75% to find the *bonafide* Declaration amount. That amount is divided by four, to establish the installment amount that should have been paid quarterly. The quarterly installment due is compared with the combined estimate and withholding payments from each quarter. Any difference will be subjected to an accumulating interest penalty of 9% per quarter, imposed from the due date of the quarterly installment, up through the filing date of the tax return. In some cases, the interest penalty imposed could amount to approximately 17% of the tax obligation itself.

## Does Canton give credit on the Declarations for taxes withheld and paid to another city?

Yes. Canton gives full credit (up to 2%) on the Declaration of Estimated Tax for withholdings due and payable to another city. Since almost all other cities in our area have tax rates of 1.5%, or more, most residents who work in another municipality will meet the "good faith" requirement. However, a Canton resident who works in a city whose tax rate is less than 1.5% would have insufficient credit to avoid falling below the "75%" test. Taxpayers working in Canal Fulton, East Canton, and any of the townships will need to file the Declaration of estimated tax in order to meet the "good faith" requirement.

## How will the public know about this mandatory "Declaration of Estimated Tax" requirement?

It's on the tax form, and in the "General Information Sheet" and "Line-by-Line Instructions" which are mailed with the tax returns each year. The estimate remittance forms are mailed with the tax returns as well. Also, our auditors will try to identify taxpayers who file returns reporting total credits which are less than their actual tax obligations by 26% or more, and a letter and this FAQs sheet will be sent informing him or her of the Declaration requirement. Ultimately, though, the Declaration of Estimated Tax is your responsibility - not the tax department's.

## When should the Declaration be filed?

The Declaration is due with the annual city income tax return every year. A calendar year taxpayer must file it no later than April 30.

## When are the payments due, and how much are they?

At least one-fourth (1/4) of the estimated tax due should be paid with the previous year's annual return and the current Declaration: on or before April 30.

It's really simple: the tax on the income you make in January, February, and March is due to the City in April. For April, May, and June, the tax is due in July, etc. You withhold the tax from your own pay, and remit it to the City just as if the employer were doing it. Please note carefully: The Canton city income tax department will not send a statement of estimated tax due every quarter. Instead, the quarterly statements have been included with the annual tax return. The remittances will be due April 30, 2004, July 31, 2004, October 31, 2004, and January 31, 2005. Please mark your calendar and be sure to file your estimates timely.

## What should I do if the original Declaration needs to be changed?

In order to account for mid-year changes in income, employment status, etc., a Declaration of Estimated Tax can be amended as needed, at any time. Simply adjust the amount due on your next quarterly statement of estimated tax by writing in your amended figures, and send it in by the next quarterly deadline.

## What if I have more questions, or I just don't get it?

Call the income tax department! Our auditors will be glad to assist you, and answer all of your additional questions.