City of Canton, Ohio Income Tax Return  
For Calendar Year ending December 31, 2004, or  
for the______ months ending ________________

FOR USE OF ALL INDIVIDUAL TAXPAYERS SUBJECT TO CANTON INCOME TAX

<table>
<thead>
<tr>
<th>EMPLOYERS NAMES</th>
<th>CITY PAID</th>
<th>TAX PAID OTHER CITIES</th>
<th>CANTON TAX WITHHELD</th>
<th>TOTAL W-2 WAGES</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>

2. Total adjustments from Back of Form (if applicable) $____________________
3. Wages earned outside Canton by part year non-resident or prior to 18th birthday 3. Deduct $____________________
4. Allowable Employee Business Expense (attach Form 2106, Detail Line 4, & schedule A filed) 4. Deduct $____________________
5. Taxable Income (Add Lines 1 and 2 subtract Lines 3 and 4) $____________________
6. Canton City Tax (2% of Line 5) $____________________
7. Senior citizen tax credit (see instruction sheet) 7. Deduct $____________________
8. Canton city tax liability (Line 6 less line 7) $____________________
9. CREDITS
   (a) Canton income tax withheld by employer(s) 9a $____________________
   (b) Municipal tax paid to other cities 9b $____________________
   (c) Payment of Declaration of Estimated Tax 9c $____________________
   (d) CREDIT ADJUSTMENT 9d $____________________
   (e) TOTAL CREDITS (add a, b, c, less d) 9e $____________________
10. BALANCE DUE (if Line 8 exceeds Line 9e enter difference here) $____________________
11. Overpayment claimed (if Line 9e exceeds Line 8) 11. $____________________
12. Credit to 2005 Estimate (if no estimate due use Line 13) 12. $____________________
13. TO BE REFUNDED (if estimate due use Line 12) 13. $____________________
14. Late filing fine - (returns filed after filing deadline), enter $25.00 fine 14. $____________________
15. Interest Penalty 3% per month, effective the sixteenth of each month 15. $____________________
16. Estimate less than 75% - Fine $25.00 ______ Interest Penalty 9% per quarter 16. $____________________
17. Total amount due - MUST BE PAID IN FULL WITH THIS RETURN 17. $____________________

MANDATORY DECLARATION OF ESTIMATED TAX FOR 2005

1. Total income subject to Canton tax $____________________ Canton tax @ 2%. 1. $____________________
2. LESS TAX TO BE WITHHELD 2. $____________________
3. Balance estimated Canton tax 3. $____________________
4. Less Credits: a. Overpayment on previous year’s return 4a. $____________________
   b. Other (Specify) 4b. $____________________ Total Credits $____________________
5. Net Tax due (line 3 less total of line 4) 5. $____________________
6. Amount paid with this return (not less than 1/4 X line 3 minus line 4) Make remittance payable to: Robert C. Schirack, Canton City Treasurer 6. $____________________
7. Balance of Tax $____________________

I CERTIFY I HAVE EXAMINED THIS RETURN (INCLUDING ACCOMPANYING SCHEDULES AND STATEMENTS) AND TO THE BEST OF MY KNOWLEDGE, I BELIEVE IT IS TRUE, CORRECT, AND COMPLETE.

Signature of Person Preparing, If Other Than Taxpayer __________________________ Date ________

Signature of Taxpayer or Agent Required __________________________ Date ________

Address or Name and Address of Firm __________________________ Date ________

Spouse __________________________ Date ________

Signature of Person Preparing, If Other Than Taxpayer

Signature of Taxpayer or Agent Required

Address or Name and Address of Firm

Spouse

AUDITED BY __________________________ M/M __________________________ POSTED TO __________________________

THIS SPACE FOR TAX OFFICE USE ONLY

PUBLIC USE ONLY
# TY 2004

**ATTACH COPIES OF ALL FEDERAL SCHEDULES**

## PART I PASSIVE ACTIVITIES

<table>
<thead>
<tr>
<th>FEDERAL SCHEDULES</th>
<th>DESCRIPTION</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td>a.</td>
</tr>
<tr>
<td>b. Schedule X Adjustment (Attach Schedule X)</td>
<td>b. +</td>
<td></td>
</tr>
<tr>
<td>c. (a + b)</td>
<td>c. =</td>
<td></td>
</tr>
<tr>
<td>d. Allocation Percentage (Attach Schedule Y)</td>
<td>d. X</td>
<td>%</td>
</tr>
<tr>
<td>If business conducted entirely in Canton enter 100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>e. (c x d)</td>
<td>e. =</td>
<td></td>
</tr>
<tr>
<td>f. Loss carry forward (Attach Schedule of Losses)</td>
<td>f. -</td>
<td></td>
</tr>
<tr>
<td>g. Passive net profit (if less than zero, enter zero and carry loss forward)</td>
<td>g. =</td>
<td></td>
</tr>
</tbody>
</table>

*Passive loss carry forward to 2005

## PART II NON PASSIVE ACTIVITY

<table>
<thead>
<tr>
<th>FEDERAL SCHEDULES</th>
<th>DESCRIPTION</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. TOTAL</td>
<td></td>
<td>A.</td>
</tr>
<tr>
<td>B. Schedule X Adjustment (Attach Schedule X)</td>
<td>B. +</td>
<td></td>
</tr>
<tr>
<td>C. (A + B)</td>
<td>C. =</td>
<td></td>
</tr>
<tr>
<td>D. Allocation Percentage (Attach Schedule Y)</td>
<td>D. X</td>
<td>%</td>
</tr>
<tr>
<td>If business conducted entirely in Canton enter 100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E. (C x D)</td>
<td>E. =</td>
<td></td>
</tr>
<tr>
<td>F. Loss carry forward (Attach Schedule of Losses)</td>
<td>F. -</td>
<td></td>
</tr>
<tr>
<td>G. Non Passive Net Profit/Loss</td>
<td>G. =</td>
<td></td>
</tr>
</tbody>
</table>

**IF LESS THAN ZERO, ENTER LOSS**

## TAXABLE/INCOME FROM BUSINESS ACTIVITIES

<table>
<thead>
<tr>
<th>FEDERAL SCHEDULES</th>
<th>DESCRIPTION</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>H. NET AGGREGATE INCOME (g + G)</td>
<td>H.</td>
<td></td>
</tr>
</tbody>
</table>

*Non-passive loss carry forward to 2005

ENTER LINE H ON LINE 2 ON FRONT OF FORM
**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 2005 below, together with the first quarter estimated tax due (1/4 of the annual estimated tax) on or before **April 30, 2005**. Additional payments of at least 1/4 of the annual estimated tax each must be paid on or before July 31, 2005, October 31, 2005, and January 31, 2006. 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.

<table>
<thead>
<tr>
<th>PAYMENT NO.</th>
<th>DUE DATE</th>
<th>CHECK NO.</th>
<th>PAID</th>
<th>AMOUNT PAID</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>April 30, 2005</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>July 31, 2005</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>October 31, 2005</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**MANDATORY DECLARATION OF ESTIMATED TAX FOR 2005**

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
2005 1st Quarter

AMOUNT PAID $

TO CHARGE YOUR PAYMENT, PLEASE COMPLETE.

$ ____________  
(Amount Authorized)  

CREDIT CARD EXPIRAION DATE ______ / _______

Name & Address

Taxpayer Soc. Sec. No. | Account Number | Due on or Before 4-30-2005

CARDHOLDER
### Quarterly Estimate Payment Coupon

**City of Canton, Ohio**

#### 2005 2nd Quarter

<table>
<thead>
<tr>
<th>Taxpayer Soc. Sec. No.</th>
<th>Account Number</th>
<th>Due on or Before</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>7-31-2005</td>
</tr>
</tbody>
</table>

Name & Address

$ \[ \text{(Amount Authorized)} \]

**Cardholder**

#### 2005 3rd Quarter

<table>
<thead>
<tr>
<th>Taxpayer Soc. Sec. No.</th>
<th>Account Number</th>
<th>Due on or Before</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>10-31-2005</td>
</tr>
</tbody>
</table>

Name & Address

$ \[ \text{(Amount Authorized)} \]

**Cardholder**

#### 2005 4th Quarter

<table>
<thead>
<tr>
<th>Taxpayer Soc. Sec. No.</th>
<th>Account Number</th>
<th>Due on or Before</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1-31-2006</td>
</tr>
</tbody>
</table>

Name & Address

$ \[ \text{(Amount Authorized)} \]

**Cardholder**
## SCHEDULE X
### RECONCILIATION WITH FEDERAL INCOME TAX RETURN - Attach Schedules

<table>
<thead>
<tr>
<th>ITEMS NOT DEDUCTIBLE</th>
<th>ADD</th>
<th>DEDUCT</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Capital Losses</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>b. Expenses incurred in the production of non-taxable income (At least 5% of Line t)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>c. Taxes based on income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>d. Payments to partners</td>
<td></td>
<td></td>
</tr>
<tr>
<td>e. Sick pay/3rd party insurance payment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>f. Other (Explain)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>g. Total Additions</td>
<td>$</td>
<td></td>
</tr>
</tbody>
</table>

### NON-PASSIVE

### SCHEDULE X

### SCHEDULE Y BUSINESS ALLOCATION FORMULA

STEP 1. AVG. VALUE OF REAL & TANG. PERSONAL PROPERTY.

- a. LOCATED EVERYWHERE
- b. LOCATED IN THIS MUNICIPALITY
- c. PERCENTAGE \((b-a)\)

STEP 2. GROSS RECEIPTS FROM SALES MADE AND/OR WORK OR SERVICES PERFORMED (SEE INSTRUCTIONS).

STEP 3. 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).

### NET ADJUSTMENTS (g-t)

### SCHEDULE Y BUSINESS ALLOCATION FORMULA

STEP 1. AVG. VALUE OF REAL & TANG. PERSONAL PROPERTY.

- a. LOCATED EVERYWHERE
- b. LOCATED IN THIS MUNICIPALITY
- c. PERCENTAGE \((b-a)\)

STEP 2. GROSS RECEIPTS FROM SALES MADE AND/OR WORK OR SERVICES PERFORMED (SEE INSTRUCTIONS).

STEP 3. 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).

### NET ADJUSTMENTS (g-t)
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 were 65 years old or older on or before December 31, 2004, and whose salary or wage income was less than $10,000 or less from rental and/or business activity 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.

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.

WHAT DEDUCTIONS FROM COMMISSIONS AND OTHER COMPENSATION ARE ALLOWED?

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.

HOW ARE NET OPERATING LOSSES TREATED?

Effective 2004, net operating losses not used in the current year may be carried forward for three years. Net operating losses may not be carried back to prior years.

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.

PENALTIES

A fine of $25.00 for:

(1) Failure to file returns when due.

(2) Failure to pay and file 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, assessed on the 16th of each month.

(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.

HOW ARE BUSINESS NET PROFITS DETERMINED?

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 MUST BE ATTACHED TO CITY RETURN.

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 MUST BE ATTACHED TO CITY RETURN.

The business allocation percentage formula is to be used by all business enterprises doing business within and outside of the City of Canton.

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

(1) Average original cost 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.
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 total amount reported in "box 5" of federal form W-2, and add any ordinary income from the exercise of stock options and supplemental unemployment compensation ("sub-pay") excluded from Medicare wages. 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. Enter zero for loss.

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, 2004, 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 2005 ESTIMATE If you have an estimate obligation for 2005, the over payment should be transferred to the declaration Line 4a.

LINE 13 - REFUND If you have an estimate obligation for 2005, 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 sixteenth 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, 14, 15 and 16. 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.

LINE 7 - BALANCE OF TAX This amount is due in three equal installments on July 31 and October 31, 2005 and January 31, 2006.

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 i/F - Loss carried forward from previous years (please detail).

LINE q - Taxable passive Income Only; If loss, enter zero and carry forward at asterisk (+).

LINE Q - 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 (+).

If line 9e is greater than Line 8, claim credit or refund on Line 12 or Line 13.
You may not be required to file a city income tax return. Complete this form and return it to our office by April 15th, 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 2004 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.
Dear Taxpayer:

Enclosed, you will find your 2004 City of Canton Income Tax Return and 2005 quarterly estimate statements.

WE ADVISE YOU TO FILE AS EARLY AS POSSIBLE. THE NEW FILING DEADLINE IS APRIL 15th.

All returns must be filed by April 15, 2005. 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. APRIL 16th 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. By state law, the filing deadline has been changed to April 15th.
2. Any part-year resident who lived in the city 30 days or more in 2004 must file a city income tax return.
3. Any return not signed will be returned to the taxpayer. If it is not resubmitted with proper signatures by April 15, 2005, it will be considered delinquent.
4. 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.
5. All requests for extensions must be submitted, in writing, to our office by April 15, 2005, to avoid paying the $25.00 late filing penalty.
6. 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.
7. The Declaration of Estimate Tax is not due until April 30. A question and answer sheet is on the back of this letter.
8. Please note carefully: each of the quarterly statements for your 2005 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, 2005, July 31, 2005, October 31, 2005, and January 31, 2006. Please mark your calendar and be sure to file your estimates timely.
9. 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.
10. Effective 2004, net operating losses from business activities reported on Schedules 1040 C,E,F, 1065 K-1, 1120S K-1, etc., may only be carried forward for THREE years to offset future net profits. Net operating losses may not be carried back to prior years.

The tax department will make every effort to efficiently serve all Canton residents who are required to file a city tax return. 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. If you have any questions, please call us at (330) 430-7900, or visit us online: www.cantonincometax.com.

Thank you for your cooperation and compliance.

Sincerely,

Robert C. Schirack, Treasurer

Cantonincometax.com
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.

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 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 and pay 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; however, it may be filed separately, as late as April 30, without incurring any penalty.

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 15.

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. For individuals, the remittances will be due April 30, 2005, July 31, 2005, October 31, 2005, and January 31, 2006. For businesses, the remittances will be due on the 15th day of April, June, September, and December (the fourth, sixth, ninth and twelfth month for Fiscal Year filers). Please mark your calendar and be sure to file your estimated payments 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.