

**CITY OF BLUE ASH
INDIVIDUAL INCOME TAX RETURN INSTRUCTIONS**

**Mail to: Blue Ash Income Tax Office
4343 Cooper Road
Blue Ash, Ohio 45242**

Office Phone: (513) 745-8516
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2009 Filing Due Date: April 15, 2010

Extension Requests: Required to be received in writing by the original filing due date.

Subsequent Estimated Payments: Due by the 31st of July, October and January.

This form is to be used by individuals who receive income reported on federal forms W-2, 1099-MISC, W-2G or schedules C, E, F or K-1. Please send us a copy of all federal forms used to compute your local tax. Individuals who file as Sole Proprietors or Single Member LLCs should also use this form.

General Information:

1. "Qualifying wages" generally include amounts reported in the Medicare wage base (The amount in Box 5 on the W-2) plus supplemental unemployment compensation benefits described in Section 3402(o)(2) of the Internal Revenue Code and compensation of pre-1986 employees exempt from Medicare that is not in the Medicare wage base solely because of the Medicare grandfathering provision.
2. The due date for filing returns is April 15th, 2010 or the 15th day of the fourth month following the fiscal year end.

Part A - Tax Calculation

LINE 1: Enter the total qualifying wages, usually the Medicare Box 5 on a W-2. Attach copies of the federal forms and schedules showing all reportable income with the return. For multiple W-2s complete Worksheet A on page 2.

LINE 2: Enter the amount of unreimbursed employee business expenses. You must include a copy of Federal Form 2106 or 2106EZ to support the deduction.

LINE 3: Line 1 minus Line 2.

LINE 4: Part year or nonresidents only: Deduct the amount of gross wages included on Part A, Line 1 that were earned outside of Blue Ash during the period when you were not a resident. For partial year residents, if accurate records are not available, you may prorate your taxable income by dividing the number of days lived in Blue Ash by the total days in the year. For nonresidents, include a schedule of calculations and an itinerary of days worked outside Blue Ash, listing the dates and the location of the work site.

LINE 5: Line 3 minus Line 4.

LINE 6: Complete Worksheet B - Business Income or Loss.

Schedule C- Business Income: Residents are subject to Blue Ash tax on all business income no matter where earned. Nonresidents of Blue Ash must multiply the net profit or loss from each Schedule C using the apportionment percentage derived on Schedule Y to determine the Blue Ash Taxable Income (Loss). Combine the profits and losses from all businesses reported on Schedule C.

Schedule E-Rental Income: Blue Ash residents report all profits or losses from rental property no matter where property is located. Nonresidents of Blue Ash report profits or losses only from properties located within Blue Ash. Total monthly rents collected must exceed \$250 per month to be reportable to Blue Ash.

Flow-through Profits or Losses: The tax is levied on the partners, members or other owners of a flow-through entity excluding S-Corporations. Businesses operating in Blue Ash are required to report the portion of net profit earned in Blue Ash and to remit the tax on behalf of all their partners. Residents of Blue Ash are to report their distributive shares of income or loss that was not withheld on by the business. The resident taxpayer may claim a credit for taxes paid to other localities by the business.

Other Income: Please provide documentation such as copies of federal schedules or Forms 1099-MISC not already reported on Schedule C. Also taxable are all prizes, awards and income derived from gaming, wagering, lotteries or schemes of chance by residents, regardless of where derived or by nonresidents from sources in the municipality and as reported on IRS Form W-2G, IRS Form 5754 or any other form required by the Internal Revenue Service to report such prizes, awards and income. (1099s reporting interest, dividends & retirement income are NOT taxable.)

NOL Carryforward: Enter the amount of net operating losses apportioned to Blue Ash and claimed on this year's tax return. Operating losses may be carried forward for a maximum period of five tax years. *An explanatory schedule is required to support the carry-forward operating losses claimed on the return.*

Total Income (Loss): Add all the profits and deduct the losses in the Blue Ash Taxable Income column. Enter total income or loss on Part A, Line 6 of the return.

LINE 7: Line 5 plus Line 6. (A net loss reported on Line 6 may not be used to offset W-2 income from Line 5).

LINE 8: Multiply Line 7 by 1.25% (.0125).

LINE 9a: Enter the amount of Blue Ash Tax withheld by employers.

LINE 9b: Enter the total amount of paid estimated tax payments, any amounts paid with an extension and any prior year overpayments. Estimated payments may be subject to the underpayment of estimated tax penalty.

LINE 9c: Enter the amount of taxes withheld for or paid to another city, subject to the following limitations.

Residents of the City of Blue Ash may claim a credit for taxes paid to another city up to 1.25% of those wages actually taxed on the W-2. Credit is limited to the local tax rate used (1.25% or less) multiplied by the wages actually taxed per each individual W-2.

Credit is not allowed for the amount of withheld taxes exceeding 1.25% paid to municipalities with higher tax rates (example; City of Norwood tax rate is 2%. The difference of .75% excess may not be used as credit to offset other W-2 income).

Part-year residents may claim taxes paid to other cities for the part of the year they were a Blue Ash resident. Provide documentation in the form of W-2s or tax returns submitted to other municipalities. Partners claiming credit for taxes withheld or otherwise paid to another municipality by a partnership must provide documentation to support this credit. Nonresidents may not claim taxes paid to another municipality.

Please note - if any wage base is used besides total Qualifying Wages (usually Box 5 of a W2) and/or if it is not fully withheld at that municipality's tax rate, adjustments could be made to your tax return.

LINE 10: Add Lines 9a, 9b and 9c.

LINE 11: If Line 8 is greater than Line 10, enter the tax due. Payment is not required if the amount is less than \$1.

LINE 12: If Line 10 is greater than Line 8, enter the overpayment.

LINE 13: Enter the amount from Line 12 to be refunded. Amounts less than \$1 will not be refunded.

LINE 14: Enter the amount from Line 12 to be credited to the next year's estimated tax liability.

Part B - Declaration of Estimated Tax for Next Year – Mandatory if estimated liability is \$100 or more.

LINE 15: Enter the amount of estimated taxable income for next year. *The taxpayer shall base the estimated tax on the preceding full year's tax liability.*

LINE 16: Enter the total estimated tax due for next year.

LINE 17: Enter the estimated amount of Blue Ash and other allowable municipal taxes to be withheld from wages.

LINE 18: Line 16 less Line 17

LINE 19: Divide Line 18 by 4 to determine the amount of estimated tax to be paid for the first quarter.

LINE 20: Enter the amount of credits from Line 14.

LINE 21: Enter and remit the net estimated tax due if Line 19 minus Line 20 is greater than zero. **This is the first of four quarterly estimated tax payments. The second payment is due on July 31st and is equal to the total estimated tax on line 18 divided by 4 less any overpayment still available from prior years. Third payment is due October 31st and the final estimated payment is due January 31st. Failure to remit timely estimated payments may result in the assessment of interest and penalties.**

LINE 22: Total amount due with return - Combine Line 11 and Line 21

Make Checks Payable to: **Blue Ash Income Tax Office**
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