

GENERAL INSTRUCTIONS

TAX RATE 1%

I. WHO MUST FILE

Resident individuals 18 years of age or older are required to file regardless of income. Partnerships, corporations and any other entity having income taxable by the Village of Middlefield from which total Village income tax due has not been fully/correctly withheld, and/or engage in a business or profession in or outside the Village of Middlefield regardless of whether the business showed a profit or a loss. Nonresident individuals, partnerships, corporations and any other entity having carried income in the Village of Middlefield from which total Village income tax has not been fully withheld and/or who is engaged in business or profession in the Village of Middlefield whether the business showed a profit or loss; or any individual, partnership, corp., or other entity owning property in the village.

II. WHEN AND WHERE TO FILE THIS RETURN

- A. Taxpayers who end their taxable year on December 31 must file on or before April 15. Taxpayers on a fiscal or partial year basis must file before the 15th day of the fourth month following the end of such period.
- B. If deadline cannot be met, a request for an extension must be filed with the Middlefield Income Tax Department by April 15 for calendar year filers or before the 15th day of the fourth month following the end of year for fiscal filers. A copy of your federal extension will be accepted. Any extension granted is for filing purposes only. The taxpayer is obligated to make payment of the tax due at the time of the request for an extension, or the filing deadline, whichever is later.
- C. Every taxpayer who anticipates any income or net profits not subject to total withholding shall file with the Village a **declaration of estimated tax**. The first installment must accompany the declaration. Individual filers shall file a declaration of estimated tax and remit payment of the first installment on or before April 15. Remaining quarterly installments should be paid on or before July 31, October 31 and January 31. Business calendar or fiscal year filers shall file a declaration of estimated tax and remit payment of the first installment within 4 months after the beginning of the fiscal year. Remaining quarterly payments shall be made on or before the thirty first day of the 6th, 9th, and 12th month. Any declaration of estimated tax that does not meet the payment requirements shall not be considered filed in good faith and shall be subject to penalties.
- D. The return should be filed with the Income Tax Department at the address shown on the return. Checks or money orders should be made payable to the Village of Middlefield. Total amount due must be paid when filing this return. No payment due or refund paid if balance is less than one dollar (\$1.00). The inability to pay taxes owed should not preclude the timely filing of this return.

III. PENALTIES

Penalties are provided by Ordinance for failure to file a return or extension and/or pay tax due on a required return, for filing late, for filing a false or fraudulent return, and for underpayment of estimated tax. All taxes due to Middlefield remaining unpaid after they become due bear a penalty rate of 1½% per month. Minimum penalty shall be \$25.00 for failure to remit taxes withheld from employees, 10% per month

IV. TAXABLE INCOME

- Income subject to taxation includes salaries, wages, commissions, bonuses, temporary disability income (not to include Worker's Compensation, SSI benefits, or insurance paid for by the employee), incentive payments, and other compensation.
- A. For RESIDENTS, taxable income also includes net profits of all unincorporated businesses to include

rentals, farm income, sole proprietorships, and the distributive share of resident and non-resident partnership income which is not subject to payment by the partnership. These profits are taxable if they are from services rendered within or outside the Village of Middlefield.

- B. Income from unincorporated businesses shall be deemed to mean the net profits arising from a business or profession where so ever conducted.
- C. For NONRESIDENTS, income listed as taxable in the preceding paragraphs are taxable if the income is from services rendered and/or other activities conducted in the Village of Middlefield.
2. Income subject to taxation includes the net profits earned of all corporations derived from work done or services performed or rendered and business or other activities conducted in the Village of Middlefield.

ITEMS TAXED

- Wages, salaries, and other compensation as defined as Medicare Taxable Compensation
- Bonuses, stipends, and tip income
- Commissions, fees, and other earned income
- Sick pay
- Net rental income
- Net profits of businesses, corporations, partnerships, etc.
- Vacation pay
- Incentive and/or Severance Pay
- Farm net income
- Administrative Fees
- Strike pay if paid by company
- Executor Fees
- Income from gambling, lottery, and/or sports winnings

NOTE: This is intended for reference purposes only. It may not be all-inclusive and is subject to revision without notice.

ITEMS NOT TAXED

- Alimony
- Active duty military pay
- Interest
- Dividends
- Wages earned by persons under 18 years of age
- Pensions
- Royalties
- Welfare benefits
- State unemployment benefits
- Capital Gains
- Social Security
- Section 125

ATTACHEMENTS ARE REQUIRED TO ALL RETURNS:

- W 2s
- 1099 Misc.
- ALL FEDERAL SCHEDULES USED TO COMPLETE THE RETURNS