

## LINE BY LINE INSTRUCTIONS

### HEADER (Completion required)

If retired with no taxable income-complete name, address, social security no., check retired box, sign and date return.

- A. Indicate taxpayer status type.
- B. Indicate residency status.
- C. Indicate whether you filed a tax return in a previous year.
- D. Indicate if you were under 18- enter date of birth and attach copy of drivers license or birth certificate for refund of Middlefield tax withheld
- E. Enter your Social Security number, spouse's Social Security number and/or Federal ID number.
- F. Enter telephone number where you can be reached during the day.
- G. Indicate if you moved during the year. If so, enter the date and make sure that all resident addresses are listed under the name or on an additional page. (Be sure to indicate which address is current).

### TAX CALCULATION SECTION

- Line 1. Indicate taxable wages. Defined as Medicare Wages and tips Box 5
- A. Individuals with allowable Village adjustments to wages should write adjustment on line 1A or 1B and subtract from wages before entering on Line 1.
- Allowable adjustments:
- a) Form 2106 expense is defined as those expenses allowed by the IRS, but cannot exceed amount of Middlefield Village wages.
  - b) Income earned while under age 18.

NOTE: Supporting documentation must be attached or adjustment will not be allowed. (Form 2106, driver license, etc.)

- Line 2. This line is to be completed by corporations and individuals engaged in business (sole proprietors, rental property, partnerships, farm, 1099M income, etc.). Enter the total taxable income from Schedule C, E, and H from Line 8 Page 2.
- Line 3. Enter total net taxable income (Line 1 plus Line 2).
- Line 4. Multiply Line 3 by 1% tax rate. Enter tax due on line 4.
- Line 5. Credits: (Each W-2 stands independent)
- Line 5A. Enter Middlefield tax shown as withheld on the W-2
- Line 5B. Enter all estimated tax payments made to Middlefield for the year.
- Line 5C. Prior year overpayment carried forward from previous year.
- Line 5D. Enter the total allowable credit (the sum of Lines 5A, 5B and 5C).
- Line 6. Enter net tax due or overpayment. Line 4 minus Line 5D. If Line 6 is a balance due, payment must accompany this return. If Line 6 is an overpayment, indicate on Line 9 whether it should be credited to estimated tax or refunded.
- Line 7. Enter penalties if applicable (See General Instructions Sec. III)
- Line 8. Enter amount due before estimated taxes are calculated. Line 6 plus Line 7.

Line 9. Enter overpayment from Line 6 you want credited to the next year estimate or enter amount of overpayment from Line 6 you want refunded.

NOTE: You MUST sign return and attach all documentation for a refund to be processed.

### DECLARATION OF ESTIMATED TAXES

NOTE: Estimated tax payments are required for all tax liabilities. Quarterly installments are billed at 22½%-a minimum payment of 22½% is required to avoid penalties.

- Line 10A. Enter estimated income from wages, salaries, rents, business, and all other taxable income.
- Line 10B. Enter total estimated tax due. (Multiply Line 10A by 1% tax rate)
- Line 11. Expected tax credits:
- Line 11A. Enter the tax estimated to be withheld for Middlefield.
- Line 11B. Enter total credits (the sum of Line 11A and Line 11B).
- Line 12. Enter net estimated tax due (Line 10B minus Line 11C).
- Line 12A. Overpayment from prior year from Line 9 above.
- Line 13. Enter amount to be paid with this declaration.
- Line 14. Enter balance of estimated tax due (line 12 minus Line 13).
- Line 15. Total amount due Line 8 plus Line 13.

### BOTTOM (COMPLETION REQUIRED)

1. SIGN and DATE return. Both individuals must sign and date the return if it is a joint return. Corporate returns must be signed by a responsible officer. A return is not "filed" within the meaning of the law, until signed by the taxpayer or an agent legally authorized to sign tax returns for such taxpayer. If someone other than the individual(s) named on the return prepared the return, they must provide their signature, date and telephone number.

If you have questions regarding the completion of this return, please contact the Middlefield Income Tax Department at (440) 632-5248.

### SCEDULE C – BUSINESS INCOME

Do not use this schedule if your only source of income is from W-2 wages. All taxpayers who use net profits to calculate taxable income are required to use this schedule. Appropriate federal forms are to be attached. Schedule C, Schedule E, etc.

- Line 1. Enter total net income from attached federal schedules.
- Line 2A. Enter total items not deductible from Schedule X Line H.
- Line 2B. Enter total items not taxable from Schedule X Line S.
- Line 2C. Enter the difference between Line 2A and 2B. If Line 2A is larger than Line 2B enter the amount in a positive figure. If Line 2b is larger than Line 2A enter the amount in a negative figure.

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- Line 3. Adjustment income, Line 1 plus or minus Line 2C, enter result.
- Line 4. Multiply Line 3 by 1% tax rate. Enter tax due on Line 4.
- Line 5. Enter business income less carry forward loss.

### SCHEDULE E – INCOME FROM RENTS

This schedule does not have to be completed if Federal Schedule E is attached.

- Column A – Address of rental property.
- Column B – Enter gross rent received.
- Column C – Enter allowable depreciation deduction from Federal return. Attach appropriate federal forms.
- Column D – Enter total repairs made to property. Provide a listing showing type of repair and cost.
- Column E – Enter additional expenses. Provide a listing showing type of expense and cost.
- Column F – Subtract Column C, D, & E from Column B. Enter result.
- Line 6. Enter the total of Column F or enter the net profit from Federal Schedule E.

### SCHEDULE H – OTHER INCOME

This schedule should be used for partnership income, fees, lottery or gambling winnings, etc.

- Column A – Enter name of the entity from which income was received.
- Column B – Enter description of type of income.
- Column C – Enter amount of income.
- Line 7. Enter the total of all income entered in Column C.
- Line 8. Add the total of Line 5, 6, & 7 to arrive at the net income/loss for Middlefield. A loss shown on Line 5, 6, and/or 7 can offset profits on Lines 5, 6, and/or 7. Exception: Gambling winnings cannot be offset by the before mentioned losses and gambling losses cannot be used to offset the before mentioned profits. Carry all positive totals to Line 2 on the front page of the return. If a loss, enter zero on Line 2 on the front page. Non-wage losses CANNOT offset W-2 income.

### SCHEDULE X – RECONCILIATION WITH FEDERAL INCOME TAX RETURN

- Line A. Enter capital losses deducted on the federal return.
- Line B. Enter expenses deducted on the federal return that are attributable to nontaxable income.
- Line C. Enter taxes deducted on the federal return that are based on income.
- Line D. Enter contributions taken on the federal return.
- Line E. Enter net operating loss taken on federal return if it was deducted from taxable village income.
- Line F. Enter payments to partners if deducted on the income statement. Enter withdrawals by owners.
- Line G. Enter other deductions (Special Deductions, etc.)
- Line H. Add Lines A, B, C, D, E, F, and G. Enter total here and in Schedule C, Line 2A.
- Line N. Enter capital gains shown per federal return.
- Line O. Enter interest shown per federal return.
- Line P. Enter dividends shown per federal return.

- Line Q. Enter royalty income derived from intangible sources.
- Line R. Enter other nontaxable income. Attach explanation.
- Line S. Add Lines N, O, P, Q, and R. Enter total here and in Schedule C, Line 2B.

### SCHEDULE Y – BUSINESS APPORTIONMENT FORMULA

The business apportionment percentage formula is to be used by corporation or nonresident business entities doing business within and outside of Middlefield if actual records of their Middlefield profits are not maintained. Add the ratios used to obtain the business apportionment percentage. A ration shall not be excluded from the computation because it is allocable entirely within or outside of Middlefield. All corporations are required to complete Step 2 or provide an explanation why no wages were attributable to Middlefield.

#### Step 1.

- Column A.
- Enter the average original cost of real and tangible property located everywhere.
  - Enter the gross amounts of rentals multiplied by 8 paid everywhere.
  - Enter the total of Step 1 located everywhere.

Column B.

- Enter the average original cost of real and tangible property located in Middlefield
- Enter the gross amounts of rentals multiplied by 8 paid in Middlefield.
- Enter the total of Step 1 located in Middlefield.

Column C.

- Divide Column B by Column A and enter result. Percentage should be carried to 4 places.

#### Step 2.

Column A.

- Total of wages, salaries, and other compensation from employees and/or subcontract labor located everywhere.
- Total of wages, salaries, and other compensation for employees and/or subcontract labor located in Middlefield.
- Divide Column B by Column A, enter result. Percentage should be carried to 4 places.

#### Step 3

Column A. Enter total gross receipts from sales, work/services performed, and other taxable income everywhere.

Column B. Enter total gross receipts from sales, work/services performed, and other taxable income in Middlefield.

Column C. Divide Column B by Column A, enter result. Percentage should be carried to 4 places.

#### Step 4

- Add Column C, Steps 1, 2, and 3, enter results.

#### Step 5.

- Average percentage. Divide Step 4 by the number of steps used, enter the result here and in Schedule C, Line 4
- If one of the factors (property, sales, or payrolls) is missing, the other 2 percentages are added and the sum is divided by 2; and if 2 of the factors are missing, the remaining percentage is the business apportionment percentage.