

INSTRUCTIONS FOR JEDD 1 – LIBERTY TOWNSHIP – BUSINESS RETURN (Form BR)

You must attach complete copies of federal forms, schedules, and supporting statements as filed with the IRS.

General Instructions

Who files this form?

Corporations, partnerships, and S-Corps file a Business Return as an entity doing business or located within JEDD 1 – Liberty Township. Individuals, such as sole proprietors, rental property owners, and resident partners report their income on Form IR – Individual Return.

The filing deadline for 2008 is Wednesday, April 15, 2009.

Filing deadlines for estimated payments conform to IRS deadlines: the 15th day of the 4th, 6th, 9th, and 12th month after the beginning of the taxable year.

All taxpayers must attach copies of all 1099-Misc forms issued to Ohio residents. JEDD 1 – Liberty Township uses the same standard as the Internal Revenue Service in determining whether an individual is an employee or subcontractor.

Provide ownership information: S-Corps and partnerships please provide K-1s. For all closely held corporations, or limited liability companies provide a list of corporate officers and owners, including the ownership percentage.

Special Instructions

Line 1 – Enter the Adjusted Federal Taxable Income (AFTI) as defined by the Ohio Revised Code(ORC) 718.01. All business entities compute AFTI as if they were C corporations.

- For corporations use 1120, line 28, Taxable income before net operating loss deduction and special deductions.
- S-Corps usually use 1120S, Schedule K, line 17e, Income/Loss Reconciliation.
- Partnerships and limited liability companies use 1065, page 4, line 1, Net Income.
- Nonresident sole proprietors filing on a business return will disregard these instructions and use 1040, Schedule C, line 31, Net Profit or Loss
- Nonresident landlords filing on a business return will disregard these instructions and use 1040, Schedule E, line 26, Total rental real estate and royalty income or (loss.)

Line 2 – Refer to Schedule X instructions on the reverse side.

Line 4 – Refer to Schedule Y instructions on the reverse side.

If you are a resident entity, all of your income is subject to Middletown tax, with credit given for taxes paid to other municipalities. If you are claiming payments to other municipalities, you must provide copies of returns filed in those cities. If you are a non-resident entity doing business both within and without Middletown, use Schedule Y to determine the percentage of your income subject to Middletown tax.

Declaration of Estimated Tax

Any entity anticipating that their tax liability at the end of 2008 will be more than \$100 must make estimated tax payments. Taxpayers must have 90% of their current year tax liability or 100% of their previous year's tax liability paid through quarterly estimated tax payments to avoid penalty and interest. Estimated taxes must be paid in full by January 31. If you wait until you file your return, you will be subject to penalty and interest.

DECLARATION AND RETURN PAYMENT CALENDAR

APRIL 15TH*	JUNE 15TH	SEPT 15	DEC 31	APRIL 15*
File Declaration	2nd quarter payment	3rd quarter payment	4th quarter payment	File return
1st quarter payment				

*The filing deadline for your 2008 return is Wednesday, April 15, 2009

Did you remember to include:

- **complete copies of federal forms, schedules, and supporting statements as filed with the IRS?**
- **copies of all 1099-misc forms issued to Ohio residents**
- **list of corporate officers and owners/partners including name, social security number and ownership percentage (if not included with federal forms)**

Extensions

If you need an extension to file, you must request it directly with the City of Middletown. Extension requests must be postmarked on or before April 15th. You may use a copy of the Federal Extension Request or any written format. An extension to file is not an extension to pay; if you expect to owe us tax, you have to pay that by April 15th as well. Late payments are subject to penalty and interest.

Forms

Forms and instructions may be downloaded from our website at www.ci.middletown.oh.us under Middletown City Services, City Income Tax.

Questions?

The JEDD 1 – Liberty Township income tax is administered by the City of Middletown. Please feel free to call us at (513) 425-7862 between the hours of 8:00AM to 5:00PM, Monday through Friday.

Schedule X – Reconciliation with Return

- A. Enter the amount included in Line 1 of the Business Tax Return related to the sale, exchange, or other disposition of an asset described in section 1221 or 1231 of the Internal Revenue Code. This would include the 1231 loss reported on Form 4797.
- B. Enter any taxes on or measured by net income included as a deduction in computer Line 1.
- C. Enter any guaranteed payments, or similar payments made to partners, members or other owners that were deducted in arriving at the income amount on Line 1.
- D. Enter 5% of the intangible income included in Line 1 of the Business Tax Return that is not directly related to the sale, exchange or other disposition of property described in Section 1221 of the Internal Revenue Code (usually 5% of Line K).
- E. Add Real Estate Investment Trust distributions allowed as a deduction in the computation of Federal Taxable Income.
- F. Enter amounts related to self-employed retirement plans and health or life insurance plans for an owner or owner-employee of a non C corporation.
- G. Enter charitable contribution in excess of the 10% federal limit
- H. Other (explain).
- I. Total items not deductible (A – H).
- J. Enter income and gain included in federal taxable income to the extent the income and gain directly relate to the sale, exchange, or disposition of an asset described in section 1221 or 1231 of the Internal Revenue Code.
- K. Enter the total amount of intangible income included in Line 1 of the Business Tax Return. Intangible income generally includes, but is not limited to interest, dividends, copyrights and patents.
- L. If Line of the return includes other income except from municipal tax, enter on this line and provide an explanation.
- M. Total items not taxable (J – L).
- N. Combine Line I and M and enter on Page 1, line 2.

Schedule Y – Apportionment Formula

- Step 1. Compute the percentage of the original average cost of the real and tangible personal property owned or used by the taxpayer in the City of Middletown during the taxable period to the original average cost of all of the real and tangible personal property owned or used by the taxpayer during the same period, wherever situated. Rental expense for real or personal property must be multiplied by 8.
- Step 2. Compute the percentage of total personal compensation paid during the period for services performed in the City of Middletown to total personal compensation paid during the same period for all business locations. Do not include amounts paid to contractors.
- Step 3. Compute the percentage of the gross receipts of the business or profession from sales made and services performed during the taxable period in the City of Middletown to gross receipts of the business or profession during the same period from sales and services, wherever made or performed.
- Step 4. Calculate the total of percentages derived in Steps 1 through 3.
- Step 5. Divide the total derived in Step 4 by the number of percentages used. Insert this percentage on Page 1, Line 4 of the return.