

**2005**



**INCOME TAX RETURN AND DECLARATION**  
**(Filing required on or before April 15, 2006 even if no tax is due.)**

**GENERAL INSTRUCTIONS**

Enclosed is your 2005 Springdale Income Tax Return (Form IR). The due date for filing your 2005 tax return and declaration of 2006 estimated tax is **April 15, 2006**.

We have included line by line instructions, however the following general information should be noted:

**WHO MUST FILE** - All Springdale residents age 19 and older are required by the Springdale Code of Ordinances to file a tax return whether or not any tax is due.

NON-RESIDENT EMPLOYEES working in Springdale who DID NOT have Springdale tax withheld or who were under withheld by their employer, are required to file a return and submit payment of tax.

RETIRED RESIDENTS without taxable income may simply mark the appropriate box (in the upper right section of the form), sign, date and return the form on or before April 15, 2006.

PART YEAR RESIDENTS who have lived in Springdale only a portion of the tax year must file a return. Income, deductions and credits should be apportioned on a pro rata basis if actual income figures are unavailable from an employer letter or pay stub.

**WHEN TO FILE** - File as early as possible, but no later than April 15, 2006. To avoid penalties and interest your 2005 tax return and payment must be postmarked or hand delivered no later than April 15, 2006.

**EXTENSIONS** - A written request for an extension, or a copy of your Federal extension must be submitted on or before April 15, 2006. A Federal extension does not automatically apply to Springdale. Upon receipt of the written request, and for cause shown, the Tax Commissioner may extend the time for a period not to exceed seven and one half months. No extension will be considered if the account is delinquent nor will any extension be considered if it is received after April 15, 2006. No extension will be granted for filing the "Declaration of 2006 Estimated Income Tax. Notice: The granting of an extension is for filing only and does not extend the due date for payment.

**DOCUMENTATION REQUIRED** - All income, credits and deductions must be substantiated by copies of your W-2(s), appropriate Federal forms, schedules and local tax returns. Those taxpayers claiming deductions for commissions, contract labor, etc. must provide a separate schedule showing name, address, social security/FID number and amount paid for work performed in Springdale. Copies of the 1099's issued can be sent in lieu of the schedule. A combination of 1099's and a schedule will be accepted. If no amounts were paid for work in Springdale, it should be so stated on the schedule.

**CREDITS** - Residents are allowed credit for taxes paid to another city/county for income earned in another taxing jurisdiction. The amount of the credit depends upon the tax rate of the other jurisdiction where you were taxed. The credit allowed may not exceed the Springdale tax rate.

**TAX RATE GREATER THAN 1.5%** - If your income was earned in a city with a tax rate that is greater than 1.5% (local examples: Cincinnati and Hamilton), first determine what part of your total W-2 income had city tax withheld at the greater than 1.5% rate. For example, if you had \$315 tax withheld to Cincinnati, then you would divide \$315 by the Cincinnati tax rate of 2.1% resulting in \$15,000 income taxed at the 2.1% rate. Then multiply those wages by 1.5% to find your credit. In this example, your credit would be \$225. Repeat this step for each W-2. If all of your income has been taxed at a rate of 1.5% or higher, you may owe no tax. However you must file a tax return.

**TAX RATE 1.5% OR LESS** - If income was earned in a city with a tax rate of 1.5% or less, your credit is the amount of tax that was withheld (provided that the amount withheld was correct and is based upon the same income).

**MULTIPLE JURISDICTIONS** - If your W-2(s) are marked "Various" or "All Cities", you should request an itemized breakdown by city/county from your employer(s). Attach this to your return.

**LOSS** - A loss from rental or business activity cannot be applied against W-2 income. A loss from rental or business activity may only be carried forward for three years or until exhausted, whichever occurs first.

**GENERAL INSTRUCTIONS**

**2006 SPRINGDALE DECLARATION OF ESTIMATED TAX**

**WHO MUST FILE** - All Springdale Residents expecting to owe \$60 or more for the 2006 tax year are required by the Springdale Code of Ordinances to file a declaration. Those expecting to owe less than \$60 are not required to file a declaration. If your estimated tax liability is less than \$60, and you wish to make quarterly payments, simply complete the declaration section; we will then send quarterly statements to assist you.

**WHEN TO FILE** - The declaration and the first quarterly payment (at least 25% of estimated tax owed for the 2006 tax year) is due by the due date of your return. If you have been granted an extension for filing your 2005 Springdale Tax Return, you must still file the declaration by the due date of your tax return. No extension will be granted for a declaration.

**ESTIMATING YOUR 2006 TAX LIABILITY** - A declaration of estimated income tax which is less than 70% of the tax shown on the final return shall not be considered an estimate filed in good faith, and the difference shall be subject to penalty and interest. However, no penalty or interest charges shall be assessed for late payment of the estimated tax when the amount paid by the due date is equal to one hundred percent (100%) of the taxpayer's tax for the preceding year, providing the taxpayer filed a return with the city which reflects a full 12 month period.

**AMENDING THE ORIGINAL DECLARATION** - An amendment to the original declaration may be made on any quarterly statement. Failure to adjust this estimate when required, may result in penalty and interest charges.

**BEFORE MAILING YOUR  
2005 SPRINGDALE TAX RETURN AND  
2006 DECLARATION OF ESTIMATED INCOME TAX**

- Carefully complete each line on the form including the declaration.
  - Sign and date your return and make sure that the preparer (IF OTHER THAN THE TAXPAYER) ALSO SIGNS THE RETURN. Your return and declaration will not be considered a legal filing if it is not signed.
- Your tax return must be accompanied by a copy of all W-2(s), your Federal 1040 return and any supporting Federal schedules. Attach all copies of your W-2(s), 1099(s), Federal 1040 and all applicable Federal schedules to the back of your Springdale return. Legible photocopies are acceptable. If these forms are not submitted with your tax return and declaration, your return and declaration will not be considered a legal filing and will be considered delinquent and subject to a penalty.
- Include your check or money order, made payable to the Springdale Tax Commission, for the total amount due. Unless your return is accompanied by payment of the 2005 tax due and at least 25% of the 2006 estimated tax, your return and declaration will not be considered a legal filing and will be subject to penalty.
  - If an overpayment is claimed, complete Line 7 and designate whether you wish to have a refund or a credit for your 2006 tax liability. If no designation is made, all overpayments will be carried forward as a credit to your 2006 tax liability.
  - No additional taxes or refunds of less than \$3 shall be collected or refunded.
- In accordance with Section 94.12 of the Springdale Income Tax Ordinance, the declaration of 2006 estimated tax is required to be completed and quarterly payments are required to be made. If you do not have 70% of your tax liability remitted by January 31, 2007, your account may be assessed penalty and interest charges.

**TAXABLE AND NON-TAXABLE INCOME**

TAXABLE - Qualifying wages, salaries, commissions and other compensation paid by an employer or employers before deductions; sick pay; vacation pay; income from wage continuation plans (retirement incentive plans regardless of when it was paid or where it was received); deferred compensation; stock options; cost of group term life insurance over \$50,000; severance pay (regardless of when it was paid or where it was received); compensation paid in property or the use thereof at fair market value to the same extent as indicated on a W-2 form; tips; contributions made by or on behalf of employees to any type of tax-deferred annuity (401K); stipends; income from guaranteed annual wage contracts; third party disability pay; bonuses; director's fees; income from jury duty; supplemental unemployment pay; union steward fees; strike benefits; ordinary income from Form 4797 and net profits from the operation of a business, profession, or other enterprise or activity.

NON-TAXABLE - Military pay (including reserve pay); alimony; capital gains; interest; dividends; social security benefits; workers' compensation; state unemployment benefits; insurance benefits; prizes (unless connected with employment); gambling winnings (losses are not deductible); welfare payment; pension income; patent and copyright income; royalties (if derived from intangible property); annuities (at time of distributions); meals and lodging; government allotments; and profit sharing from qualified plans.

**IF YOU NEED ASSISTANCE**

If you need assistance with your tax return, telephone and walk-in assistance is available from 8AM to 5PM Monday through Friday and from 9AM to 1PM on scheduled Saturdays. Please contact the Springdale Tax Commission at (513) 346-5715 or visit our web site at [www.springdale.org](http://www.springdale.org)

**CITY OF SPRINGDALE  
2005 DETAILED INSTRUCTIONS  
FORM IR**

**PAGE 1**

**2005 Springdale Tax Calculation**

Federal 1040 - Indicate whether you filed a Federal 1040. This information is for internal use only and will not be shared with any outside agency. If you are on Federal extension, please submit the Federal 1040 when available.

- Line 1 W-2 QUALIFYING WAGES - Enter the grand total of all qualifying wages (box 5) from all W-2 forms. Most benefits listed on a W-2 are taxed by the City of Springdale. **Therefore, income taxed by the City of Springdale may differ from that taxed by the IRS.**
- Line 2 OTHER INCOME OR DEDUCTIONS - Complete Line 13 through Line 21 of Page 2 of the Form IR and enter the total from Line 21 on this line. Refer to the General Instructions for a complete listing of taxable/non-taxable income.
- Line 5A TAXES WITHHELD BY EMPLOYER(S) FOR THE CITY OF SPRINGDALE - Enter only the tax withheld by your employer specifically for the City of Springdale. Your W-2 form must identify the city or credit will be disallowed. If the local taxing city is blank, or states "various" or "all cities," you must attach an employer list of tax amounts paid to each municipality.
- Line 5B ESTIMATED TAXES PAID TO THE CITY OF SPRINGDALE - Enter the total amount of estimated tax which you have paid directly to the City of Springdale.
- Line 5C CREDIT FOR TAXES PAID TO ANOTHER CITY/COUNTY - Enter the total credit for taxes withheld by your employer or paid directly by you to a city/county other than the City of Springdale. Your W-2 form must identify the city/county or credit will be disallowed. If the local taxing city is blank, or states "various" or "all cities," you must attach an employer list of tax amounts paid to each municipality. In no event may the credit exceed the Springdale tax rate. Any overage between the tax paid to another city/county and the allowable Springdale credit will not be refunded as the overage in tax was not paid to or received by the City of Springdale. To calculate your Springdale credit see Page 2 Worksheet "B". Notice: No credit is allowed for tax paid on income earned while you did not live in Springdale.
- Line 5D PRIOR YEAR OVERPAYMENT AMOUNT - Enter the amount from your prior year return which you requested as a credit to the 2005 tax year.
- Line 5E TOTAL TAX PAYMENTS AND CREDITS - Enter the sum of Line 5A through Line 5D. Notice: This total must be at least 70% of Line 4 in order to avoid penalty and interest charges (70% of your tax liability is required to be paid by January 31).
- Line 7 OVERPAYMENT - If Line 5E is greater than Line 4, you have overpaid. If you wish for the overpayment to be refunded, mark the refund box and indicate the amount in the refund box. If you wish for the overpayment to be credited toward payment of your 2006 tax liability, indicate the amount in the credit box.

**Declaration of 2006 Estimated Income Tax**

- Line 8 ESTIMATED 2006 INCOME AND TAX - Multiply your estimated 2006 income by the City of Springdale's tax rate of 1.5% and enter the result on this line.
- Line 9 ESTIMATED 2006 CREDIT FOR TAXES PAID TO ANOTHER CITY AND/OR WITHHELD BY EMPLOYER(S) - Enter the estimated credit (limited to 1.5%) for tax withheld by your employer or paid directly by you to a city/county for the 2006 tax year.
- Line 10 TOTAL 2006 ESTIMATED TAX DUE - Subtract Line 9 from Line 8 and enter the difference on this line. This is your 2006 estimated tax due and payable by January 31, 2007. If your 2006 estimated tax due is \$60 or more, you will be required to make quarterly payments. The first quarterly payment is due with this return. You will receive quarterly statements regarding your balance. The remaining quarterly payments are due July 31, October 31, and January 31 (70% of your tax liability is required to be paid by January 31).

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**Other Income and Deductions**

- Line 13 OTHER TAXABLE INCOME - Enter other taxable income which has not been reported on a Federal Schedule or W-2. See General Instructions for a complete listing of taxable/non-taxable income.
- Line 14 NET PROFIT (LOSS) FROM BUSINESS - Enter net profit (loss) from business. You must attach a copy of your Federal Schedule C and all other city returns filed. Do not include losses attributable to other cities.
- Line 15 SUPPLEMENTAL INCOME (LOSS) - Enter the net profit (loss) from rental real estate, royalties, partnerships, estates, trusts, etc. You must attach a copy of your Federal Schedule E, Federal Schedule F and all other city returns filed, including complete addresses for rental properties, and partnerships. Do not include losses attributable to other cities.
- Line 17 BUSINESS LOSS TOTAL FROM PREVIOUS SPRINGDALE TAX RETURNS - Enter the Springdale loss carry forward reported on a 2002, 2003 or 2004 Springdale tax return.
- Line 20A EMPLOYEE BUSINESS EXPENSES AND MOVING EXPENSES - Enter the amount of any employee business expenses related to Springdale income. You must attach a copy of Federal Form 2106. Enter the amount of any moving expense reimbursement up to the amount listed on your W-2. You must attach a copy of Federal Form 3903. Notice: Any tax-deferred income contributions made to any type of annuity or plan, by or on behalf of employees, are not allowed as deductions on a city return. City tax is due and payable in the year of the contribution, but the distribution, when received, is not taxed.
- Line 20B PART YEAR RESIDENT - Part year residents are allowed a deduction for that part of their income which was earned while residing outside the City of Springdale. If such income is specific to a particular W-2, please clearly mark the applicable W-2. If the actual amount can be verified by a pay stub or a letter from your employer, please attach it to your return. If the actual amount cannot be easily determined, you may prorate your income and deduct your earnings while you did not live in Springdale. To prorate your income see Page 2 Worksheet "A". Notice: No credit is allowed for tax paid on income earned while you did not live in Springdale.
- Line 20C ACTIVE DUTY OR RESERVE MILITARY PAY - Enter the amount as reported on your W-2.
- Line 21 TOTAL OTHER TAXABLE INCOME OR DEDUCTIONS - Enter the sum of Line 13 plus Line 19 minus Line 20D. Enter this total on Line 2 of Page 1.