

# CITY OF SPRINGDALE

## FORM BR (BUSINESS RETURN)

### Line by Line Instructions

**WHO MUST FILE** - All businesses located in the city and all businesses working within the limits of the City of Springdale are required by the Springdale Code of Ordinances to file a tax return whether or not any profit is made and whether or not any tax is due.

All business entities must use a form BR and attach the required copy of their federal return: Sole proprietors, single member limited liability companies, Corporations, S-Corporations, Partnerships, REIT, Independent Contractors, Springdale rental property owners.

#### General Instructions

If you are filing for any year other than the current calendar year, indicate the year of the tax return with beginning and ending dates. Fiscal year taxpayers should use the beginning year of the fiscal period as the year of the tax return.

1. If you received a pre-printed form containing incorrect information, make the necessary corrections to the form. If the form is not pre-printed, please enter the information in the spaces provided for name, address, phone number, EIN/FID number and your Springdale account number.
2. Check the appropriate box identifying the entity type for your business.
3. Complete the box for your account status. If you are a new business working in or located in Springdale, note the date your business began in the City. If your business has moved from the city, please indicate the move out date. If you have completed your job in the city and do not expect future work and wish to inactivate the account, indicate the last day of work in the city. If you sold the Springdale business or property, provide the date of the sale and on a separate attachment the name, address and phone number of the purchaser .

## TAX CALCULATION

Line 1: Enter the Adjusted Federal Taxable Income (AFTI). As defined by Ohio Revised Code (ORC) 718.01. AFTI means a C corporation's Federal taxable income before net operating losses and special deductions. Other business entities must compute the AFTI as if they were a C corporation. Generally this is the line titled "Income/(Loss) Reconciliation" on the Schedule K of the Form 1120S for subchapter S corporations or Line 1 page 4 of the Form 1065 Analysis of Net Income (Loss) for partnerships and limited liability companies. For sole proprietors and rental property owner the AFTI would be the net profit/loss from the federal schedule C or E.

Line 2: Enter the total adjustments from Schedule X.

Line 3A: Line 1 plus or minus Line 2.

Line 3B: Enter the apportionment percentage from Line 5 of Schedule Y. Multiply Line 3A by the percentage.

Line 3C: Enter the net profit or loss from Springdale rental property.

Line 3D: Enter loss allocated to Springdale per previous Springdale returns. (Note - Losses can be carried forward up to 3 years or until exhausted, whichever comes first)

Line 3E: Enter the total taxable income (lines 3B through 3D).

Line 4: Enter Springdale tax due, 1.5% of line 3E.

Line 5A: Enter the amount of estimated tax payments including any amounts paid with an extension. Estimated payments may be subject to the underpayment of estimated tax penalty. Businesses must remit quarterly estimates equal to 100% of the prior year's tax or 70% of the current year's tax.

Line 5B: Enter the amount of the overpayment from prior years credited to the current year.

Line 5C: Enter the total tax payments and credits (lines 5A through 5B)

Line 6: Enter the difference between lines 4 and 5C for total tax due .

Line 7: If line 5C is greater than line 4, you must mark this box and note a refund is due. If you would like the credit to be carried forward, you must note the amount on the credit line.

## DECLARATION OF ESTIMATED TAX (Completion of this section is required)

Note: If you expect to owe \$60 or more in tax for the current year, quarterly payments are required.

Line 8: Enter your estimated current year income that will be subject to tax. Multiply the income by 1.5% for the current year estimated tax. To qualify for a safe harbor your prior year's return must be for a full 12 months and you must file 100% of that year's tax liability as the current year estimate and have 100% of the liability paid within 30 days of your year end.

Line 9: Enter 1/4 of line 8 and include this payment with the return as your 1st quarter estimated tax payment. (Note: 70% of your total tax is required to be paid 30 days after your year end or 100% of the safe harbor. Failing to meet this requirement will result in an assessment of penalty and interest.)

**Schedule X – Reconciliation with the Federal Return as required by the Ohio Revised Code (ORC) 718**

Note: All items on the schedule X, if noted on your Federal return, required to be substantiated with a Federal form or a statement of itemized breakdowns of the Federal deductions. Credits, of any kind, are not recognized by the ORC §718 and will be disallowed on the schedule X.

Items Not Deductible

- A. Enter the amount of federally deducted losses from IRC 1221 or 1231 property dispositions. This includes the 1231 loss reported on Form 4797.
- B. Enter 5% of the intangible income reported in letter O.
- C. Enter all State taxes based on net income included as a deduction on the Federal return.
- D. Enter all City taxes based on net income included as a deduction on the Federal return.
- E. Enter any guaranteed payments or accruals to or for current or former partners or members.
- F. Enter amounts federally deducted paid or accrued to or for qualified self-employed retirement plans, health insurance plans, and life insurance plans for owners, owner-employee and officers of non C-Corp entities.
- G. Enter the amount of Contributions over the 10% limit. (Charitable contributions included as a deduction in computing line 1 that exceed 10% line 1 are not deductible.)
- H. Other, please provide a complete explanation and Federal documentation.
- M. Total items not deductible (add lines A through H).

Items Not Taxable

- N. Enter the amount of Capital gains (IRC 1221 or 1231 property dispositions except to the extent the income and gains apply to those described in the IRC 1245 or 1250).
  - O. Enter federally reported intangible income such as but not limited to interest, dividends, royalties, patent and copyright income.
  - Q. Other, please provide a complete explanation and Federal documentation.
  - Z. Total items not taxable (add lines N through Q).
- Total Schedule X - Enter the total of lines M and Z and enter on line 2 of page 1.

**Schedule Y – Apportionment to Springdale**

Note: For proper apportionment all steps must be completed even if they do not apply to Springdale.

- Step 1, line 1, Column a - Compute the original average cost of all of the real and tangible personal property owned or used by the taxpayer during the taxable period, wherever situated. Amount must be verifiable to the Federal schedule L.
- Step 1, line 1, Column b - Compute the original average cost of the real and tangible personal property owned or used by the taxpayer in the City of Springdale during the same taxable period
- Step 1, line 2, Column a - Compute the total gross annual rentals paid. Total federal deductions for rents and/or leases multiplied by the factor of 8.
- Step 1, line 2, Column b - Compute the total gross annual rentals paid. Total expense for rents and/or leases in the City multiplied by the factor of 8.
- Step 2, Column a - Enter the total Federal gross receipts of the business or profession from sales made and services performed during the taxable period wherever made or performed.
- Step 2, Column b - Enter the total Springdale gross receipts for the same taxable period.
- Step 3, Column a - Compute the total cash basis taxable wages, salaries and other compensation paid as noted on the Federal return (Do not include amounts paid to contractors/sub-contractors). If your Federal return is not on a cash basis, attach a copy of your Federal W-3 showing the total cash basis Medicare wages.
- Step 3, Column b - Compute the total cash basis taxable wages, salaries and other compensation paid for employees in Springdale. (Do not include amounts paid to contractors/sub-contractors).
- Step 4, Column c - Calculate the total of the percentages derived in Steps 1 through 3 by dividing column b by column a for each step. Then total the column c.
- Step 5. Divide the total percentage derived in Step 4 by the number of percentages used. Enter this percentage in the box and on line 3B of page 1.

★ Complete the 3 questions noted concerning the wages reported on the schedule Y, line 3, column b.

Walk in assistance is available Monday through Friday from 8am to 5pm