

2007 CITY OF SPRINGDALE



RESIDENT INCOME TAX RETURN AND DECLARATION (Filing required on or before April 15, 2008)

Enclosed is your 2007 Springdale Resident Income Tax Return (Form IR). The due date for filing your 2007 tax return and declaration of 2008 estimated tax is April 15, 2008

GENERAL INSTRUCTIONS

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.

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, 2008.

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, 2008. To avoid penalties and interest, your 2007 tax return and payment must be postmarked or hand delivered no later than April 15, 2008.

EXTENSIONS

EXTENSIONS - A written request for an extension, or a copy of your federal extension must be submitted on or before April 15, 2008. 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, 2008. **Note:** No extension will be granted for filing the "Declaration of 2008 Estimated Income Tax" or for payment of tax due.

DOCUMENTATION

DOCUMENTATION REQUIRED - All income, credits and deductions must be substantiated by copies of your W-2(s), W-2C(s), 1099 MISC., page 1 (one) of your Federal 1040, appropriate Federal schedules and local tax returns. Those taxpayers filing a Federal schedule C and 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. If no amounts were paid for work in Springdale, it should be so stated on the schedule.

ALLOWABLE CREDITS

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. 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 of wages taxed then multiply those wages by 1.5% to find your credit. In this example, your credit would be \$225.

ALLOWABLE CREDITS (cont.)

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 are required to provide an employer(s) breakdown, itemized by city/county. If not attached to your return, credit cannot be given.

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.

2008 SPRINGDALE DECLARATION OF ESTIMATED TAX

WHO MUST FILE - All Springdale Residents expecting to earn \$4,000 or more for the 2008 tax year are required by the Springdale Code of Ordinances to file a declaration. Those expecting to earn less than \$4,000 are not required to file a declaration.

WHEN TO FILE - The declaration and the first quarterly payment is due by April 15. If you have been granted an extension for filing your 2007 Springdale Tax Return, you must still file the declaration by April 15. No extension will be granted for a declaration.

ESTIMATING YOUR 2008 TAX LIABILITY - Payment 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 January 31 is equal to 100% of the taxpayer's tax for the preceding year, providing the taxpayer filed a return with the city for the preceding year which reflected a full 12 month period.

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 continuations plans (retirement incentive plans regardless of when it was paid or where it was received); deferred compensation; stock options (when exercised on the amount indicated on the W-2 form and regardless of when it was paid or where it was received); 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; dividend; social security benefits; workers' compensation; state unemployment benefits; insurance benefits; prizes (unless connected with employment); gambling winnings (losses are not deductible); welfare payments; 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.

**BEFORE MAILING 2007 SPRINGDALE TAX RETURN
AND 2008 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.
- Attach to your Springdale return the required copies of all of your W-2(s), W-2C(s), 1099 MISC, page 1 (one) of your Federal 1040 return and appropriate Federal schedules. Legible photocopies are acceptable. This confidential information is required and is for internal use only. If these forms are not submitted with your 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 2007 tax due and at least 25% of the 2008 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 2008 tax liability. If no designation is made, all overpayments will be carried forward as a credit to your 2008 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 2008 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, 2009, your account may be assessed penalty and interest charges.

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