STEP-BY-STEP INSTRUCTIONS
CITY OF MASON
2015 MASON INDIVIDUAL INCOME TAX RETURN (FORM IR)

These Step-by-Step instructions are general guidelines.
Please see the General Information sheet and the Mason Tax Ordinance for more information.

NOTE: Please round the numbers on your tax return to whole dollar amounts.

☑ Complete the steps below. Use the boxes to check them off when complete.

☐ Complete the taxpayer information and filing status boxes on the top of Form IR.

☐ If you were a part-year resident, complete 'Line 3. Part-Year Resident Adjustment'. If full-year resident, skip to Worksheet A, below.

☐ **Line 3 Part-Year Resident Adjustment:**

Residents who moved in or out of the City of Mason during the year pay income taxes only on the portion of income earned during their residency in Mason or while working in the City.

Line 3 should report income that is earned while not a resident of Mason and not taxable to the City of Mason. To calculate this amount, one of several methods may be used. The method chosen by the taxpayer must be a reasonable reflection of the amount of income not subject to Mason's income tax; ***an explanation supporting the calculation must be attached.*** Accordingly, any deduction of 2106 Business Expenses and credits for taxes paid to other cities in Worksheet A must also be prorated using the same formula.

The following are common examples for determining the amount of income that is not taxable to the City of Mason:

- If an individual taxpayer had the same employer throughout the entire year, a check stub from around the time of the move into or out of Mason may be used to indicate the portion of income not subject to Mason's income tax (use Medicare or gross wages). Place this amount on line 3 and attach copy of check stub to return.
- You may also use the percentage of time or the number of months that you resided outside of the City of Mason to determine the amount of non-taxable income.

  Example: A taxpayer moves to Mason on March 25 and had the same employer prior to and after the move. The non-taxable income would reflect 3 months out of 12 or 25% of the total income. Place this amount on line 3.
- If an individual taxpayer moved to Mason from out-of-state and also changed employers, he or she would be issued two W-2s. One would be from the out-of-state employer and one would be from the new employer which resulted in the move to Mason. *The amount reported on line 3 should equal the amount from Box 5 on the W-2 from the out-of-state employer.*

Note: Employers located within the city limits of Mason are required to withhold 1.12 percent of tax on all employees regardless of where the employee resides. Therefore, income earned from an employer located within Mason is not subject to proration. Income from business, rental activity, etc. located in the City is not subject to proration.

☐ **WORKSHEET A:** Complete Worksheet A on page 2 of Form IR using the instructions below.

Instructions for Worksheet A: Salaries, Wages, Tips and Other Employee Compensation Per W-2(s)

Enter information from each W-2 on a separate line.
Attach a separate schedule if you have more than four W-2s.

Column 1. Enter the income from your W-2 (Medicare Wages, Box 5). If Box 5 is blank, use Box 18.

Column 2. Enter any 2106 Unreimbursed Employee Expenses that relate to this W-2 (see General Information (I)).

Column 3. Enter the name of the city where you are employed as reported on your W-2, Box 20.

Column 4. ***If*** Box 20 shows ***Mason***, enter the Mason income tax withheld by your employer as reported in Box 19—otherwise, leave blank.

Column 5. If Box 20 shows a city other than Mason, and Box 19 is not 0 or blank, enter the local wages earned in that city as reported in Box 18.

Special Situations:

1. If the Box 18 amount is higher than Box 5 (and Box 5 is not zero), use the amount in Box 5 instead.
2. If you were a part-year resident of Mason, enter only that portion of other city wages earned while you were living in Mason.
3. If a refund was or will be received from the city for which tax was withheld, enter only those wages ultimately taxable to that city. Provide a copy of the other city tax return or refund request form as supporting documentation.

Column 6. If you live in the City of Mason, own or have an equity interest in your Mason home, and pay real estate taxes, you qualify for the Resident Homeowner Credit on page 1 of the Mason return. Dependents of such a resident also qualify for this credit. **When calculating Credit for Other City's Tax Withheld in Worksheet A**, use the appropriate Column 6 (a or b) based on whether or not you take the Homeowner credit. *Use only one of these columns.*

Column 6a. **For those claiming Resident Homeowner Credit:** To Calculate the Credit for Other City's Tax Withheld, subtract Column 2 from Column 5, then multiply by **1%** (.01). Compare the result with the tax withheld for that city in Box 19 of the W-2. Enter the smaller of the two amounts in Column 6a.

Column 6b. **For those *not* claiming Resident Homeowner Credit:** To Calculate the Credit for Other City's Tax Withheld, subtract Column 2 from Column 5, then multiply by **1.12%** (.0112). Compare the result with the tax withheld for that city in Box 19 of the W-2. Enter the smaller of the two amounts in Column 6b.

Line E. After all W-2s have been entered, total each column and transfer the amounts to page 1 as indicated below the column.

☐ **WORKSHEET B:** If you have income that is not reported on W-2s (see General Information, paragraph L), complete Worksheet B on page 2 of Form IR. You may skip Worksheet B if:

- you did not file IRS Schedules C, E, or F

and

- you do not have any miscellaneous taxable income. (See General Information (G).)

NOTE: Part-year residents: for lines 1d and 2d on Worksheet B, the "Percentage Taxable to Mason" can be determined by using the percentage as calculated per the instructions for line 3, the Part-Year Resident Adjustment.

☐ **WORKSHEET C:** If, while living in Mason, you paid local taxes to a city other than Mason on income not included on your W-2s, complete Worksheet C. NOTE: Skip Worksheet C if Worksheet B above was not applicable.

(Continue on page 1 of the tax return.)

☐ **Line 8a Resident Homeowner Credit**
This credit may be taken if you (1) live in the City of Mason, (2) own or have equity interest in your Mason home, *and* (3) pay real estate taxes on the property. (The credit may also be taken if you are a dependent of the qualifying resident.) If you qualify for the credit, multiply Line 6 'Mason Taxable Income' by .12% (.0012) and enter the result on line 8a.

☐ **Line 10. Prior year overpayments**
Enter last year's overpayments not refunded to you. Call the Mason Tax Office at 513-229-8535 to verify the amount, if needed.

☐ **Line 11. Estimated payments**
Enter the total of all payments made directly to the City of Mason Tax Office toward your 2015 tax liability or a zero if none. Call the Mason Tax Office at 513-229-8535 to verify the amount, if needed.

☐ If you have not already done so, transfer amounts from page 2 Worksheets A, B, and C as directed to page 1 lines 1, 2, 5, 8b, 8c, and 9.

☐ Perform math operations as indicated on lines 4, 6, and 7, 8d, and 12.

☐ **Line 13. Tax due**
Subtract line 12 (Total Payments and Credits) from line 7 (Mason Income Tax) and enter the result.

☐ **Line 14. Penalty: late filing or payment penalty**
Late filing penalty: A minimum penalty of $20 will be assessed if the return is filed or postmarked after the due date of April 15. See General Information (N) for more information.

Underpayment penalty: A minimum penalty of $20 will be assessed if at least 90% of your 2015 tax liability (line 7 less line 8) was not paid by January 31, 2016. See General Information (N) and (P) for more information.

☐ **Line 15. Interest**
Interest is assessed at a rate of ½% per month on all taxes remaining unpaid after their due date. See General Information (O).

☐ **Line 16. Total Due**
Add lines 13 through 15. Enter $0 if less than $3.
Note: Payment for the Total Due must be enclosed with your return.

☐ **Line 17. Overpayment**
Subtract line 7 from line 12. Enter $0 if less than $3. Note: If line 14 Penalty and/or line 15 Interest apply, your overpayment must be reduced by these amounts.

☐ **Line 18. Amount from line 17 to be credited to next year**
Enter the portion of the amount on line 17 that you would like to apply toward next year's tax liability. (Amounts less than $3 are not carried forward.) Copy the number to line 23.

☐ **Line 19. Amount from line 17 to be refunded**
Subtract line 18 from line 17. This is the amount of your overpayment that will be refunded to you. Amounts less than $3 are not refunded. Refunds may take up to 90 days to process.

DECLARATION OF ESTIMATED TAX FOR 2016

☐ **Line 20. Total income subject to tax**
Enter next year's estimated Mason taxable income and multiply it by the Mason tax rate of 1.12% (.0112). If unsure, use the amount reported on line 7.

☐ **Line 21a. Resident Homeowner Credit**
If you will qualify for the Homeowner Credit in 2016, multiply the wages on line 20 by .12% (.0012) and enter the result on line 21a.

☐ **Line 21b. Credit for taxes withheld/paid to other cities**
Enter the income you estimate will be taxed by another city next year. Then,

- If claiming Homeowner Credit, multiply this income by 1% (.01).
- If not claiming Homeowner Credit, multiply this income by up to 1.12% (.0112) (use work city's tax rate if it is less than 1.12%).

If unsure, use the total of the amounts reported on lines 8b and 8c.

☐ **Line 21c. Tax withheld for Mason**
Enter the Mason tax you expect to be withheld from your wages. If unsure, use the amount reported on line 9.

☐ **Line 21d. Total Estimated Credits**
Enter total of lines 21a through 21c.

☐ **Line 22. Net estimated tax liability**
Subtract line 21 from line 20 and enter the result. 90% of your actual tax liability must be paid by December 15 of the following year to avoid a penalty.

☐ **Line 25. First quarter estimated payment**
Enter the result of line 24 divided by 4. This represents the first quarterly installment due with the filing of your Mason Tax Return. Blank 2nd, 3rd and 4th quarter coupons, which can be used to submit subsequent estimated tax payments during the year, are available on our website, www.imaginemason.org.

☐ **Lines 26 and 27. Tax due**
Calculate the amount you owe.

☐ **Sign and date your return, include all appropriate copies of federal forms and other documentation, and include payment information.**
If you wish to pay by check, please make it payable to City of Mason Tax Office.