

# CITY OF MASON INCOME TAX RETURN FORM BR GENERAL INFORMATION

## WHO MUST FILE

C-Corporations: C-Corporations are required to file as entities on the net profits earned that are derived from sales made, work done, services performed or rendered and business or other activities conducted in Mason, whether or not such corporation has a place of business in Mason.

S-Corporations: S-corporations are required to file in the same manner as C-corporations and report any income or loss. If the S-Corporation has net income, the corporation must pay the tax due.

Resident shareholders are required to include the distributive income and losses on their individual returns. If a taxable income is reported, credit may be claimed for taxes paid by the S-corporation.

S-corporations do not need to file and pay Mason income tax if all shareholders of the S-corporation were residents of Mason for the entire year. The distributive share must be reported on the individual tax return of the S-corporation's resident shareholders.

Partnerships: Partnerships are required to file as an entity. If the partnership has net income, the partnership must pay the tax due.

Partners are required to include all partnership income and losses on their individual returns. If a taxable income is reported, credit may be claimed for taxes paid by the partnership.

A partnership does not need to file and pay Mason income tax if all partners were residents of Mason for the entire year. Individual partners must report the taxable income on their individual Mason tax return.

LLC(s): A limited liability company is required to file consistent with its federal filing. For example, if the LLC is recognized as a partnership at the federal level, it should file as a partnership at the local level.

Miscellaneous Entities: Any undertaking, not specifically defined above, conducting activities or producing income, including but not limited to rental of real estate and personal property, and a business conducted by a trust or guardianship of an estate that produces a net profit, shall be subject to city income tax and is required to file a return as an entity.

## ESTIMATED TAX PAYMENTS

Any entity anticipating taxable income is required to file a declaration of estimated income tax for the current year and to make quarterly payments throughout the year. Taxpayers must have 90% of their current year's liability or an amount equal to 100% of their previous year's tax liability paid by January 31 of the following year (or by the end of the first month following the end of the fiscal year.) Otherwise, penalties and interest will be imposed as provided by the City of Mason Income Tax Ordinance.

## WHEN AND WHERE TO FILE

The City of Mason Income Tax Return BR must be filed on or before April 15 for entities whose fiscal year ends on December 31. Taxpayers on another fiscal or partial year basis must file within 105 days following the end of such period.

Tax returns (including a copy of the Federal Income Tax Return and all applicable schedules) should be mailed to **City of Mason Tax Office, 6000 Mason-Montgomery Road, Mason, Ohio 45040**. Any balance owed should be payable to the City of Mason Tax Office.

## EXTENSION OF TIME TO FILE

Taxpayers can request an extension of time in which to file their Mason Income Tax Return by submitting a copy of their federal extension request to the Tax Office **on or before the original due date of the return**. The extended due date of the municipal income tax return shall be the last day of the month to which the due date of the federal income tax return has been extended. An extension will not be approved if the taxpayer has a delinquent balance or has not filed a prior year's tax return. If estimated tax payment requirements are not met, penalty and interest charges will apply. No verbal extensions will be honored.

## OPERATING LOSS CARRYFORWARD

The portion of any taxable year's operating loss, allocable to the City of Mason, may be applied against the portion of the profit of the next five (5) succeeding tax years or until exhausted prior to the five year limit. No portion of an operating loss shall be carried back against net profits of a prior tax year.

## PENALTIES AND INTEREST

Tax returns not filed by the due date or the approved extended due date are subject to penalties and interest. Penalties and interest are also assessed for not paying 90% of the current year's liability or an amount equal to 100% of the previous year's tax liability by January 31 (or by the end of the first month following the end of the fiscal year.)

## ADJUSTED FEDERAL TAXABLE INCOME (AFTI)

As defined by Ohio Revised Code 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 S-corporations or Line 1 page 4 of the Form 1065 Analysis of Net Income (Loss) for partnerships and limited liability companies. **A copy of the Federal Tax Return (the entire form and schedules) is required to be submitted with the Mason Income Tax Return, including K-1s.**

## DISCLAIMER

Definitions and instructions are illustrative only. The City of Mason Income Tax Ordinance and the Ohio Revised Code supersede any interpretation presented.