

## GENERAL INSTRUCTIONS

### Filing Requirement

Every corporation, partnership, trust, association or estate, regardless of physical location, that conducts business activity within the City of Ravenna must file a Net Profit return. If, however, you file the Federal Form 1040 and report business income from a self-employment, rental or farm activity using Schedules C, E or F, you must file using Ravenna's individual Income Tax Return.

### Filing Deadline

File no later than APRIL 15<sup>TH</sup> if you are a calendar year filer. Fiscal filers must file by the 15<sup>TH</sup> day of the fourth month (105 days) following the close of their tax year. In the event that a due date falls on a Saturday, Sunday or legal holiday, the next business day becomes the due date.

### What Constitutes Net Profits

Net Profits are based on Adjusted Federal Taxable Income, as is determined under the municipal code (Ohio Revised Code Section 718.01). The Ohio Revised Code is available on-line at: [www.ohio.gov/government](http://www.ohio.gov/government).

### Extension To File

Extensions of time to file will be granted by the City of Ravenna if ALL the following conditions apply:

- The extension is received prior to the due date
- The taxpayer is current with all previous years' filings
- No amounts are owed Ravenna for previous tax filings

The extended due date is the last day of the month following the extension month approved by the IRS. This applies only to the filing of the return, not the payment of the tax.

## SCHEDULE INSTRUCTIONS

Complete SCHEDULES X and Y, if applicable, before proceeding with the tax calculation on the front of the return.

### Reconciliation with Federal Income Tax Return

1. Enter the total taxable income as shown on your federal form(s) before deducting any federal net operating loss. In the case of a taxpayer that is not a C Corporation and is not an individual (i.e. pass-through entities), the taxpayer shall compute adjusted federal taxable income as if the taxpayer were a C Corporation taking note of relevant adjustments.
2. If you have other income taxable to Ravenna which is not shown on the Federal return, enter it here.
3. Add Lines 1 and 2 and enter the total on Line 3. Place this total on Line 1 on the Business return.

## SCHEDULE X

### Items not Deductible; Items not Taxable

This schedule is used for the purpose of making adjustments when total income includes income not taxable and/or items not deductible for city income purposes. No amount should be added or deducted more than once to arrive at city net profits.

4. **ITEMS NOT DEDUCTIBLE:** Complete to determine the amount that will be added back to your taxable income as shown on Line 1 (above). Add Lines 4A through 4H. Place the total on Line 4I.
  - 4A. Add back any losses that relate to the sale, exchange or other disposition of an asset described in Section 1221 or 1231 of the Internal Revenue Code.
  - 4B. Add 5% of the amount deducted as intangible income (line 5B), but not the portion of intangible income related to the sale, exchange or disposition of property described in the Internal Revenue Code, Section 1221.
  - 4C. Add back taxes, State, Local, Ohio Franchise and other taxes paid or accrued based on net income.
  - 4D. Add back guaranteed payments to partners, retired or former partners, members or other owners, if not already included in net profits.
  - 4E. Add back net operating loss carry forward from Federal return.
  - 4F. Except for C Corporations, add back amounts paid or accrued to qualified retirement, health and life insurance plans on behalf of owners and owner employees.
  - 4G. In the case of a real estate investment trust (REIT) or regulated investment company, add back all dividends, distributions or amounts set aside for the benefit of investors.
5. **ITEMS NOT TAXABLE:** Complete to determine the amount that will be deducted from your taxable income as shown on Line 1 (above). Add Lines 5A, 5B and 5C. Place the total on Line 5D.
  - 5A. Deduct income or gain that relate to the sale, exchange or disposition of an asset described in Section 1221 or 1231 of the Internal Revenue Code (IRC). This does not apply to the recapture of depreciation described in Section 1245 or 1250 of the IRC.
  - 5B. Deduct intangible income (interest, dividends, patents, etc.) to the extent it is included in the Federal Taxable Income.
  - 5C. Other deductions: S Corporations may deduct items reported on Schedule K such as Section 179 depreciation and charitable contributions not to exceed 5% of the federal taxable income computed in accordance with federal regulations. Partnerships may only deduct Section 179 depreciation.
6. Add Lines 4 and 5 and enter the total on Line 6. Place this total on Line 2 on the Business return.

## SCHEDULE Y

### Business Allocation

Businesses who derive income from locations both inside and outside the corporate boundaries of Ravenna must allocate their total net income (or loss) as to the portion attributable to Ravenna and the portion attributable elsewhere. However, if the books and records of the taxpayers disclose with reasonable accuracy the net profit attributable to Ravenna, then only this portion shall be considered as having a taxable status in Ravenna.

## SCHEDULE Z

Schedule Z must be completed by all partnerships and associations filing returns. Amounts shown in this schedule must correspond with amounts reported on your Federal Partnership Form. Attach a schedule if you need more space.

## SCHEDULE F

Business entities may carry operating losses forward for a maximum period of five (5) years or until exhausted, whichever is earlier. No portion of a net operating loss shall be carried back against net profits of any prior year. Taxpayers doing business both in and outside of Ravenna who allocate profits via Schedule Y must also allocate losses accordingly. Enter on the first row of the worksheet if you have unused, qualified, loss carry forward amounts from tax years 2002, 2003, 2004, 2005 and 2006. If you wish to use all or a portion of these loss carry forward amounts against a profit in 2007, write the amount being used from each year, up to the total being used and enter the result on Line 6 on the Business return.

### INSTRUCTIONS FOR PREPARING NET PROFIT RETURN

- Print your company name, address, federal identification number, or make corrections to pre-printed information.
  - Please print the local trade name and local business address if different from the mailing address.
  - Checkmark the appropriate box for the type of entity filing this return.
1. Enter amount of total taxable income located on back of return, Line 3.
  2. Enter amount of total adjustments from Schedule X, Line 6.
  3. Add Lines 1 and 2. Enter the total on Line 3.
  4. Enter percentage amount allocable to Ravenna from Schedule Y, Line 5.
  5. Multiply Line 3 by the percentage on Line 4. Enter the total on Line 5.
  6. Enter amount of carry forward loss from Schedule F. "Loss Used in 2007" Line Subtract Line 6 from Line 5. Enter the total on Line 7.
  8. Multiply Line 7 by 2.0% (.02). Enter total on Line 8.
  9. This is the overpayment currently credited to your account at the end of the prior tax year.
  10. This is the total estimated income tax payment submitted to Ravenna for the current tax year. If an entry appears on the pre-printed form, make sure the 4<sup>TH</sup> quarter payment is included.
  11. Enter additional credits, if applicable. Please provide explanation.
  12. Add Lines 9, 10 and 11. Enter the total on Line 12.
  13. If Line 8 is greater than Line 12, an amount is due to Ravenna. Subtract line 12 from Line 8 and enter the tax you owe on Line 13. Note: If you owe \$1.00 or less, no payment is required.
  14. Add amounts of the Late Filing Fine and/or Penalty and enter on Line 14. **Late Filing Fine:** Enter \$25.00 if filing a return after April 15<sup>TH</sup> without a valid extension. The \$25.00 late filing fine will be imposed even if no tax is due. **Late Pay Penalty:** All taxes remaining unpaid after the April 15<sup>TH</sup> due date shall be assessed penalty at the rate of 1.5% per month. Multiply the amount on Line 13 by 1.5% (.015) to get the monthly penalty. Multiply the monthly penalty by the number of months past the April 15<sup>TH</sup> due date.
  15. All taxes remaining unpaid after the April 15<sup>TH</sup> due date shall be assessed interest at the rate of 1.5% per month. Multiply the amount on Line 13 by 1.5% (.015) to get monthly interest. Multiply the monthly interest by the number of months past the April 15<sup>TH</sup> due date. Enter amount on Line 15.
  16. Add Lines 13, 14 and 15. Enter the amount due on Line 16.
  17. If Line 12 is greater than Line 8, and not less than \$1.00, you have overpaid. Subtract Line 8 from Line 12 and enter the overpayment on Line 17.
  18. Enter the amount being requested for a refund on Line 18. Note: Refunds in the amount of \$1.00 or less are not made. No refund will be issued until a Declaration of Estimated Income Tax is filed, otherwise the overpayment will be applied to next year's tax liability.
  19. Enter an amount equal to or less than the overpayment (Line 17) that you wish to have applied to next years' annual return. Also place this amount on Line 22 of the Declaration of Estimated Tax.
  20. Enter your estimated income on Line 20.
  21. Multiply Line 21 by 2.0% (.02). This amount will represent the estimated tax liability for next year.
  22. Enter the amount from Line 19.
  23. Subtract Line 22 from Line 21. Enter amount on Line 23. This amount represents the amount of outstanding tax liability.
  24. Multiply Line 23 by 25% (.25) and enter on Line 24. This represents the first quarterly estimated payment for the tax year.
  25. Add Line 16 and Line 24. Enter total on Line 25. This is the amount due to the City of Ravenna. Make your check payable to the **CITY OF RAVENNA**.