



2023 INSTRUCTIONS FOR PREPARING THE CITY OF WESTERVILLE INCOME TAX RETURN MANDATORY FILING

CITY OF WESTERVILLE, OHIO
Division of Revenue
PO Box 130, 64 East Walnut Street
Westerville, OH 43086-0130
Tel: (614) 901-6420
Fax: (614) 901-6820
Website: www.westerville.org

1. List W-2 city taxable wages (before any deduction) which should include income subject to Westerville tax, such as salaries wages, commission, 401(K), deferred compensations, gambling winnings, sick pay and all misc. compensations, etc. Attachment of form(s) W-2 required. (Use highest wage amount from medicare or local.) **EXEMPT COMPENSATION:** Do **not** include active military pay or allowance of members of the U.S. armed forces. Do not include payments from welfare, poll earnings of less than \$1,000.00, unemployment insurance benefits, pensions reported on 1099-R, worker's compensation awards, social security, and cafeteria plans. Do **not** include earnings of person **under 18 years of age**.
2. If you have income other than wages, include such income or loss on Worksheet B. The net loss from an unincorporated business activity may not be used to offset salaries, wages, commissions or other compensation. However, if a resident taxpayer is engaged in two or more taxable business activities to be included in the same return, (except for entities in Westerville filing separately) the net loss of one unincorporated business activity (except for a non-resident taxpayer on any portion of a loss separately reportable for municipal tax purposes to another taxing entity) may be used to offset the profits of another for purposes of arriving at overall net profits. **NON-TAXABLE INCOME** – The following shall not be considered taxable income; interest, dividends and capital gains/losses.
3. Total Income. Add lines 1 and 2.
4. Partial year residents must figure both their tax liability and their credit on only that portion of their income earned as a Westerville resident. Wages earned in Westerville may not be pro-rated. In either case, complete Worksheet C. If the actual amount earned while a Westerville resident is known, please supply proof (check stub or W-2 with Westerville earnings). Otherwise pro-rate as shown on Worksheet C.
5. Subtract line 4 from line 3.
6. Multiply line 5 by 2.0% (.02).
7. Enter tax withheld for Westerville from W-2's or from Worksheet A, Column 3.
8. Credit allowable only for Westerville residents, **limited to our 2.0% rate**. If tax rate of work city is greater than 2.0%, credit is calculated by **multiplying wages by 2.0%**. Partial year residents must figure their credit on pro-rated income taxed by Westerville. **No credit if refund received from your work city.**
9. Estimated tax payments made for the tax year.
10. Prior year overpayment amounts carried forward.
11. Add lines 7 through 10.
12. Subtract line 11 from line 6. If line 11 is less than line 6, enter balance due on line 12. If line 11 is greater than line 6, skip lines 12 through 15 and enter overpayment on line 18.
13. If the return is filed after April 15 and/or estimate payments were not made as required (90% net liability to Westerville of current year or safe harbor 100% of prior year), add the 15% penalty.
14. Add the total interest on taxable amount on Line 12 at the rate of .58% per month (or part thereof).
15. Add lines 12 through 14. **PAYMENT MUST ACCOMPANY** return.
16. Indicated disposition choice for overpayment. NOTE: If you are fully withheld and estimates are not required, **STOP HERE**, sign and date return and mail.
19. Complete Declaration of Estimated Tax on back of return, only if you are required to make estimated payments. Enter amount from Worksheet D. Estimated payments are required for those individuals with tax rates in their work city of less than 2.0%; and the liability is expected to be \$200.00 or greater.
23. Add lines 15 and 22. **PAYMENTS MUST ACCOMPANY** return. Definitions and instructions are illustrative only. Title Eleven, Chapter 191 of the Westerville Codified Ordinance supersedes any interpretation presented.

TAXABLE INCOME

A. Gross wages, salaries, commissions and other compensation to include:

- Bonuses.
- Compensation paid in property or the use thereof at fair market value to the same extent as taxable for Federal tax purposes and so indicated on the Form W-2.
- Contributions made by or on behalf of employees to a qualified deferral plan (401K, 403b, 457b, etc.) – taxed at year earned, deferral not permitted.

Exception: employer matching contributions offered under a cafeteria plan are not taxable. Deferrals even under a cafeteria plan are always taxable.

- Contributions made by or on behalf of employees to a tax deferred annuity or stock purchase plan (including any plan where employee has the option).
- Contributions made by or on behalf of employees to a non-qualified deferred compensation plan.
- Cost of group term life insurance over \$50,000 (unless part of a cafeteria plan).

- Director's fees.
- Adoption assistance payments (unless part of a cafeteria plan).
- Excess employee discounts.
- Golden parachute payments.
- Income from guaranteed annual wage contracts.
- Income from wage continuation plans (includes retirement incentive plans and buyouts).
- Income received as a result of a covenant or agreement not to compete, which relates to employee wages
- Interest on below market loans.
- Gain on the sale of business property from Form 4797.
- Pre-retirement distributions from retirement plans (except previously taxed income from deferred plans).
- Gambling/lottery winnings (losses not deductible)
- Prizes and winning from sweepstakes
- Moving expenses reimbursement (follow Federal rules but non-reimbursed expenses are not deductible
- Prizes, awards and gifts – if connected with employment.
- Profit sharing.
- Royalties (unless derived from registered copyrights, patents or trademarks).
- Severance pay.
- Sick and/or vacation pay.
- Stipends – if work required (vow of poverty not recognized).
- Stock bonus incentive plans.
- Stock options – taxed when exercised on amount indicated on W-2 form (market price less option price).
- Strike benefits paid by employer.
- Supplemental unemployment pay paid by employer.
- Taxes paid by employer on employee's behalf.
- Union steward fees.
- Tips.
- Clergy income per Ohio Revised Code 718.01(R)(2)(e).

NON-TAXABLE INCOME

- Alimony
- Annuities – at time of distribution.
- Capital Gains
- Dividends.
- Government allotments.
- Housing for clergy.
- Income from Foster Grandparent program.
- Income earned while under 18 years of age.
- Income of religious, fraternal, charitable, scientific, literary or educational institutions to the extent such income is derived from tax-exempt real estate, tax exempt tangible or intangible property or tax-exempt activities.
- Income from serving as a precinct official less than \$1,000.
- Interest.
- Insurance benefits – unless your employer paid the premiums. (Pro-rating is allowed if you paid a portion of the premiums).
- Meals and lodging required on premises.
- Military pay including reserve pay.
- Non-resident subchapter S corporation income to a resident shareholder.
- Patent and copyright income.
- Pension income – includes lump sum distributions.
- Long-term disability payments
- Prizes – unless connected with employment.
- Royalties – if derived from intangible property.
- Salaries of the mentally retarded or developmentally disabled while working in a government funded workshop for less than minimum wage.
- Social Security benefits.
- State unemployment benefits.
- Welfare payments.
- Worker's Compensation.

NOTE: This list is intended for reference purposes only. It may not be all inclusive and is revised without notice.