

**SCHOOL DISTRICT INCOME TAX
QUESTION AND ANSWER GUIDE**

FOR

**SCHOOL ADMINISTRATORS
AND GENERAL PUBLIC**

PREPARED BY



UPDATED FEBRUARY 2003

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Prepared by
THE OHIO DEPARTMENT OF TAXATION**

FEBRUARY 2003

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1. WHAT IS A SCHOOL DISTRICT INCOME TAX?

The school district income tax is an income tax separate from federal, state, and municipal income taxes that is earmarked specifically to support school districts. Imposition of the school district income tax must be voter approved by residents of a school district.

2. HOW IS THE TAX COLLECTED?

The school district income tax is collected in the same manner as the state income tax: through employer withholding, individual quarterly estimated payments, and annual returns. Employers are required to withhold the tax and submit payments to the state under the same rules and guidelines as they currently use to withhold the state income tax. Individuals are required to file an additional annual return, which has been developed solely for the school district income tax.

3. WHAT INCOME IS TAXED?

The tax base for the school district income tax is the same as the base of the state's income tax. A simple way to determine taxable income for the school district is to look at line 5 of the state return (see the attached state return). For those less familiar with the state return, line 5 is federal adjusted gross income (taken from the front page of the federal return) plus or minus Ohio adjustments to income and minus personal exemptions. Adjustments are made on the state return because not all types of income that are taxed by the federal government are taxed by the state. For example, Ohio allows the deduction of all social security benefits while the federal government does not. The following list shows some of the types of income, which are and are not taxable. For further detail, consult current federal and state returns.

Income that is not taxed: social security benefits, disability and survivors benefits, railroad retirement benefits, welfare benefits, child support, property received as a gift, bequest or inheritance, workers' compensation.

Income that is taxed: wages, salaries, tips, interest, dividends, unemployment compensation, self employment, taxable scholarships and fellowships, pensions, annuities, IRA distributions, capital gains, state and local bond interest (except Ohio governments), federal bond interest exempt from federal tax but subject to state tax, alimony received, and all other sources.

4. WHO PAYS THE TAX?

- a) Any individual residing in the state of Ohio who lives during all or part of a tax year in a school district that levies the tax. A part-year resident must pay the school district income tax based upon income received during the portion of the taxable year that he/she is a resident of the school district which has enacted the tax.
- b) An estate of a decedent who, at the time of their death, was domiciled in the school district. The tax is on the income earned by the estate after the time of death.

5. WHICH TAXPAYERS ARE LEGALLY NOT OBLIGATED TO PAY THE SCHOOL DISTRICT INCOME TAX?

Corporations are exempt from the school district income tax (except those claiming subchapter S status for tax purposes). Also, non-residents of the school district are not obligated to pay the tax, even if they work in the district.

6. HOW ARE ESTATES TAXED UNDER THE SCHOOL DISTRICT INCOME TAX?

The school district income tax on estates is based solely on the income generated by an estate of a decedent after the time of death. Examples of income generated by an estate that is subject to the school district income tax are dividend and interest payments received by the estate from investments and rent payments. Income would be taxed at the rate approved by residents of the school district. Recipients of an inheritance or bequest are not taxed on the value of the property they receive from an estate.

The value of an estate is not relevant in determining the estate's income tax liability. Only the income generated by the property of the estate is taxable. For example, if the property of an estate consists of a \$10,000 Certificate of Deposit (CD) which generates interest payments totaling \$800 for the tax year, only the \$800 in interest income is reported on the estate's income tax return. The \$10,000 CD itself is not taxed for school district income tax purposes. From another perspective, if an individual were to inherit a \$10,000 CD from an estate, the value of the inheritance would not be considered taxable income for that individual. However, when the beneficiary begins to receive interest payments from the CD, the interest income would be taxable.

7. WHAT LIMITS CAN BE IMPOSED BY VOTERS OF A SCHOOL DISTRICT ON THE INCOME TAX RATE THAT CAN BE LEVIED?

There is no rate limit. The only stipulation by law is that the rate must be in increments of a quarter (0.25%) percent.

8. HOW DO I FILL OUT MY SCHOOL DISTRICT INCOME TAX ANNUAL RETURN?

The school district income tax return will be very simple to complete. Information from the state return is used as a basis. The first line of the school district return is your Ohio Adjusted Gross Income taken from line 3 of the state income tax return. Adjustments are made if the taxpayer was not a resident of the district for the entire year. A subtraction is made for the value of exemptions to derive taxable income. The school district income tax rate is applied against taxable income to determine tax liability.

9. ARE ANY CREDITS ALLOWED?

Yes. Under the school district income tax, a \$50 senior citizen credit is allowed against tax liability for each return filed. The senior citizen credit may be claimed if the taxpayer is 65 years of age or older anytime during the tax year. There are no retirement income, joint filer, or childcare credits as there are for state income tax purposes.

10. ARE THERE ANY EXEMPTIONS?

Yes. Each resident is entitled to the same number of personal exemptions as claimed on his/her state individual income tax return. For tax year 2002, the primary taxpayer, spouse and all dependents are each entitled to an exemption of \$1,200. Exemptions are indexed every year for inflation.

11. HOW IS FILING STATUS DETERMINED FOR THE SCHOOL DISTRICT INCOME TAX?

The same filing status chosen for state income tax purposes is to be used for filing the school district income tax. If taxpayers elect to file jointly for state income tax purposes, they must also file jointly for the school district income tax. If a couple files separately for the state income tax purposes, they must file separately for the school district tax.

12. WHAT IF I DON'T KNOW WHICH SCHOOL DISTRICT I RESIDE IN?

Any local school board, county board of education or county board of elections will be able to determine residency if there is any question. For convenience, the state income tax return lists the phone number of each county board of education.

13. CAN SCHOOL DISTRICT INCOME TAXES BE DEDUCTED FOR FEDERAL INCOME TAX PURPOSES AS OTHER STATE AND LOCAL TAXES CURRENTLY ARE?

Yes (as an itemized deduction on Schedule A of IRS form 1040). There is no deduction allowed for the school district income tax on the Ohio personal income tax return.

14. HOW DO I GET A SCHOOL DISTRICT INCOME TAX ANNUAL RETURN?

Individuals who reside in a district with a tax will automatically be mailed a school district return if they filed a state income tax return as a resident of that district during the prior year. Forms will be made available through the county board of education and the Ohio Department of Taxation's district offices.

15. WHEN IS THE FILING DEADLINE FOR THE ANNUAL RETURN?

The filing deadline is the same as for the state income tax. Normally, this is April 15th. If a taxpayer receives an extension for federal income tax purposes, that extension automatically extends their state and school district income tax filing deadline.

16. UNDER WHAT CIRCUMSTANCES SHOULD A TAXPAYER MAKE SCHOOL DISTRICT INCOME TAX ESTIMATED TAX PAYMENTS?

A taxpayer residing in a school district imposing a school district income tax must make estimated tax payments if his/her combined school district income tax due and state individual income tax due after employer withholding is more than \$500. However, estimated tax payments for the school district income tax are not necessary if (i) school district income tax withholding will be at least 90 percent of the school district income tax liability or if (ii) school district income tax withholding will be equal to or greater than the previous year's school district income tax provided the taxpayer paid school district income tax in the previous year.

The dates and procedures for making school district income tax estimated tax payments are the same as those for state income tax estimated payments; however, taxpayers cannot combine school district income tax estimated payments with state income tax estimated payments.

17. HOW WILL THE SCHOOL DISTRICT INCOME TAX AFFECT FARMERS?

A school district income tax would generally benefit farmers who bear a large share of the property tax burden in many rural school districts. Unlike a property tax, a tax on income is substantially less when farm profits fall. Payments for the income tax may also be spread throughout the year through estimated payments and possibly withholding as opposed to the property tax which is payable twice a year.

18. HOW DO FARMERS SUBMIT THE SCHOOL DISTRICT INCOME TAX?

Generally, quarterly estimated payments are required if the taxpayer expects to be under-withheld by more than \$500 for their combined state and school district income taxes. A farmer whose total estimated gross income is at least two-thirds attributable to farming has the option of filing under three different methods. The farmer must use the same option for school district purposes as he/she used for filing his/her state and federal return, unless permission to do otherwise is granted by the Tax Commissioner.

Option 1 Filing declarations on or before the 15th day of the fourth month after the beginning of the fiscal year, and similar declarations on the 15th day of the sixth and ninth months of the current fiscal year, and the 15th day of the first month of the next fiscal year: April 15th, June 15th, September 15th of the current year and January 15th of the next year for calendar year taxpayers;

Option 2 Filing the annual return and making payment of tax on or before the first day of the third month following the close of the taxable year (March 1st for calendar year filers);

Option 3 Filing a declaration of estimated tax and making payment of tax on or before the 15th day of the first month following the close of the taxable year (January 15th for calendar year taxpayer) and filing an annual return on or before the 15th day of the fourth month following the close of the taxable year (April 15th for calendar year taxpayers).

19. WHAT HAPPENS IF I DO NOT FILE OR PAY THE SCHOOL DISTRICT INCOME TAX?

An individual not filing or paying the school district income tax will be penalized under the same provisions currently in effect for the Ohio individual income tax. For calendar year 2003, the interest charge is 6 percent per annum. The penalty for a late filed return is the greater of \$50 per month up to \$500 or 5 percent per month up to 50 percent of the tax. The penalty for the late payment of tax is double the interest rate charged.

20. WILL THE STATE CONDUCT AUDITS TO ENSURE THAT PEOPLE WHO OWE THE TAX ARE PAYING IT?

Yes. This process will be conducted in conjunction with state auditing activities.

21. ARE EMPLOYERS REQUIRED TO WITHHOLD THE SCHOOL DISTRICT INCOME TAX?

Yes. The Ohio Department of Taxation has contacted each business in Ohio and instructed them of their obligation to withhold the tax. A list of school districts levying the tax and corresponding tax rates is provided to each business along with withholding tables and computerized withholding formulas. Employers must ask employees in which school district they reside. Employees will be responsible for reporting the correct school district to the employer. Payments are made to the state either monthly or quarterly, depending on the size of the employer. The state will apportion the tax to the appropriate school districts.

22. WHAT ARE THE PENALTIES FOR FAILURE TO WITHHOLD THE TAX?

The amounts of penalty and interest for failure to withhold the school district income tax are the same as for failure to withhold the state income tax. The employer must request that employees furnish the name of the school district in which they reside. If the information furnished by the employee is incorrect and the tax is not withheld properly, the obligation for payment of the tax plus penalties and interest falls totally on the individual. Failure to withhold by fault of the employer shifts payment of the penalty and interest to the employer, but does not relieve an employee from the liability for the tax.

23. WHAT IF A TAXPAYER MOVES FROM ONE SCHOOL DISTRICT TO ANOTHER SCHOOL DISTRICT?

If both districts have enacted a school district income tax, then the individual must file a separate school district income tax return for each district. The tax is based upon the individual's income received while residing in each school district. An individual must notify his/her employer when he/she changes school district residence.

24. WHEN IS REVENUE FROM THE INCOME TAX RECEIVED BY THE SCHOOL DISTRICT?

The tax always becomes effective on January 1st. The first payment will be received by the school district in April of that year (school districts can count on that payment being relatively small). It will take 1 1/2 years (six quarters) for districts to receive the full amount of taxes liable from the first year it is levied because of how the tax is collected. Employer withholding comes in throughout the year, but individual annual returns are not due until the following calendar year. Districts will receive four payments per calendar year, one each in January, April, July, and October. Each payment will be for the amount collected during the prior quarter.

NOTE: The state returns all revenue collected to the school district, less 1.5 percent retained for state administration purposes.

25. DOES THE SCHOOL DISTRICT INCOME TAX AFFECT THE STATE FOUNDATION FORMULA?

Generally no, although current expense income tax revenues do count as local revenue in the calculation of charge-off supplement (Gap) aid.

26. CAN AN INCOME TAX BE ENACTED WITH AN EXPIRATION DATE?

Yes. An income tax can be continuing or for a fixed number of years.

27. CAN THE PROPERTY TAX MILLAGE BE REDUCED TO COMPENSATE FOR THE INCREASE IN REVENUES DUE TO THE PASSAGE OF AN INCOME TAX?

Yes. There are two ways to accomplish this.

- 1) The school district income tax law allows a single ballot issue that would enact a continuing income tax and reduce or repeal one or more existing continuing property tax levies. The reduced property tax revenues would occur beginning the January following the year that the new income tax becomes effective.
- 2) A school district may take unilateral action to reduce any existing property tax levy, fixed or continuing. Such action would be taken with the county auditor and would not be directly tied on the ballot to an income tax.

A Note of Caution: Any reduction in property tax millage rates should be made carefully. The law states that as long as the voted millage rate is over 20 mills, the effective rate on real property must also be 20 mills or greater. For districts with effective rates at or near 20 mills, the net effect of a millage reduction on real property taxes could be little or zero. For school foundation purposes, if the current operating millage before reduction factors falls below 20 mills, an equivalent millage for the income tax is calculated and used toward the 20 mill requirement.

28. WHAT PROCEDURES MUST A SCHOOL BOARD FOLLOW TO PLACE A SCHOOL DISTRICT INCOME TAX ISSUE BEFORE THE VOTERS?

- a) A resolution stating the necessity of raising additional school dollars must be passed by the school board and received by the Tax Commissioner at least 85 days prior to an election. The resolution must include the dollar amount to be generated and, if property taxes are to be reduced, the levy to be reduced and the amount of gross millage to be reduced. School districts needing instruction on resolution formats should contact their school board association.
- b) The Tax Commissioner has ten days from the receipt of the initial school board resolution to provide tax rate, equivalent millage, and, if necessary, effective millage reduction estimates. School boards are required to draft a new resolution and to receive a new certified rate estimate each time the question is to be put on the ballot.
- c) School Boards must submit a resolution to the county board of elections at least 75 days prior to the date of the election chosen for the question to appear on the ballot.
- d) The resolution to be certified to the county board of elections must include: the date of the upcoming election, the purpose for which the tax is to be imposed, the tax rate, the duration of the tax, the date that the tax will take effect, and, if necessary, the amount of millage to be reduced.

29. HOW OFTEN CAN SCHOOL DISTRICTS GO TO THE BALLOT WITH AN INCOME TAX ISSUE?

School boards cannot put an issue on the ballot concerning the school district income tax more than twice in any calendar year. If the issue is submitted twice, one of the elections must be held on the date of the general election. If only one election is held, it can be on any one of the following election days; the February or August special elections, the May primary, or the November general election.

30. CAN AN INCOME TAX BE REPEALED?

Yes, if it was enacted for a period of more than five years. It is subject to repeal by referendum beginning the year after it is enacted. If a repeal attempt fails, it cannot be attempted again for five years.

31. HOW CAN THE SCHOOL DISTRICT INCOME TAX RATE BE CHANGED ONCE IT IS IN EFFECT?

All changes require voter approval. A referendum to repeal the tax can only be held during a general election once every five years. There are no provisions in the school district income tax law that would allow a school board to independently reduce the income tax rate once it has been passed, or for voters to reduce rather than repeal the tax. The rate can be increased using the same procedure as when the tax was initially passed.

32. CAN A SCHOOL DISTRICT BORROW AGAINST AN INCOME TAX?

Yes. The district can borrow up to 50% of the estimated first year's collections prior to receiving its first payment. A district must obtain a certification of the first year's collections from the Ohio Department of Taxation.

33. IS THE SCHOOL DISTRICT INCOME TAX THE SAME AS THE MUNICIPAL INCOME TAX?

No. The school district income tax and the municipal income tax differ in many ways: municipalities collect the tax from both residents and non-residents working in the municipality, but the school district income tax is only on residents; municipal taxes are levied on businesses whereas the school district income tax is on individuals only; the tax base for municipalities is generally earned income only, but the school district income tax is on all sources of taxable income.

34. DO ANY OTHER STATES HAVE A SCHOOL DISTRICT INCOME TAX?

Pennsylvania, Iowa and Kentucky are the only states that allow school districts to levy an income tax.

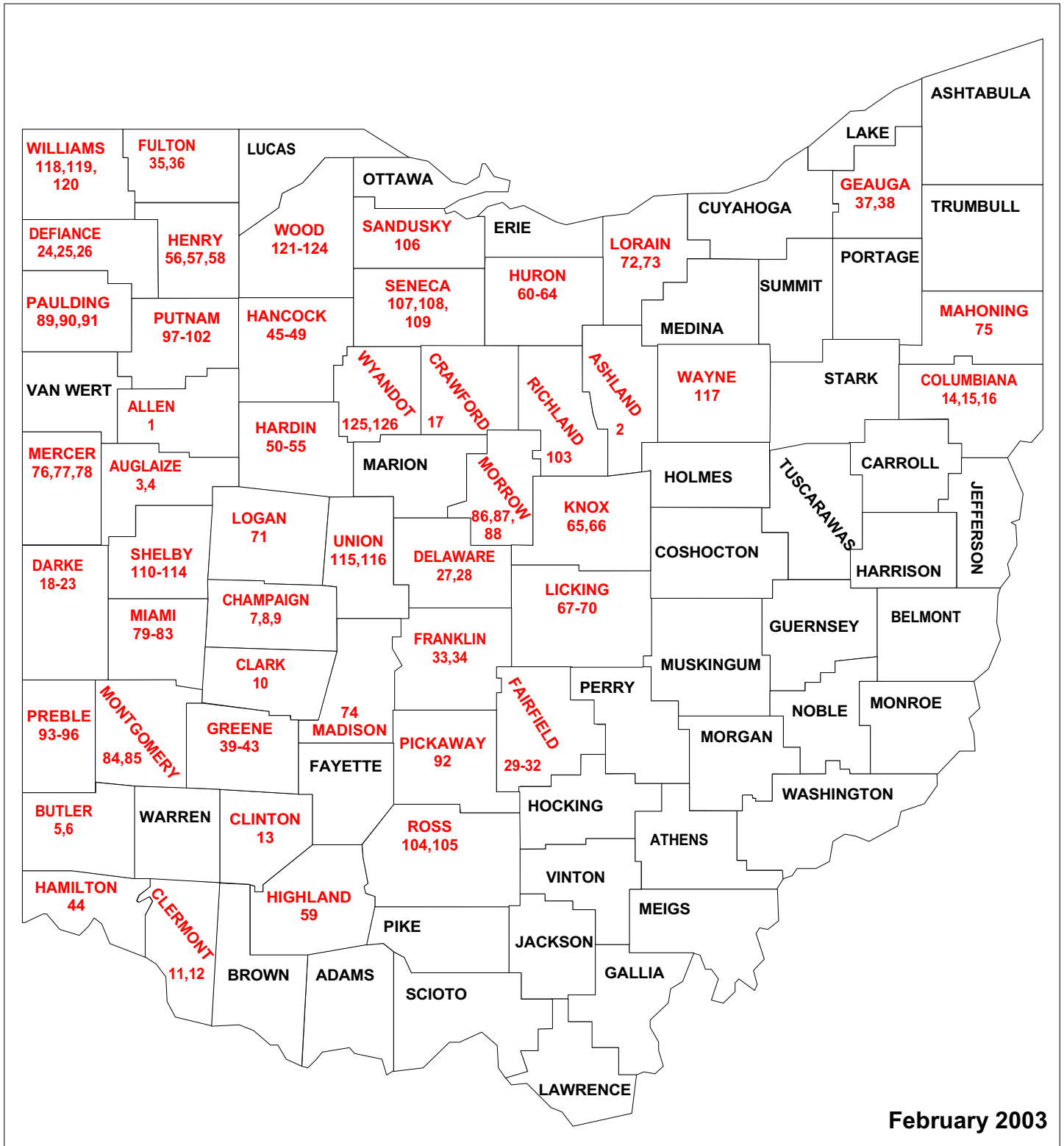
35. WHAT SCHOOL DISTRICTS IN OHIO LEVY THE INCOME TAX NOW?

See the attached map for a listing of all school districts with a school district income tax.

36. ADDITIONAL INFORMATION

If you have any questions or need clarification, you may call 614-466-3960.

126 Ohio School District Income Tax Levies as of January 2003



February 2003

<u>County</u>	<u>School District</u>	<u>Current Rate</u>	<u>First Year Effective</u>
1 Allen	Spencerville LSD (expires 12/31/07)	1.00	1993
2 Ashland	Loudonville-Perrysville EVSD	1.25	1992
3 Auglaize	Wapakoneta CSD	0.75	1991
4 Auglaize	Waynesfield-Goshen LSD (expires 12/31/06)	1.00	1992
5 Butler	Madison LSD	0.50	1991
6 Butler	New Miami LSD	1.00	1990
7 Champaign	Mechanicsburg EVSD	0.50	1997
8 Champaign	Triad LSD	1.00	1990
9 Champaign	West Liberty-Salem LSD (1% expires 12/31/04)	1.50	1984
10 Clark	Southeastern LSD	1.00	1990
11 Clermont	Clermont-Northeastern LSD	1.00	1996
12 Clermont	Goshen LSD	1.00	1991
13 Clinton	Wilmington CSD (expires 12/31/07)	1.00	2003
14 Columbiana	Columbiana EVSD	1.00	2003
15 Columbiana	Crestview LSD	1.00	1990
16 Columbiana	United LSD	0.50	1992
17 Crawford	Buckeye Central LSD	1.50	1990
18 Darke	Ansonia LSD	0.75	1992
19 Darke	Arcanum-Butler LSD	0.75	1992
20 Darke	Franklin Monroe LSD	0.75	1993
21 Darke	Greenville CSD	0.50	1990
22 Darke	Mississinawa Valley LSD	1.00	1990
23 Darke	Tri-Village LSD	1.50	1991
24 Defiance	Central LSD	0.75	1992
25 Defiance	Defiance CSD	0.50	1992
26 Defiance	Hicksville EVSD	0.75	1992
27 Delaware	Big Walnut LSD (expires 12/31/04)	0.75	1995
28 Delaware	Buckeye Valley LSD	1.00	1993
29 Fairfield	Bloom-Carroll LSD	0.75	1997
30 Fairfield	Fairfield Union LSD	0.75	1991
31 Fairfield	Liberty Union-Thurston LSD	1.25	1991
32 Fairfield	Pickerington LSD	1.00	1991
33 Franklin	Canal Winchester LSD	0.75	1991
34 Franklin	Reynoldsburg CSD	0.50	1990
35 Fulton	Evergreen LSD	0.75	1990
36 Fulton	Gorham Fayette LSD	1.00	1992
37 Geauga	Berkshire LSD	0.75	1993
38 Geauga	Ledgemont LSD (expires 12/31/08)	0.75	2002
39 Greene	Cedar Cliff LSD	1.00	1991
40 Greene	Fairborn CSD	0.50	1990
41 Greene	Greeneview LSD (.50% expires 12/31/06)	1.00	1991
42 Greene	Xenia Community CSD (expires 12/31/06)	0.50	1998
43 Greene	Yellow Springs EVSD	1.00	2002
44 Hamilton	Wyoming CSD	1.25	1990
45 Hancock	Arlington LSD	1.25	1984
46 Hancock	Cory-Rawson LSD	1.00	1992
47 Hancock	Liberty-Benton LSD (expires 12/31/10)	0.75	1995
48 Hancock	McComb LSD	1.00	1984
49 Hancock	Vanlue LSD (expires 12/31/05)	1.00	1996
50 Hardin	Ada EVSD (expires 12/31/07)	0.75	1993
51 Hardin	Hardin Northern LSD	1.00	1991
52 Hardin	Kenton CSD	1.00	1996

<u>County</u>	<u>School District</u>	<u>Current Rate</u>	<u>First Year Effective</u>
53 Hardin	Ridgemont LSD	1.00	1991
54 Hardin	Riverdale LSD (expires 12/31/05)	1.00	2000
55 Hardin	Upper Scioto Valley LSD	0.50	1996
56 Henry	Holgate LSD	1.00	1992
57 Henry	Liberty Center LSD	1.00	1996
58 Henry	Patrick Henry LSD (.75% expires 12/31/07)	1.75	1991
59 Highland	Hillsboro CSD	1.00	1992
60 Huron	Bellevue CSD (expires 12/31/06)	0.50	2002
61 Huron	New London LSD	1.00	1991
62 Huron	Norwalk CSD	0.50	1992
63 Huron	South Central LSD	1.25	1991
64 Huron	Western Reserve LSD	1.25	1991
65 Knox	Centerburg LSD	0.75	1990
66 Knox	Danville LSD (1.50% expires 12/31/03)	2.00	1990
67 Licking	Licking Valley LSD	1.00	1994
68 Licking	Newark CSD (expires 12/31/07)	1.00	1998
69 Licking	Northridge LSD (expires 12/31/05)	1.00	1998
70 Licking	Southwest Licking LSD	0.75	1991
71 Logan	Riverside LSD (expires 12/31/04)	0.75	1995
72 Lorain	Oberlin CSD	1.00	1991
73 Lorain	Wellington EVSD	1.00	1991
74 Madison	Jefferson LSD (expires 12/31/04)	0.50	1995
75 Mahoning	Springfield LSD (expires 12/31/04)	1.00	2000
76 Mercer	Coldwater EVSD	0.50	1990
77 Mercer	Parkway LSD (expires 12/31/05)	1.00	1996
78 Mercer	Fort Recovery LSD	1.00	1991
79 Miami	Bradford EVSD	1.75	1983
80 Miami	Covington EVSD	0.50	1994
81 Miami	Miami East LSD	0.50	1992
82 Miami	Newton LSD	1.00	1993
83 Miami	Piqua CSD	0.50	1991
84 Montgomery	New Lebanon LSD (expires 12/31/05)	0.75	1998
85 Montgomery	Valley View LSD (.75% exp. 12/31/05; .50% exp. 12/31/06)	1.25	1992
86 Morrow	Highland LSD	0.50	1992
87 Morrow	Mount Gilead EVSD (expires 12/31/04)	0.75	1995
88 Morrow	Northmor LSD	1.00	1993
89 Paulding	Antwerp LSD	0.75	1991
90 Paulding	Paulding EVSD	1.00	1991
91 Paulding	Wayne Trace LSD (expires 12/31/06)	0.75	1992
92 Pickaway	Teays Valley LSD	0.75	1992
93 Preble	National Trail LSD	1.00	1992
94 Preble	Eaton CSD	0.75	1993
95 Preble	Preble Shawnee LSD	1.00	1991
96 Preble	Twin Valley LSD (expires 12/31/07)	0.75	2003
97 Putnam	Columbus Grove LSD (expires 12/31/05)	0.75	1996
98 Putnam	Continental LSD	1.00	1991
99 Putnam	Leipsic LSD	0.75	1992
100 Putnam	Miller City-New Cleveland LSD	1.25	1993
101 Putnam	Ottawa-Glandorf LSD	0.50	1993
102 Putnam	Pandora-Gilboa LSD (expires 12/31/03)	0.75	1994
103 Richland	Plymouth-Shiloh LSD	1.00	1991
104 Ross	Scioto Valley LSD (expires 12/31/04)	0.75	2000

<u>County</u>	<u>School District</u>	<u>Current Rate</u>	<u>First Year Effective</u>
105 Ross	Union-Scioto LSD (expires 12/31/04)	0.50	1992
106 Sandusky	Fremont CSD (expires 12/31/03)	0.75	1994
107 Seneca	Bettsville LSD (expires 12/31/03)	1.00	1994
108 Seneca	New Riegel LSD	0.75	1990
109 Seneca	Seneca East LSD (expires 12/31/05)	1.00	2001
110 Shelby	Anna LSD	0.50	1983
111 Shelby	Fairlawn LSD	0.75	1991
112 Shelby	Fort Loramie LSD (expires 12/31/04)	0.75	1995
113 Shelby	Hardin-Houston LSD	0.75	1991
114 Shelby	Russia LSD	0.75	1992
115 Union	Fairbanks LSD	0.75	1990
116 Union	North Union LSD	1.00	1991
117 Wayne	Northwestern LSD	1.25	1990
118 Williams	Edgerton LSD	1.00	1992
119 Williams	Montpelier EVSD	0.75	2000
120 Williams	Stryker LSD (.50% expires 12/31/03)	1.50	1991
121 Wood	Bowling Green CSD (expires 12/31/07)	0.50	1993
122 Wood	Elmwood LSD (.50% exp. 12/31/05; .75% exp. 12/31/06)	1.25	1992
123 Wood	Otsego LSD	1.00	2003
124 Wood	Perrysburg EVSD	0.50	1992
125 Wyandot	Mohawk LSD (expires 12/31/05)	1.00	1996
126 Wyandot	Upper Sandusky EVSD (expires 12/31/04)	0.50	1996

Ohio Department of Taxation
February 10, 2003

IT 1040 OHIO Income Tax Return

2002

For the year Jan. 1-Dec. 31, 2002 or other taxable year ending _____, 20__.

Social Security Numbers must be filled in below.

Please Clip Your Check or Money Order Here.

Your first name	Initial	Last name	Your social security number	Filing Status—check only one <input type="checkbox"/> Single or Head of Household <input type="checkbox"/> Married filing joint return <input type="checkbox"/> Married filing separately, enter spouse's SS# _____				
If a joint return, spouse's first name	Initial	Last name	Spouse's social security number					
Home address (number and street) PLACE LABEL HERE OR PRINT/TYPE INFORMATION			Apt. Number					
City, town or post office, state and ZIP code			Ohio county	SS# _____				
Ohio Residency Status (see Instructions) <input type="checkbox"/> Resident <input type="checkbox"/> Part-Year Resident from: _____ / /02 to _____ / /02 <input type="checkbox"/> Nonresident _____ state of residence			Ohio Public School District Number (See pages 33-35.) ▶ <table style="border: 1px solid black; width: 100px; height: 20px; margin-left: auto; margin-right: auto;"> <tr><td style="width: 25px; height: 20px;"></td><td style="width: 25px; height: 20px;"></td><td style="width: 25px; height: 20px;"></td><td style="width: 25px; height: 20px;"></td></tr> </table>					
<input type="checkbox"/> Resident <input type="checkbox"/> Part-Year Resident from: _____ / /02 to _____ / /02 <input type="checkbox"/> Nonresident _____ state of residence			Ohio Political Party Fund Do you want \$1 to go to this fund? <table style="border: 1px solid black; width: 40px; height: 20px; text-align: center;"> <tr><td style="width: 10px; height: 10px;">Yes</td><td style="width: 10px; height: 10px;">No</td></tr> </table> If joint return, does your spouse want \$1 to go to this fund? . <table style="border: 1px solid black; width: 40px; height: 20px; text-align: center;"> <tr><td style="width: 10px; height: 10px;">Yes</td><td style="width: 10px; height: 10px;">No</td></tr> </table> Note: Checking "Yes" will not increase your tax or decrease your refund.		Yes	No	Yes	No
Yes	No							
Yes	No							

INCOME	1. Federal Adjusted Gross Income (from Federal Form 1040, line 35; or 1040A, line 21; or 1040EZ, line 4; or 1040TEL) ... 1	00	
	2. Ohio Adjustments (from line 45 on back of this return) 2	00	
	3. Ohio Adjusted Gross Income (line 2 subtracted from or added to line 1) 3	00	
	4. Multiply your personal and dependent exemptions _____ times \$1,200 and enter the result here 4	00	
	5. Ohio Taxable Income (subtract line 4 from line 3) 5	00	
TAX AND CREDITS	6. Tax on line 5 (see tax tables, pages 26-32) 6	00	
	7. Credits from Schedule B (line 54 on back of this return) 7	00	
	8. Ohio Tax less Schedule B Credits (Subtract line 7 from line 6. If line 7 is more than line 6, enter zero.) 8	00	
	9. Exemption Credit: Number of personal and dependent exemptions _____ times \$20 9	00	
	10. Ohio Tax less Exemption Credit (Subtract line 9 from line 8. If line 9 is more than line 8, enter zero.) 10	00	
	11. Joint Filing Credit (see instructions and attach documentation) _____ % times line 10 (limit \$650) 11	00	
	12. Ohio Tax less Joint Filing Credit (subtract line 11 from line 10) 12	00	
	13. Resident/Nonresident/Part-Year Credits (Sch. C or D) & Nonrefundable Business Credits (attach Sch. E) 13	00	
	14. Ohio Income Tax (Subtract line 13 from line 12. If line 13 is more than line 12, enter zero.) 14	00	
	15. Interest Penalty on Underpayment of Estimated Tax: Check <input type="checkbox"/> if Form IT-2210 is attached .. 15	00	
	16. Unpaid Ohio Use Tax (please see worksheet on page 24) 16 The amount you show on this line is part of your total income tax liability for this year.	00	
	17. Total Ohio Tax (add line 14, line 15, and line 16) 17	00	
PAYMENTS	18. Ohio Tax Withheld (box 17 on your W-2) (attach W-2's to the back of this form) AMOUNT WITHHELD ▶ 18	00	Electronic Filing can speed up your refund by 6 weeks!
	19. Ohio Estimated Tax, IT-40P Payments for 2002, and 2001 Overpayment Credited to 2002 ... 19	00	
	20. Refundable Business Jobs Refundable Pass-through Entity Total of Credit 20a _____ Credit 20b _____ 20a & 20b 20	00	
	21. Add lines 18, 19, and 20 TOTAL PAYMENTS ▶ 21	00	
REFUND OR AMOUNT YOU OWE	22. If line 21 is LESS than line 17, subtract line 21 from line 17. Attach payment made payable to Treasurer of State of Ohio. Check here <input type="checkbox"/> if you have paid or will pay with a credit card (see instructions) AMOUNT YOU OWE ▶ 22	00	
	23. If line 21 is GREATER than line 17, subtract line 17 from line 21 AMOUNT OVERPAID ▶ 23	00	
	24. Amount of line 23 you wish to DONATE for conservation of endangered species and wildlife diversity: \$3 <input type="checkbox"/> \$5 <input type="checkbox"/> \$10 <input type="checkbox"/> Other <input type="checkbox"/> Check box and enter amount on line 24 24	00	
	25. Amount of line 23 you wish to DONATE for nature preserves, scenic rivers, and endangered species protection: \$3 <input type="checkbox"/> \$5 <input type="checkbox"/> \$10 <input type="checkbox"/> Other <input type="checkbox"/> Check box and enter amount on line 25 25	00	
	26. Amount of line 23 to be credited to 2003 estimated tax liability CREDIT ▶ 26	00	
	27. Amount of line 23 to be refunded (subtract amounts on lines 24, 25, and 26 from line 23) YOUR REFUND ▶ 27	00	
	IF THE BALANCE DUE IS LESS THAN \$1.01 PAYMENT NEED NOT BE MADE, AND IF THE OVERPAYMENT IS LESS THAN \$1.01, NO REFUND WILL BE ISSUED. I have read this return. Under penalties of perjury, I declare that to the best of my knowledge and belief, the return is true, correct, and complete.		

SIGN HERE	▶ Your signature _____	Date _____
	▶ Spouse's signature (if filing jointly, BOTH must sign) _____	Phone number (optional) _____
	Preparer's signature _____	Preparer's phone number _____
	Preparer's address (including zip code) _____	

FOR DEPARTMENTAL USE ONLY		
	18a.	U
NO Payment Enclosed—Mail to: Ohio Department of Taxation P.O. Box 2679 Columbus, OH 43270-2679	Payment Enclosed—Mail to: Ohio Department of Taxation P.O. Box 2057 Columbus, OH 43270-2057	

Schedule A – Adjustments to Income (Additions and Deductions)	Schedule B Credits	Schedule C Ohio Resident	Schedule D Nonres/ Part-Year Resident
Additions – Add to the extent not included in federal adjusted gross income (Line 1)			
28. Add non-Ohio state or local government interest and dividends	28 ●		00
29. Add Pass-through Entity addback	29 ●		00
30. Add income from an Electing Small Business Trust (ESBT–see instructions)	30 ●		00
31. Other. Check if from:			
a. <input type="checkbox"/> Federal interest and dividends subject to state taxation			
b. <input type="checkbox"/> Reimbursement of college tuition expenses and fees deducted in any previous year(s) NEW			
c. <input type="checkbox"/> Losses from sale or disposition of Ohio Public Obligations			
d. <input type="checkbox"/> Non-medical withdrawals from an Ohio Medical Savings Account			
e. <input type="checkbox"/> Reimbursements previously deducted but not included in federal adjusted gross income			
f. <input type="checkbox"/> Non-education expenditures from College Savings Account			
g. <input type="checkbox"/> Add back 5/6ths of the depreciation expense adjustment for IRC section 168(k) bonus depreciation NEW			
Total	31 ●		00
32. Total Additions (add lines 28, 29, 30, and 31)	32 ●		00
Deductions – See Limitations in Instructions			
33. Deduct federal interest and dividends exempt from state taxation	33 ●		00
34. Deduct compensation earned in Ohio by full-year residents of neighboring states	34 ●		00
35. Deduct state or municipal income tax overpayments (see instructions)	35 ●		00
36. Deduct disability and survivorship benefits (does not include pension continuations)	36 ●		00
37. Deduct qualifying social security benefits and some railroad benefits	37 ●		00
38. Deduct contributions to a variable college savings account and/or purchases of tuition credits	38 ●		00
39. Deduct tuition expenses paid to a qualified Ohio educational institution	39 ●		00
40. Deduct unsubsidized health insurance/long term care insurance and excess medical expenses (see worksheet)	40 ●		00
41. Deduct funds deposited into & earnings of a Medical Savings Account for eligible medical expenses (see worksheet)	41 ●		00
42. Deduct losses from an Electing Small Business Trust (ESBT–see instructions)	42 ●		00
43. Other. Check if :			
a. <input type="checkbox"/> Wage & salary expense not deducted due to the federal targeted jobs or the work opportunity tax credits			
b. <input type="checkbox"/> Interest income from Ohio Public Obligations and Ohio Purchase Obligations and gains from the sale or disposition of Ohio Public Obligations			
c. <input type="checkbox"/> Refund or reimbursements of prior-year federal itemized deductions (from line 21 of Federal 1040)			
d. <input type="checkbox"/> Repayment of income reported in a prior year			
e. <input type="checkbox"/> Amount contributed to an Individual Development Account			
f. <input type="checkbox"/> Deduct 1/5th of the depreciation expense adjustment for IRC section 168(k) bonus depreciation NEW			
Total	43 ●		00
44. Total Deductions (add lines 33 through 43)	44 ●		00
45. Net Adjustments–If line 32 is GREATER than line 44, enter the difference here & on line 2 as a positive amount.			
If line 32 is LESS than line 44, enter the difference here & on line 2 as a negative amount	45 ●		00
46. Retirement Income Credit (see instructions for credit table) (Limit–\$200)	46 ●		00
47. Senior Citizen Credit (Limit–\$50 per return)	47 ●		00
48. Lump Sum Distribution Credit (you must be 65 years of age or older to claim this credit)	48 ●		00
49. Child and Dependent Care Credit (see instructions and worksheet)	49 ●		00
50. Lump Sum Retirement Credit	50 ●		00
51. Job Training Credit (see instructions & worksheet) (Limit–\$500 single; \$1,000 joint, if both spouses qualify)	51 ●		00
52. Ohio Political Contributions Credit	52 ●		00
53. Ohio Adoption Credit (Limit–\$500 per adoption)	53 ●		00
54. Total Credits (add lines 46 through 53) – enter here and on line 7	54 ●		00
55. Enter the portion of line 3 subjected to tax by other states or the District of Columbia while an Ohio resident	55 ●		00
56. Enter Ohio Adjusted Gross Income (line 3)	56		00
57. Divide line 55 by line 56 <input type="text"/> % Multiply by the amount on line 12	57		00
58. Enter the 2002 income tax less all related credits other than withholding and estimated tax payments and carry-forwards from previous years paid to other states or the District of Columbia	58 ●		00
59. Enter the smaller of line 57 or line 58. This is your Ohio Resident Tax Credit. Enter here and on line 13	59		00
List the state(s) other than Ohio with which you filed 2002 Income Tax Returns		<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	
60. Enter the portion of Ohio Adjusted Gross Income (line 3) that was not earned or received in Ohio	60 ●		00
61. Enter the Ohio Adjusted Gross Income (line 3)	61		00
62. Divide line 60 by line 61 <input type="text"/> % Multiply by the amount on line 12. Enter here and on line 13	62		00