

TABLE II: NON-WAGE INCOME (Attach copy of Federal Schedules)

	Column A: Earned in Cleveland Heights	Column B: Earned Outside Cleveland Heights and tax rate 1% or more	Column C: Earned Outside Cleveland Heights and tax rate less than 1%
TAXABLE NON-WAGE INCOME (MUST attach Federal Schedules from IRS, 1040 Form, Schedules C and/or E)			
1. FEDERAL SCHEDULE C [business] INCOME OR LOSS			
2. FEDERAL SCHEDULE E [supplemental] INCOME OR LOSS			
3. OTHER INCOME OR LOSS (Attach Schedule)			
4. TOTAL NON-WAGE INCOME [Add Lines 1, 2, and 3]			
5. LOSS CARRYFORWARD (Attach worksheet)			
6a. TAXABLE NON-WAGE INCOME{Use on front, Line 1b}* Earned in Cleveland Heights [Subtract Line 5 from Line 4]			
6b. TAXABLE NON-WAGE INCOME [Subtract Line 5 from Line 4] Earned outside Cleveland Heights			
6c. TOTAL TAXABLE NON-WAGE INCOME{Use on Front, Line 1c}* Earned outside Cleveland Heights [Add Columns B and C, line 6b]		Total:	
*If 6a, 6b or 6c is equal or less than zero, enter zero for tax calculation on front.			
TAX CREDITS			
7. TAX PAID TO OTHER LOCALITIES			
8. 1% Tax credit limit [Multiply line 6b in Columns B and C by 1% (.01)]			
9. Income limit for tax credit calculation (Smaller of Line 7 and Line 8)			
10. Add Line 9 from Columns B and C{Use on front, Line 4b}		Total:	

TABLE III: 2106 BUSINESS EXPENSE DEDUCTION (MUST attach Federal 2106 Form to receive credit)

	1ST EMPLOYER	2ND EMPLOYER	3RD EMPLOYER	4TH EMPLOYER
Income from W-2 Statements				
Expenses from Federal Form 2106				
[Subtract expenses from income]{Use in TABLE I, Column A}				

GENERAL INFORMATION AND INSTRUCTIONS

BUSINESS LOSSES AND GAINS

- Losses can be carried forward up to five years to offset future gains. Losses cannot be carried back against previous gains.
- Net losses from non-wage income cannot be offset against wage income.
- Losses and gains from business activities within Cleveland Heights can be offset.
- Losses and gains from business activities outside of Cleveland Heights can be offset.
- Losses from activities within Cleveland Heights cannot be offset against gains from activities outside of Cleveland Heights and vice versa.

WHO MUST FILE AN INDIVIDUAL RETURN?

- Everyone age 18 or over that lived in Cleveland Heights any time during the year 2008. This includes:
 - ▶ Full or part-year residents that maintain a "permanent" residence elsewhere.
 - ▶ Individuals that are domiciled in Cleveland Heights (e.g. own a home) even if they traveled or worked elsewhere.
(Part-year residents are taxed only on the portion of income earned while living in Cleveland Heights. Please indicate if income pro-rated.)
- Non-resident individuals that worked in Cleveland Heights and did not have employer withholding to Cleveland Heights.
- Sole proprietors that derived Federal Schedule C or E income from business conducted in Cleveland Heights.
- **If you do not file a return by April 15, 2009, you must file an Extension Request (Form I-9 or copy of Federal Extension).**

INCOME:

- Use the income amount found in Box 5 of the W-2 Statement.
(Cleveland Heights does not allow income to be deferred for tax at a later date. All income is taxed when earned.)
- If you have 2106 business expenses to deduct from your wage income, complete TABLE III above and enter result in TABLE I.

Examples of Taxable Income

- Wages, salaries, bonuses, and other compensation
- Commissions, fees, and tips
- Educational grants (except portion for tuition/fees/books)
- Net profit from business (Federal Schedule C)
- Income from rental property (Federal Schedule E)
- Deferred compensation contributions, [e.g. 401(k)]
- Non-qualified plan contributions
- Lottery winnings of \$100,000.00 or greater

Examples of Non-Taxable Income

- Interest, dividends
- Pensions, Social Security
- Welfare, state-paid unemployment benefits
- Workmen's Compensation, proceeds from insurance
- Active Military pay (does not include civilian personnel)
- Alimony
- Distributions from deferred comp. or nonqualified plans

TAX RATE AND CREDITS:

- The Cleveland Heights tax rate is 2%.
- There is 1/2 of 1% credit on the income for tax paid to other localities. This can effectively reduce the Cleveland Heights rate to 1.5%
- Credits are only granted for workplace city tax withheld with a copy of the W-2 attached

PAYMENTS

- Quarterly estimated payments are required during the year that income is earned.
- The return is to determine actual tax due and reconcile overpayments or underpayments.
- **Outstanding balances after April 15 are assessed 20% penalty. Interest is assessed monthly at the rate of 10% per annum.**
- Please make checks payable to the City of Cleveland Heights and include your account number on the check.