



## INSTRUCTIONS

1. **LINE 1** – Report the higher Box 5/Medicare Wages or Box 18/Local Wages on your W-2 form(s). Include 401 (k) and group life insurance payments. ALL W-2'S MUST BE ATTACHED TO THIS FORM.
2. **LINE 2** – To be completed if you have income other than W-2 income. MUST ATTACH FEDERAL SCHEDULES.
3. **LINE 3** – 2106 Expenses. **SEE WORKSHEET – ADJUSTMENTS TO INCOME** BELOW. MUST ATTACH FORM 2106, FEDERAL SCHEDULE A AND FEDERAL 1040, PAGE 2.
4. **LINE 4** – Total Taxable Income (Add Line 1 and Line 2, Subtract 3).
5. **LINE 5** – TAX – Multiply Taxable Income, Line 4 by 1.5%.
6. **LINE 6** – Enter the amount withheld for Mount Vernon (Local/Box 19 on W-2).
7. **LINE 7** – Credit for taxes paid to another City is limited to 1% of the amount of income earned in that City on which tax was due and paid. You must take each W-2 and compute the tax credit individually, then insert the total tax credits on Line 7.  
**Example:** On an income of \$10,000.00 earned in a City with a 2.25% earnings tax rate, the employer should withhold \$225.00. The maximum allowable credit for Mount Vernon in this case would be \$100.00 (1% of 10,000.00).
8. **LINE 8** – Enter payments made on Declaration of Estimated Tax.
9. **LINE 9** – Enter prior year overpayment that was not refunded.
10. **LINE 10** – Enter total payments and credits (Add LINE 7 through LINE 9).
11. **LINE 11** – Balance due or overpayment (Line 10 minus Line 5). If tax due/refund amount is under \$1.00, no payment required; no refund/credit carry forward will be issued.
12. **LINE 12** – Late filing penalty (after April 15th due date) Enter 10% of the amount of the unpaid tax or \$25.00 dollars, whichever is greater (whether or not taxes are owed).
13. **LINE 13** – Delcaration penalty: 10% per each quarter not paid for 2009 if previous year's balance due was \$300.00 or more.
14. **LINE 14** – Interest: 1% per month.
15. **LINE 15** – Total Penalty (Add Line 12 through Line 14).
16. **LINE 16** – Total tax due including penalty & interest (Sum of Line 10 and Line 15).
17. **LINE 17** – Overpayment to be refunded or credited to next year.

## WORKSHEET – ADJUSTMENTS TO INCOME

1. EMPLOYEE BUSINESS 2106 EXPENSE .....	\$	
2. Minus Schedule A (2%) Deduction Must attach both Schedule A and 2106 Subject to 2% Federal Limitations allowed. ....	\$	
TOTAL ADJUSTMENTS (1 minus 2) .....	\$	

(put on Line 3)

**THE FOLLOWING IS A LIST OF WHAT INCOME IS TAXABLE AND WHAT INCOME IS NOT. PLEASE NOTE THESE LISTS ARE NOT ALL INCLUSIVE AND IF YOU HAVE RECEIVED ANY TYPE OF INCOME THAT DOES NOT APPEAR ON THE LIST, CONTACT THE INCOME TAX DEPARTMENT FOR ASSISTANCE.**

TAXABLE INCOME	NET PROFITS FROM:	NON-TAXABLE INCOME
Gross wages, salaries, commission and other compensation to include: 1. Sick pay and vacation pay (including annual leave). 2. Income from wage-continuation plans. 3. Stock options – taxed when exercised on amount indicated on W-2 form. 4. Cost of group term life insurance over \$50,000. 5. Severance pay. 6. Compensation paid in property or the use thereof at fair market value to the same extent as taxable under the Federal Internal Revenue Act and so indicated on the W-2 form. 7. Tips. 8. Deferred Income Plans. 9. 401-K Plans. 10. Income from guaranteed annual wage contracts. 11. Bonuses/Prizes connected with employment. 12. Directors fees. 13. Union steward fees. 14. Ordinary income from Form 4797. 15. Profit Sharing – if from non-qualified plan.	Unincorporated businesses: a. Sole proprietorships – Schedule C or C-EZ b. Rental properties – Schedule E c. Partnerships – Schedule B d. Farm Net Income – Schedule F e. Trusts and Estates (file and pay as entity)	A. Military pay including reserve pay. B. Income earned while under 18 years of age. C. Alimony and Child Support. D. Capital gains – unless filed on Form 4797. E. Interest. F. Dividends. G. Social Security benefits. H. Worker's Compensation. I. State unemployment benefits. J. Welfare payments. K. Income of religious, fraternal, charitable, scientific, literary or educational institutions to the extent that such income is derived from tax-exempt real estate, tax –exempt tangible or intangible property or tax –exempt activities. L. Housing for Clergy. M. Pension income – includes lump sum distributions. N. Annuities-at time of distribution. O. 125 Cafeteria Plan contribution

## 2010 DECLARATION PAYMENT CALENDAR

April 15, 2010 File return. Make 1st Quarter payment.	July 31, 2010 Make 2nd Quarterly payment.	Oct. 31, 2010 Make 3rd Quarterly payment.	Jan. 31, 2011 Make 4th Quarterly payment.	April 15, 2011 File return. Pay any balance due.
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