

2025 PICKERINGTON, OHIO CITY INCOME TAX - GENERAL INFORMATION & INSTRUCTIONS

1. WHO MUST FILE A RETURN

The following must file a return WHETHER OR NOT ADDITIONAL TAX IS OWED TO PICKERINGTON:

- A. Every Pickerington RESIDENT age 18 or over regardless of income, unless only source of income is from retirement or permanent disability. RESIDENT includes a part-year resident and includes a legally domiciled resident temporarily living away, e.g. college student, construction worker, truck driver.
- B. Every sole proprietor, corporation, partnership, trust or other business entity operating in Pickerington, and any owner of Pickerington rental property. Must file even if a loss.
- C. NON-RESIDENTS who have earned income in Pickerington for which the total and correct amount of Pickerington tax has not been withheld.

2. WHEN A RETURN IS NOT REQUIRED

- A. RETIRED individuals with no earned income at any time during the tax year are not required to file a return. If you received a notice to file, please send a tax return and select the *Retired with no taxable income* box. Print yes in the upper right part of the form that your account should be deactivated and give reason as *retired*. Sign at bottom right and return to the Tax Department along with your Federal 1040 and Schedule 1 showing retirement income only.
- B. Individuals on PERMANENT DISABILITY with no earned income at any time during the tax year are not required to file a return. If you received a notice to file, please send a tax return and print yes in the upper right part of the form that your account should be deactivated and give reason as *permanent disability*. Provide your disability paperwork, sign at bottom right, and return to the Tax Department.
- C. NON-RESIDENTS who did not live in Pickerington at any time during the year, and who had earned income in Pickerington for which the total and correct amount of Pickerington income tax has been withheld, are not required to file a return.

3. WHEN AND WHERE TO FILE THIS RETURN

The annual income tax return must be filed and paid in full on or before April 15, 2026, with the City of Pickerington, Division of Taxation, 100 Lockville Rd., Pickerington, Ohio 43147. Fiscal year businesses with accounting periods ending other than December 31 must file within 3 1/2 months after the end of the accounting period.

4. EXTENSIONS

Extensions of time to file a return will be granted up to the end of the month for which an approved federal extension is given if you have complied with all of the following requirements:

- A. You have requested and are granted an extension of time for Federal tax purposes.
- B. You have notified the City of Pickerington by sending us a copy of your federal extension.
- C. You timely file and pay a Declaration of Estimated Tax with the city for the 2025 tax year.

NOTE: An Extension is for the time to file only. Interest of 0.75% per month or part month and penalty of 15% of balance owed will be assessed on any balance due if not paid in full by the original due date of the return without extension.

5. TAXABLE INCOME

The following items, although not all inclusive, are examples of income taxed by the city:

- 1. Qualifying wages, salaries and other compensation.
- 2. Bonuses, stipends and tip income.
- 3. Commissions, fees and other income.
- 4. Sick pay (not including third party sick pay).
- 5. Employer supplemental unemployment benefits (SUB pay).
- 6. Employer contributions to retirement plans and tax deferred annuity plans (including Sec. 401k, Sec. 403b, Sec. 457b, etc.)
- 7. Net rental income.
- 8. Net profits of businesses, professions, corporations, pass-through-entities, etc.
- 9. Income from partnerships, estates or trusts.
- 10. Employee contributions to costs of fringe benefits.
- 11. Ordinary gains as reported on federal form 4797, line 10.
- 12. Income from wage continuation plans (including retirement incentive plans and severance pay).
- 13. Vacation Pay.
- 14. Stock options (taxed when exercised, usually valued at market price less option price on the date the option is exercised).
- 15. Farm net income.
- 16. Employer paid premiums for group term life insurance over \$50,000 (PS 58).

- 17. Compensation paid in goods or services or property usage, taxed at fair market value.
- 18. Contributions made on behalf of employees to tax deferred annuity programs.
- 19. Income from guaranteed annual wage contracts.
- 20. Prizes and gifts connected with employment to the same extent as taxable for Federal Income Tax purposes.
- 21. Director fees.
- 22. Income from jury duty.
- 23. Union steward fees.
- 24. Strike pay.
- 25. Profit sharing, if from a non-qualified plan, or if paid as a type of bonus.
- 26. Lottery, sweepstakes, gambling, and sports winnings, winnings from games of chance, and prizes and awards.
- 27. Reimbursements in excess of deductible expenses.
- 28. Employer provided educational assistance (taxable to the same extent as for federal taxation pursuant to the Technical & Miscellaneous Revenue Act of 1988).
- 29. Income deemed as taxable per Federal Code Section 89.
- 30. Compensatory damages awarded in lawsuits.
- 31. Income from covenant not to compete clause.
- 32. Net profits derived from the operation of oil and gas wells.
- 33. Gains from the cancellation of indebtedness to the extent they are taxable for Federal income tax purposes.

NON-TAXABLE INCOME

The following items are not taxable to the city:

- 1. Interest or dividend income.
- 2. Welfare benefits.
- 3. Social security.
- 4. Income from qualified pension plans.
- 5. State unemployment benefits.
- 6. Worker's compensation.
- 7. Contributions made by or on behalf of employees to cafeteria plans (Sec. 125, etc.).
- 8. Proceeds of life insurance.
- 9. Alimony.
- 10. Active duty military pay (including National Guard and reserve pay).
- 11. Earnings of persons under 18 years of age.
- 12. Capital gains.
- 13. Third party sick pay.
- 14. Income of religious, fraternal, charitable, scientific, literary or education institutions to the extent that such income is derived from tax-exempt real estate, tax-exempt tangible or intangible property or tax-exempt activities.
- 15. Patent and copyrighted income.
- 16. Royalties derived from intangible property.
- 17. Annuity distributions.
- 18. Housing allowances for clergy to the extent that the allowance is used to provide a home.
- 19. Health & welfare benefits distributed by governmental, charitable, religious or educational organizations.
- 20. Compensatory insurance proceeds derived from property damage or personal injury settlements.
- 21. Punitive damages awarded in lawsuits.
- 22. IRA. Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans.
- 23. Scholarships or Work Study Programs exempt with proper submission of paperwork from College indicating type of compensation and amount.
- 24. Personal earnings of mentally retarded and developmentally disabled employees earning less than the minimum hourly wage while employed at government sponsored sheltered workshops.
- 25. 1099-G Refunds.
- 26. Income earned by transportation network company drivers.

6. PART-YEAR PRORATION OF WAGES

Wages earned working in Pickerington are subject to Pickerington tax regardless of where you lived. However, if you were a resident of Pickerington for only part of the year and earned any wages working outside of Pickerington while you were a non-resident, only wages earned while a resident of Pickerington are subject to Pickerington tax. The best way to determine Pickerington taxable wages is to use your pay stub closest to the date of your move in or out of Pickerington. If that's not available, calculate the non-resident portion for Line 5 of your tax return as follows:

If you worked outside of Pickerington for the same employer for the entire year, divide the entire wage from Box 5 of your W2 by 12. Then multiply that by the number of months NOT living in Pickerington. Enter the resulting figure on Line 5.

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If you worked outside of Pickerington for an employer for only part of the year, divide the wages from W2 Box 5 by the actual number of months you worked for that employer. Then multiply that by the number of months you worked for that employer while NOT living in Pickerington. Enter the resulting figure on Line 5.

If you are requesting that your account be inactivated due to your moving from the jurisdiction with no intent to return, although retaining a mailing address within the jurisdiction as your address of record, please enter the date of your move and the reason, and attach supporting documentation with regard to your relocation.

NOTE: Credit for wages taxed by another city is only allowed on income earned while a resident of Pickerington

7. CREDIT FOR INCOME TAXES PAID TO OTHER CITIES

Individual taxpayers who are residents of Pickerington are allowed a credit if their taxable income has been properly taxed by another city where it was earned.

The credit is the lesser of

- (1) actual tax paid or withheld, or
- (2) portion of income actually taxed by another city multiplied by 0.5% (.005).

In the computation you may not include income that wasn't taxed by another city, income earned while a nonresident, or income that was taxed but for which a refund would be available from another city if properly applied for. Also, each source of income and each work city is looked at separately in the calculation.

EXAMPLE 1: An employee who lives in Pickerington earns \$20,000 working in Columbus. Since the Columbus tax rate is 2.5%, the employer withholds and pays to Columbus a tax of \$500.00 (\$20,000 x 2.5%). Pickerington gives tax credit on line 10 of the return of \$100.00 (0.5% times \$20,000 earned).

8. EMPLOYEE BUSINESS EXPENSES (FORM 2106)

For tax year 2017 and after, the 2106 expense is only allowed for the following individuals: **Armed Forces reservists, qualified performing artists, fee-basis state or local government officials, and employees with impairment-related work expenses.** Attach Form 2106, Schedule 1, and page 2 of Form 1040 in order to allow deduction.

Business expenses incurred to earn income for work done in another city must be allocated to the city where the income was earned. In calculating credit for tax paid to other cities, net taxable income, after deducting allocated 2106 expenses, is the basis for determining the credit allowed. NOTE: Per IRS instructions, if line 4 is your only entry, do not complete Form 2106 unless you are claiming:

- Performing-arts-related business expenses as a qualified performing artist,
- Expenses for performing your job as a fee-basis state or local government official, or
- Impairment-related work expenses as an individual with a disability.

Educator expenses deducted directly on Federal Schedule 1 are **NOT** deductible for tax year 2025.

9. NET OPERATING LOSS

Net operating loss carry forwards are permitted but limited per ORC 718.01. 'Net Operating Loss' means a loss incurred by a person in the operation of a trade or business. 'Net Operating Loss' does not include unutilized losses resulting from basis limitations, at-risk limitations, or passive activity loss limitations. Passive activity losses are deducted the year allowed for federal tax purposes.

Net operating losses may be carried forward for five (5) years. For tax year 2025, unused NOLs from 2020-2024 may be used to offset the current-year gain; however, the loss used from prior year may not exceed current-year gain. Any remaining loss from 2021-2024 that was not used in the current year will carry forward. No portion of a net operating loss shall be carried back against net profits of any prior year.

NOTE: NET OPERATING LOSSES CANNOT BE USED TO OFFSET SALARIES, WAGES, COMMISSIONS, OR OTHER COMPENSATION, OR NON-BUSINESS INCOME.

10. PICKERINGTON SCHOOL DISTRICT 2307 INCOME TAX: School income tax is not a municipal income tax; therefore, it cannot be used as a credit against Pickerington City income tax. The State of Ohio collects the school income tax.

11. MEDICAID WAIVER PAYMENTS: Medicaid waiver payments may be deductible for qualified plans. Documentation must be included showing payments are derived from a state medicaid program.

MANDATORY DECLARATION OF ESTIMATED TAX - GENERAL INFORMATION

12. PURPOSE OF DECLARATION:

If you expect to have any taxable income in 2026 on which the proper amount of Pickerington tax will not be withheld by your employer and the estimated amount due will be greater than \$200, you must file a Declaration of Estimated Tax. It must be filed by the due date of the prior year's final tax return without extension, and you must pay at least one-quarter of the tax due by that date. Failure of a taxpayer to file a Declaration of Estimated Tax and pay quarterly installments of estimated tax will result in interest and penalty charges. Such taxpayers must also file an annual return of actual taxable income and pay any balance of tax due. For example for individuals, a Declaration of Estimated Tax for 2026 must be filed by April 15, 2026, including payment of the first quarterly amount due.

13. WHO MUST MAKE A DECLARATION:

- a. Every resident of the City of Pickerington, who expects to receive taxable income, wherever earned, from which the City of Pickerington Income Tax will not be withheld, if amount due will be greater than \$200.
- b. Every non-resident of the City of Pickerington, who expects to receive taxable income, earned or derived from within the City, from which the City of Pickerington Income Tax will not be withheld, if amount due will be greater than \$200.
- c. Every business entity, such as corporations, partnerships, fiduciary of active trusts, unincorporated businesses or professional entities conducting activities or producing income from within the City, if amount due will be greater than \$200.

14. WHEN AND WHERE TO FILE DECLARATION:

File on or before April 15, 2026, with the City of Pickerington, Division of Taxation, 100 Lockville Rd., Pickerington, Ohio 43147. All wage earners must file on a calendar year basis. Fiscal year taxpayers shall file on or before the 15th day of the 4th month measured from the beginning day of their fiscal year.

15. LATE FEE, PENALTY AND INTEREST:

For 2025, a \$25.00 late fee is charged for failure to file a tax return by the due date. Penalty of 15% will be assessed on any unpaid tax due if the total tax liability is greater than \$200. Any quarterly estimated tax installment or final tax amount that is not paid when it is due will be assessed interest of 9% per annum.

16. SAFE HARBORS:

Pickerington uses safe harbor approaches under which penalty and interest will not be charged. Safe harbors require that the annual tax return be timely filed (recognizing valid extensions) including both the 2025 return and 2026 Declaration of Estimated Tax (no extension allowed). All required payments must be timely paid in full including each quarterly estimate payment and the balance due by the original due date of the return. If those requirements are met, the safe harbor will apply and no penalty and interest will be charged if any one of the following conditions is met:

- (a) if credits total at least 100% of the preceding year's tax liability (on line 8), or
- (b) if at least 90% of the current year's tax liability has been timely paid and/or withheld.

This section relates only to required declarations and payments, and not to the final amount due with the tax return for the year.

17. AMENDMENTS TO DECLARATION:

If your income situation changes materially from the estimate made on your original declaration, an amended declaration is required. You may use a new form and write across the face of it the word "Amended."

18. DECLARATION OF ESTIMATED TAX PAYMENT TIMETABLE- CALENDAR YEAR TAXPAYERS

April 15, 2026	File Declaration with 1st quarter payment
June 15, 2026	Make 2nd quarter payment
Sept 15, 2026	Make 3rd quarter payment
Jan 15, 2027	Make 4th quarter payment