



City of Sidney

Instructions for 2012 Estimated Tax Payment (Individuals)

DECLARATION OF ESTIMATED TAX FOR 2012:

Who must file & pay estimated income tax for the current year?

- You are a Sidney resident & work in either a municipality that is not subject to municipal income tax withholding (including townships) or a municipality with a municipal income tax rate of less than 1.5%;
- You are a Sidney resident and are self employed (filing a Schedule C on your Federal tax return);
- You are a NOT a Sidney resident but had self-employment income earned in Sidney;
- You have any similar type of situation where your income is not fully withheld upon (at 1.5%) & you would have a tax balance due to Sidney.

Methods of calculating estimated tax due:

- A. You may pay an amount equal to Sidney Income Tax for 2011 (line 6 of Sidney Individual Income Tax Return) (less any anticipated Sidney tax credits, such as Sidney taxes withheld and/or taxes paid to another municipality or overpayment of previous year returns). By paying 100% of the 2011 Sidney Income Tax via credits or estimated payments in quarterly estimated tax payments, you will not be penalized for underpayment should your income be greater in 2012. (Known as “safe harbor”).
- B. If you know what your anticipated income will be for 2012, you can base your estimate on 90% of that anticipated income amount. Using that figure, you can determine an equal quarterly amount for remittance for each period.

Penalty for underestimation

If you have not paid in the lower of (1) 90% of the current tax year's tax liability (through withholdings, estimated payments, or prior year overpayments) or (2) 100% of the prior year's tax liability, then the penalty for underestimation is 10% of the difference between 90% of the current year's actual tax (line 6 of the Sidney Individual Income Tax Return) and the amount credited for the year (line 7E of the Sidney Individual Income Tax Return).

Timing and Amount of Payments:

If using Method A “safe harbor” as described above, then a minimum of 25% of your total estimated tax is due by April 17, 2012. If using Method B, then a minimum of 22.5% of your total estimated tax is due by April 17 2012. The estimated tax may be paid in full with this Declaration or in equal quarterly payments. Quarterly payments will not be billed. The estimate may be amended at the time of making any quarterly payment. For individuals, quarterly payments are due on or before April 15, July 31, October 31 and January 31. If the due date falls on a weekend or a City holiday, the due date will be the following business day. Any prior year credit carry-over will be included as current year estimated payment. To avoid an underestimation penalty assessment, the amount paid (via estimates, withholdings, or prior year overpayments) must be within 90% of the actual amount owed for 2011 or 100% of the 2011 tax due.

For questions or assistance, please see our website www.sidneyoh.com, email tax@sidneyoh.com or call (937) 498-8111.