

TAX CREDIT COMPUTATION INSTRUCTIONS

TAX CREDIT: RESIDENTS ONLY; YOU MAY TAKE A 100% CREDIT OF 2% LIMIT FOR CITY INCOME TAXES WITHHELD OR PAID TO ANOTHER CITY. YOU MAY NOT TAKE CREDIT FOR INCOME TAXES WITHHELD AND/OR PAID FOR A SCHOOL DISTRICT. YOU MAY TAKE CREDIT FOR J.E.D.D. TAXES WITHHELD AND/OR PAID IN A TOWNSHIP. THE FOLLOWING MUST BE TAKEN INTO CONSIDERATION WHEN COMPUTING THE TAX CREDIT.

1. The tax withheld or paid to the other city must be on the same income taxable by Parma Heights.
2. Employment City's tax rate is lower than 2% (Compute credit on LOWER tax rate) (See Tax Rate Schedule)
3. Employer UNDER-WITHHELD employment city's tax (Compute credit on amount withheld) (See Tax Rate Schedule)
4. Employment City's tax rate is higher than 2% (Credit cannot be computed on tax in excess of 2%) (See Tax Rate Schedule)
5. Employer OVER-WITHHELD employment city's tax (Compute credit on tax that should have been withheld) (See Tax Rate Schedule)
6. Partial year resident, (If the income is PRO-RATED, the tax withheld must also be PRO-RATED) (You cannot take credit for taxes paid to another city on income earned while residing outside of Parma Heights) (Income earned in Parma Heights cannot be pro-rated)
7. Business Expense Deduction, (1) Employment city other than Parma Heights, Business expenses will reduce taxable income. However, you can apply for a refund from the employment city. Therefore, the tax withheld must be reduced by the amount of the refund before computing the tax credit. (2) If your income was earned in Parma Heights and another city and the expenses are applicable to both incomes, you must pro-rate the expenses and reduce the tax withheld or paid to the other city by the amount of the refund before computing the tax credit.
8. Refunds of tax withheld or paid to another city, You CANNOT take credit on taxes that will be refunded to you. You must reduce the amount of the city tax by the amount of the refund before you compute your credit.
9. Under 18 years of age for part of the tax year, you CANNOT take credit on taxes withheld on income earned prior to turning 18 years old. Apply for a refund from the employment city.
10. Taxes paid on Non W-2 income 7(e), you CANNOT take credit on taxes paid in excess of the Tax Liability in the other city. (In Excess of 2%) or (In Excess of the other city's Tax Rate)

2007 TAX RATE SCHEDULE

CITY	TAX RATE	CITY	TAX RATE	CITY	TAX RATE
AKRON - SEE #4 ABOVE	2.25%	HIGHLAND HTS.	2.0%	PAINESVILLE	2%
ASHTABULA	1.8%	HIGHLAND HILLS – SEE #4 ABOVE	2.5%	PARMA – SEE #4 ABOVE	2.5%
AURORA	2%	HIRAM	2%	PARMA HEIGHTS	3%
AVON	1.5%	HUDSON	2%	PEPPER PIKE	1%
AVON LAKE	1.5%	INDEPENDENCE	2%	PERRY	1.5%
BARBERTON	2%	KENT	2%	RAVENNA	2%
BAY VILLAGE	1.5%	KIRTLAND	2%	RICHFIELD	2%
BEACHWOOD	1.5%	LAKEWOOD	1.5%	RICHMOND HTS.	2%
BEDFORD – SEE #4 ABOVE	2.25%	LINNDALE	2%	ROCKY RIVER	1.5%
BEDFORD HEIGHTS	2%	LORAIN	2%	SEVEN HILLS	2%
BEREA	2%	LORDSTOWN	.5%	SHAKER HEIGHTS	1.75%
BOSTON HEIGHTS	2%	LYNDHURST	1.5%	SHEFFIELD LAKE	1.5%
BRATENAHL	1.5%	MACEDONIA	2%	SHEFFIELD VILLAGE	1.5%
BRECKSVILLE	2%	MADISON	1%	SOLOON	2%
BROADVIEW HTS.	2%	MANSFIELD	1.75%	SOUTH EUCLID	2%
BROOK PARK	2%	MAPLE HTS. – SEE #4 ABOVE	2.5% (3/1/07)	STOW	2%
BROOKLYN	2%	MAYFIELD HTS.	1%	STREETSBORO	1%
BROOKLYN HTS.	2%	MAYFIELD VILLAGE	1.5%	STRONGSVILLE	2%
BRUNSWICK	1.35%	MEDINA	1.25%	TOLEDO – SEE #4 ABOVE	2.25%
BURTON	1%	MENTOR	2%	TWINSBURG	2%
CHAGRIN FALLS	1.5%	MENTOR ON THE LAKE	2%	UNIVERSITY HTS. – SEE #4	2.5%
CHARDON	2%	MIDDLEBURG HTS.	2%	VALLEY VIEW	2%
CLEVELAND	2%	MORELAND HILLS	1%	WADSWORTH	1.3%
CLEVELAND HTS.	2%	NEWBURG HTS.	2%	WALTON HILLS	2%
CUYAHOGA FALLS	2%	NORTH OLMSTED	2%	WARRENSVILLE HTS.	2%
CUYAHOGA HTS.	2%	NORTH PERRY VILLAGE	1%	WESTLAKE	1.5%
DAYTON – SEE #4 ABOVE	2.25%	NORTH RANDALL – SEE #4 ABOVE	2.5%	WICKLIFFE	2%
EAST CLEVELAND	2%	NORTH RIDGEVILLE	1%	WILLOUGHBY	2%
EASTLAKE	2%	NORTH ROYALTON	2%	WILLOUGHBY HILLS	1.5%
ELYRIA	1.75%	NORTHFIELD	1.5%	WILLOWICK	2%
EUCLID – SEE #4 ABOVE	2.85%	OAKWOOD VILLAGE	2%	WOODMERE	2%
FAIRVIEW PARK	2%	OBERLIN	1.9%	WOOSTER	1%
GARFIELD HTS.	2%	OLMSTED FALLS	1.5%		
GLENWILLOW	2%	ORANGE	2%		

TAX CREDIT COMPUTATION INSTRUCTIONS AND OTHER CITIES TAX RATES

(SEE REVERSE SIDE)

REQUEST FOR TAX DEPT. TO COMPLETE YOUR TAX RETURN

TAX FORMS MUST BE MAILED TO THE PARMA HEIGHTS TAX DEPT. BEFORE MARCH 15, 2008

IF YOUR ENTIRE INCOME IS FROM WAGES AND SALARIES, THE PARMA HEIGHTS TAX DEPARTMENT WILL COMPUTE THE TAX DUE FOR YOU.

IN ORDER FOR THE TAX DEPARTMENT TO COMPLETE THE TAX FORM AND COMPUTE THE TAX DUE, PLEASE PROVIDE THE FOLLOWING INFORMATION AND INDICATE IN THE APPROPRIATE SPACES.

1. NAME, ADDRESS AND SOCIAL SECURITY NUMBER IF NOT IMPRINTED ON THE FORM.
2. DAYTIME PHONE NUMBER.
3. IF YOU MOVED, INDICATE YOUR MOVED IN AND/OR MOVED OUT DATE.
4. IF MOVED OUT, PROVIDE YOUR CURRENT ADDRESS.
5. ATTACH COPIES OF ALL YOUR W-2 FORMS (WAGE & TAX STATEMENTS) TO THE TAX FORM YOU ARE SENDING FOR COMPUTATION. IF YOU WERE A PARTIAL YEAR RESIDENT OF PARMA HEIGHTS, INDICATE WHICH MONTHS (I.E. APRIL 1 – JULY 15) YOU WORKED ON EACH W-2 AND IF AVAILABLE SUBMIT COPIES OF PAY STUBS (PAY PERIOD ENDING) CLOSEST TO YOUR MOVE IN OR MOVE OUT DATE.
6. ESTIMATED INCOME FOR THE YEAR 2008, IF YOU WILL RESIDE IN PARMA HEIGHTS DURING ANY PERIOD OF THE YEAR 2008, COMPLETE LINE 13, NOTE. . .THE TAX DEPARTMENT DOES NOT SEND A SEPARATE BILL FOR THE FIRST QUARTER INSTALLMENT.
7. **SIGN AND DATE** THE TAX FORM AND MAIL IN THE ENCLOSED RETURN ENVELOPE PRIOR TO MARCH 15, 2008. NOTE. . .TAX FORMS RECEIVED BY THE TAX DEPARTMENT AFTER MARCH 15TH MAY NOT BE COMPLETED TIMELY AND YOU MAY BE SUBJECT TO A LATE PAYING PENALTY.
8. THE TAX DEPARTMENT WILL SEND YOU COPIES OF THE COMPLETED TAX FORM. PAYMENT IS DUE APRIL 15TH – THE REMITTANCE COPY IS YOUR BILL FOR 2007 AND 1ST QUARTER 2008 IF NEEDED.

QUARTERLY ESTIMATED TAX PAYMENTS: ENTER TOTAL OF QUARTERLY PAYMENTS MADE **INCLUDING** YOUR LAST PAYMENT MADE IN DECEMBER, 2007 OR JANUARY, 2008 ON LINE 7c. ENTER YOUR OVERPAYMENT FROM 2006 ON LINE 7d.

RETIRED RESIDENTS: IF YOU ARE NO LONGER EMPLOYED, PLEASE INDICATE THE DATE YOU RETIRED ON THE TAX FORM, SIGN AND RETURN THE FORM TO THE TAX DEPARTMENT. IN THE EVENT YOU ARE EMPLOYED AND/OR HAVE OTHER INCOME WHICH IS TAXABLE BY THE CITY ORDINANCE, YOU MUST INCLUDE THE INCOME ON YOUR RETURN EVEN THOUGH YOU MAY NOT BE REQUIRED TO FILE A RETURN WITH THE INTERNAL REVENUE SERVICE OR THE STATE OF OHIO. **TO VERIFY PARMA HTS. RESIDENCY, YOU MUST FILE YOUR RETIRED STATUS EACH YEAR.**

PERMANENTLY DISABLED AND NO LONGER EMPLOYED: PLEASE INDICATE THIS ON THE TAX FORM, SIGN AND RETURN FORM TO THE TAX DEPARTMENT. **TO VERIFY PARMA HTS. RESIDENCY, YOU MUST FILE EACH YEAR.**

UNEMPLOYED FOR THE ENTIRE TAX YEAR: INDICATE THIS INFORMATION ON THE TAX FORM, SIGN AND RETURN FORM TO THE TAX DEPARTMENT.

BUSINESS EXPENSE (FED. FORM 2106) CALCULATION FORMULA

- A. ALLOWABLE BUSINESS EXPENSE: ADD LINES 1, 2, AND 3 FROM 2106, DEDUCT ANY EMPLOYER REIMBURSEMENT (LINE 7) THAT RELATE TO LINES 1, 2, AND 3 FROM THE TOTAL.
- B. Divide total from (A) by Line 23 of your Federal Schedule A to get the percentage of the Parma Heights allowable expenses vs total expenses shown on Schedule A.
- C. Multiply Line 26 of your Federal Schedule A by the percentage calculated in (B) to arrive at the dollar amount of allowable Parma Heights 2106 business expenses.
- D. Enter this figure on Line 4A of the Parma Heights Tax Return.
- E. Follow #7 of the Tax Credit Adjustment Computations on the reverse side of this form to calculate the TAX reduction required as a result of the wage reduction for business expenses. (Enter tax reduction on Line 7(a2) of the Parma Heights return.)