



CITY OF KETTERING INCOME TAX DIVISION ANNUAL UPDATE FOR TAX PRACTITIONERS

Issued December 07, 2009

Dear Tax Practitioner:

The City of Kettering Income Tax Division is providing this annual update letter for your use in preparing 2009 City of Kettering Income Tax Returns.

TAX RETURN PACKAGE

Return packages will be mailed to all taxpayers with active accounts who used Kettering's pre-printed form for 2008. Taxpayers that previously filed their returns using a form other than the pre-printed form provided by our office will receive a postcard with a pre-printed label that contains account identification information that is necessary for the efficient processing of their Kettering return. Taxpayers may also take advantage of the "fill-in" forms currently available on our website at www.ketteringoh.org. The fill in forms do not perform any math calculations so upon completion of the return, a taxpayer must print the form, attach all supporting documents and mail to the City of Kettering Tax Division.

Note that taxpayers who expect to receive taxable income, which is not subject to withholding at a rate equal to or greater than 2.25%, are required to make quarterly estimated tax payments if their tax liability will exceed \$200.00.

Please check your software packages to make sure they reflect the proper 2.25% tax rate for 2009.

IMPORTANT DUE DATES

Annual Income Tax Returns

The 2009 calendar year City of Kettering Income Tax Return is due **on or before April 15, 2010**. Fiscal year returns are due on or before the 15th day of the fourth month following the end of the tax year.

Extensions

Taxpayers can request an extension of time in which to file their Kettering Income Tax Return by submitting a copy of their federal extension request to the Tax Division **on or before the original due date of the return**. Any extension by the Tax Manager shall be granted upon the condition that declaration filing and payment requirements have been fulfilled. If, upon further examination it then becomes evident that declaration filing and payment requirements have not been fulfilled, penalty and interest may be assessed in full and in the same manner as though no extension had been granted.

Electronic Tax Filing

Withholding

Beginning in January 2010 you will notice subtle changes in the appearance and functionality of the City of Kettering Webfile (ACH Debit) program. It is the City of Kettering's goal to continue to provide employers with a user friendly and efficient means of electronically remitting payment of Kettering tax withheld.

Individuals

We are currently testing an on line tax preparation tool that will allow select individuals to electronically file their annual City of Kettering Income Tax Returns. For tax year 2009 we have identified a group of approximately 300 taxpayers who will be notified of an opportunity to utilize the tax preparation tool to prepare and then electronically file their 2009 City of Kettering Income Tax Return. It is our hope to offer this opportunity to an expanded filing group next year. Other individuals not eligible for electronic filing this year may use the tax tool to prepare their returns, which can then be printed and mailed to our office.

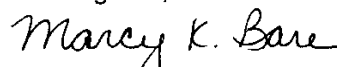
Partnerships, S-Corporations / Section 291 Adjustment

The City has been adjusting the returns of S Corporations and Partnerships that have sold real estate. Since these entities are required to file as if they are a C Corporation we have been making the related Section 291 adjustment. Pursuant to Section 718 of the Ohio Revised Code (ORC), gains described in Section 1250 of the Internal Revenue Code (IRC) are taxable for municipal purposes. Additionally, ORC Section 718.01(A)(1)(g) states that "If the taxpayer is not a C corporation, and is not an individual, the taxpayer shall compute adjusted federal taxable income as if the taxpayer were a C corporation". Therefore, gains described in IRC Section 291 are taxable.

The information provided in this letter is a brief overview of our tax law and filing requirements. Please do not hesitate to call and request rulings on a specific tax situation or to verify either prior year filing information or estimated payments received for the current year's tax liability. Also, be sure to include your address and phone number on each return you prepare. This will enable us to contact you directly or copy you on correspondence.

If you have any questions or comments, you may contact us by phone at (937) 296-2502, by fax at (937) 296-3242, by e-mail at kettering.tax@ketteringoh.org, or by mail at the City of Kettering Tax Division, P.O. Box 293100, Kettering, Ohio 45429-9100.

Regards,



Marcy K. Bare
Tax Manager