



## City of Sidney Instructions for 2016 Estimated Tax Payment (Individuals)

### DECLARATION OF ESTIMATED TAX FOR 2016:

**NOTE: The Sidney income tax rate is 1.75%.**

#### 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 1.75%;
- You are a Sidney resident and are self employed (filing a Schedule C on your Federal tax return);
- You are a Sidney resident and you have rental income;
- You are NOT a Sidney resident but had self-employment income earned in Sidney;
- You are NOT a Sidney resident but have rental property in the City of Sidney;
- You have any similar type of situation where your income is not fully withheld upon (at 1.75%) & you would have a tax balance due to Sidney.

#### Methods of calculating estimated tax due:

- A. **New for 2016** - If your 2016 tax liability after withholding and other credits will be less than \$200.00, no estimates are required
- B. If your liability will be greater than \$200, you may pay an amount equal to Sidney Income Tax for 2015 (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 2015 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 2016. (Known as “safe harbor”).
- C. Or, If you know what your anticipated income will be for 2016, 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 15% 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 15, 2015. If using Method B, then a minimum of 22.5% of your total estimated tax is due by April 15, 2015. 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, June 15, September 15, and December 15. 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 2016 or 100% of the 2015 tax due.

*For questions or assistance, please see our website [www.sidneyoh.com](http://www.sidneyoh.com), email [tax@sidneyoh.com](mailto:tax@sidneyoh.com) or call (937) 498-8111.*