

# COMMON CITY INCOME TAX QUESTIONS

## **WHICH AMOUNT DO I USE FOR CITY TAXES?**

Box 5 or box 18, whichever is greater.

## **I MOVED INTO/OUT OF FRANKLIN DURING THE TAX YEAR. DO I NEED TO FILE?**

If you were a Franklin resident for more than 30 days, you are required to file City taxes. Your income and credits will be prorated for the time that you were a Franklin resident. You can prorate your income & credits by dividing the total taxable income by the number of months worked and multiplying the result by the number of months lived in the City.

## **I WORK IN A CITY WITH A HIGHER TAX RATE THAN FRANKLIN. DO I QUALIFY FOR A REFUND?**

No. Your first city tax obligation is to the city you work in. Franklin will give you credit up to 2% for any other city tax paid. The city you work in keeps the withholding tax that you pay.

## **I WORKED AT TWO DIFFERENT COMPANIES. ONE WITHHELD TAX AT A HIGHER TAX RATE THAN FRANKLIN AND THE OTHER WITHHELD AT A LOWER TAX RATE THAN FRANKLIN. CAN I USE THE HIGHER WITHHOLDING RATE TO COVER THE LOWER ONE?**

No. Each W-2 and each city withholding stands alone.

## **I DON'T FILE FEDERAL OR STATE TAXES. DO I NEED TO FILE CITY TAXES?**

Yes! Franklin mandates filing for all individuals 18 and older. Filing is still required even if your income is zero. Please provide a copy of your W-2 earnings record (SEXY) from the social security office to support your claim of zero taxable income. If you are under 18, please provide a copy of your ID or birth certificate.

## **I AM RETIRED. DO I NEED TO FILE CITY TAXES?**

Retirement income such as 401K, IRA, & pension is not taxable to the City. Once you have reached retirement & have no other taxable income, you will file a final return with us. If you are a new resident, an initial final return is required to establish source of income.

## **I AM FILING AN EXTENSION FOR MY FEDERAL TAXES. WHEN MUST I PAY CITY TAXES?**

Filing an extension gives additional time to file, not pay. Your tax is still due by the **FEDERAL FILING DEADLINE** in April to avoid penalty & interest charges. You may submit your extension to us via the night drop box, US Mail, or fax 937-986-1035. Your federal extension must be submitted with your income tax return.

## **WHAT ARE THE LATE CHARGES FOR NOT FILING OR PAYING ON TIME?**

Tax returns are late if received at the City Building after the close of business on the **FEDERAL FILING DEADLINE**. Mailed returns post marked after the **FEDERAL FILING DEADLINE** are considered late. For tax years prior to 2023, late filings are subject to a late filing penalty of \$25.00/month, capping at \$150.00. For tax years 2023 and after, late filings are subject to a late filing penalty of \$25.00. The penalty for late payment of tax is 15% of the tax due. Interest rates are published on our web site.

- When mailing your returns via USPS, we recommend that you have the post office manually stamp your envelope with the post mark date.

## **WHY DO I HAVE TO PAY QUARTERLY ESTIMATED PAYMENTS?**

If you will owe more than \$200.00 in local taxes, you are required to pay quarterly income tax. This is usually because you work in a non-taxing area or the city you work in has a lower tax rate than Franklin. Taxpayers that are self-employed, have rental income, farming income, & partnership income may also be required to pay estimated taxes. Penalty & interest for failure to pay, late payment, & underpayment of estimated taxes will be applied.

## **ARE LOTTERY WINNINGS TAXABLE?**

Yes. You must report all the lottery winnings on your Franklin Income Tax Return and include the W-2G(s), Federal Income Tax Return & Federal Schedule 1. You must report all winnings regardless of filing status.