

Michael Pelegreen
Mayor

VILLAGE OF HOPEDALE

Income Tax Department
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Shirley L. Raber
Income Tax Administrator

This notice will acquaint you with some of the provisions of the 1% Municipal Income Tax. It is not to be used as instructions for the completion of returns required by the Income Tax Department. The Municipal Income Tax is basically imposed as follows:

1. For residents of the Village of Hopedale, a 1% tax will be levied on salaries, wages, commissions, and other compensation earned after December 31, 1988. Residents of the Village of Hopedale who work in another taxing municipality will receive credit (to reduce the taxes owed to the Village of Hopedale) up to 100% of the taxes required to be paid to another municipality.
2. For nonresidents a 1% tax will be levied on the salaries, wages, commissions, and other compensation earned after December 31, 1988 for work done or services rendered or performed within the Village of Hopedale. However, no tax will be due from a nonresident who does occasional work within the Village of Hopedale when such nonresident carries on the work done or services rendered or performed primarily outside the Village of Hopedale.
3. Both resident and nonresident businesses entities will be assessed a 1% tax on the net profits earned after December 31, 1988, that are attributable to the Village of Hopedale under the formula or separate accounting method provided for in the Ordinance.

Resident individuals who are sole owners of unincorporated business entities shall disregard the formula or separate accounting method and pay the tax on the entire net profits. Resident unincorporated business entities owned by two or more persons all of whom are residents of the Village of Hopedale shall disregard the formula or separate accounting method and pay tax on the entire net profits.

Nonresident unincorporated business entities owned by two or more persons all of whom are residents of the Village of Hopedale may elect to disregard the formula

or separate accounting method and pay tax on the entire net profits.

The basic tax forms and the withholding requirements on employers are discussed below:

ANNUAL RETURN BY TAXPAYERS:

All taxpayers required to file an annual return shall file their return by the last day of the fourth month following their taxable year (for most taxpayers this will be April 30). Thus, for most individual taxpayers no annual return will be due until April 30, 1989, since no tax is due on earnings prior to January 1, 1989.

DECLARATIONS OF ESTIMATED TAX BY TAXPAYERS:

A taxpayer who reasonably expects to have income on which that taxpayer will owe a tax to the Village of Hopedale and on which no withholding will be made by an employer shall be required to file a declaration of estimated tax. Such declaration shall be filed within four months after the beginning of the taxpayers taxable year (for most taxpayers this will be April 30, 1989).

The estimated tax may be paid in full with the declaration, or it may be paid in equal installments on or before the last day of the fourth, sixth, ninth, and thirteenth month after the beginning of the taxable year.

The filing of a declaration of tax will not relieve the taxpayer of the necessity of filing a final return.

Any taxpayers who expect that they will be required to file a declaration and who do not receive a form for filing should contact the Administrator so that the necessary form may be furnished to them.

WITHHOLDING OF TAX BY EMPLOYERS:

It will be the duty of each employer (either an employer located within the Village of Hopedale or one doing business within the Village of Hopedale) to begin withholding on the compensation (federal form W-2 type earnings) of their employees. Withholding is required on all compensation earned after December 31, 1988.

For employees who are residents of the Village of Hopedale, the employer shall withhold 1% from the employees' earnings. However, if an employer located within the Village of Hopedale is required to and does withhold and pay on the employees' earnings to another municipality, those same earnings should not also be withheld on the paid to the Village of Hopedale.

For employees who are nonresidents of the Village of Hopedale, the employer shall withhold 1% from the employees' earnings for services rendered, work performed, or other activities engaged in within the Village of Hopedale by the employee. However, withholding by the employer is not required on a nonresident employee who does occasional work within the Village of Hopedale when the employee performs the duties for which he is employed primarily outside the Village of Hopedale.

Commissions and fees paid to professional men, brokers, and others who are independent contractors, and not employees, are not subject to withholding. Such taxpayers shall file a declaration of estimated tax.

Withholding is not required on compensation paid to domestic servants employed exclusively in or about a personal residence, but such employee shall then be required to file a declaration of estimated tax.

Every employer is deemed to be a trustee for the Village of Hopedale in collecting and holding the tax required under the ordinance.

The funds so collected by such withholding are deemed to be trust funds.

Every such employer required to deduct and withhold the tax is liable directly to the Village of Hopedale for payment of such tax whether actually collected from such employee or not.

The employer shall, on or before the last day of the month next following each quarterly period (April 30, July 31, October 31, and January 31) make a return and pay to the Administrator the full amount of tax so deducted or withheld with respect to compensation paid all the employees of the employer who are subject to the tax under the ordinance.

There will also be a reconciliation form which will provide information to the Administrator as to the amounts and the employees on which withholdings have been made. This form will be due on or before the 31st day of January, following any calendar year in which such withholdings have been made by the employer.

If the employer has withheld the tax and has failed to pay the tax withheld to the Administrator, the employee is not liable for the tax so withheld.

Any employers who do not receive the necessary forms should contact the Administrator so that the necessary forms may be furnished to them.