

# REGIONAL INCOME TAX AGENCY

## Sample Ordinance

### General Comments

This document is meant to be a guide to the sample tax ordinance, and should help answer questions you may have as you review the sample ordinance.

We realize there are provisions that are pertinent only to a few municipalities, thus the title “sample” ordinance. It is offered as a general guide for most municipal income tax provisions common to all municipalities. Those provisions are provided in the sample ordinance.

Throughout the sample ordinance you will find many notations that are italicized and bracketed. These provide clarifications of the provision immediately preceding the notation.

The ordinance of your municipality need not follow the exact format of the sample ordinance. For example, you may wish to include the income tax ordinance number and passage date as part of the heading, even if these items are shown in one of the sections within your ordinance. Also, the numbers and letters that denote each paragraph should match the format in your current municipality’s ordinances.

The Definitions Section is the only section in the sample ordinance that does not use numbers and letters for the content. Therefore, definitions can easily be added or deleted, in alphabetical order, without having to re-number or re-letter. Within the other sections of the sample ordinance any reference to a definition is only by name, and not by a letter or number.

The “net profits” definition will change after 2010, since the statute of limitations will then only look back as far as 2004, when “adjusted federal taxable income” became the definition for net profits for 2004 and subsequent years.

Within some provisions you will see “[City/Village/Municipality]”. Choose the most appropriate word. “Municipality” can be used to mean either a city or a village. You may choose instead to use the name of your municipality.

If you are amending an ordinance and it is the codified version, the word “ordinance”, which is found in many sections of the sample ordinance, should be changed to “chapter”.