

**[CITY/VILLAGE] of [MUNICIPALITY'S NAME], OHIO  
INCOME TAX ORDINANCE**

**SECTION/CHAPTER [number]**

*[For this sample ordinance the term "Section" is used as if this is an original ordinance presented for passage. If you are working with a codified version of the ordinance the term "Chapter" should be used].*

- Section 1 Purpose.
- Section 2 Definitions.
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**SECTION 1 PURPOSE.**

To provide funds for the purposes of general Municipal operations, maintenance, new equipment, extension and enlargement of Municipal services and facilities and capital improvements of the [City/Village/Municipality] there is hereby levied a tax on income, qualifying wages, commissions and other compensation, and on net profits as hereinafter provided.

*[“Purpose” should reflect whatever language is particular to your municipality].*

**SECTION 2 DEFINITIONS.**

As used in this section, the following words shall have the meaning ascribed to them in this section, except as and if the context clearly indicates or requires a different meaning. The singular includes the plural, and the masculine includes the feminine and the neuter.

**“Adjusted federal taxable income”** means a “C” corporation’s federal taxable income before net operating losses and special deductions as determined under the Internal Revenue Code, but including subsequent adjustments from required additions and deductions. Pass-through entities must compute “Adjusted federal taxable income” as if the pass-through entity was a “C” corporation. This definition does not apply to any taxpayer required to file a return under Ohio Revised Code (ORC) section 5745.03 or to the net profit from a sole proprietorship.

*[This is a summary definition. It could be shortened by using a reference to Ohio Revised Code (O.R.C.) 718.01(A)(1). The full definition would normally be contained in the Rules & Regulations].*

**“Association”** means a partnership, limited partnership, limited liability company, S Corporations as defined in the federal tax code, 26 U.S.C. 1361, or any other form of unincorporated enterprise.

**“Board of [Review/Appeals/Tax appeals]”** means the Board created by and constituted as provided in Section 13.

**“Business”** means an enterprise, activity, profession or undertaking of any nature conducted for profit or ordinarily conducted for profit, whether by an individual, partnership, association, corporation or any other entity.

**“City”** means City of [municipality], Ohio.

*[For a village, this definition would be eliminated and one for “Village” would be inserted alphabetically in the “definitions” list].*

**“Corporation”** means a corporation or joint stock association organized under the laws of the United States, the State of Ohio or any other state, territory or foreign country or dependency.

**“Domicile”** means the permanent legal residence of a taxpayer. A taxpayer may have more than one residence but not more than one domicile.

**“Employee”** one who works for income, qualifying wages, commissions or another type of compensation in the service and under the control of an employer.

**“Employer”** means an individual, partnership, association, corporation, governmental body, unit or agency, or any other entity, whether or not organized for profit, who or that employs one or more persons on an income, qualifying wage, commission or other compensation basis.

**“Fiscal year”** means an accounting period of twelve months ending on any day other than December 31.

**“Generic Form”** means an electronic or paper form designed for reporting estimated municipal income taxes, and/or annual municipal income tax liability, and/or separate requests for refunds that contain all the information required on the [City/Village/Municipality]’s regular tax return and estimated payment forms, and are in a similar format that will allow processing of the generic forms without altering the [City/Village/Municipality]’s procedures for processing forms.

**“Gross receipts”** means the total revenue derived from sales, work done, or service rendered.

**“Income”** means all monies and compensation in any form, subject to limitations imposed by ORC 718, derived from any source whatsoever, including but not limited to:

(a) All income, qualifying wages, commissions, and other compensation from whatever source earned and/or received by residents of the [City/Village/Municipality].

(b) All income, qualifying wages, commissions, and other compensation from whatsoever source earned and/or received by nonresidents for work done or services performed or rendered or activities conducted in the [City/Village/Municipality].

(c) The portion attributable to the [City/Village/Municipality] of the net profits of all businesses, associations, professions, corporations, or other entities, from sales made, work done, services performed or rendered, and business or other activities conducted in the [City/Village/Municipality].

**“Joint Economic Development District”** means a district created under Ohio Revised Code 715.70-715.83, and as may be amended from time to time.

**“Municipality”** means the [City/Village] of [municipality name], Ohio.

*[This term can be used in ordinance in place of “City” or “Village” (although one of these two terms should also be included in the list of definitions.) If “Municipality” is capitalized in the ordinance it refers to your municipality, and if not capitalized it refers to a municipality other than your own.]*

**“Net profits”** means, for taxable years prior to 2004, the net gain from the operation of a business, profession or enterprise after provision for all ordinary and necessary expenses either paid or accrued in accordance with the accounting system (i.e., cash or accrual) used by the taxpayer for federal income tax purposes without deduction of taxes imposed by this section and federal and other taxes based on income and, in the case of an unincorporated entity,

without deduction of salaries paid to partners or other owners. (For taxable years 2004 and later, see “adjusted federal taxable income”.)

**“Nonresident”** means an individual domiciled outside the [City/Village/Municipality].

**“Nonresident unincorporated business entity”** means an unincorporated business entity not having an office or place of business within the [City/Village/Municipality].

**“Other entity”** means any business, including non-profits, not defined elsewhere in this ordinance.

**“Pass-through entity”** means a partnership, S Corporation, limited liability company, or any other class of entity whereby the income or profits from which are given pass-through treatment under the Internal Revenue Code. Unless otherwise specified, for purposes of this ordinance the tax treatment for pass-throughs is the same as “Association”.

**“Person”** means every natural person, partnership, fiduciary, association or corporation. Whenever used in any clause prescribing and imposing a penalty, the term “person” as applied to association, means the partners or members thereof, and as applied to corporation, the officers thereof.

**“Place of business”** means any bona fide office (other than a mere statutory office), factory, warehouse or other space which is occupied and used by the taxpayer in carrying on any business activity individually or through one or more of his regular employees regularly in attendance.

**“Qualifying wage”** means wages as defined in Section 3121(a) of the Internal Revenue Code, without regard to any wage limitations, but including subsequent adjustments from required additions and deductions. “Qualifying wage” represents employees’ income from which municipal tax shall be deducted by the employer, and any wages not considered a part of “qualifying wage” shall not be taxed by a Municipality. This definition is effective January 1, 2004, for taxable years 2004 and later.

*[This is a summary definition. It could be shortened by using a reference to O.R.C. 718.03(A)(2). The full definition would normally be contained in the Rules & Regulations].*

**“Resident”** means an individual domiciled in the [City/Village/Municipality].

**“Resident unincorporated business entity”** means an unincorporated business entity having an office or place of business within the [City/Village/Municipality].

**“Tax Administrator”** means the individual or entity designated [by Mayor/Council/this ordinance] to administer and enforce the provisions of this ordinance.

*[If the title is other than “Tax Administrator”, use the appropriate title and insert it alphabetically in the list of definitions].*

**“Taxable year”** means the calendar year, or the fiscal period ending during the year, that is the basis for which the net profits are to be computed under this ordinance and, in the case of a return for a fractional part of a year, the time for which such return is made. Unless approved by the Tax Administrator, the taxable year of an individual shall be a calendar year.

**“Taxpayer”** means a person, whether an individual, co-partnership, association or any corporation or other entity required hereunder to file a return and/or pay a tax.

**“Village”** means the Village of [municipality], Ohio.

### **SECTION 3 IMPOSITION OF TAX.**

(a) Subject to the provisions of Section 6, an annual tax for the purposes specified in Section 1 shall be imposed on and after [date], at the rate of \_\_\_\_\_ percent (\_\_\_%) per year upon the following:

(1) On all income, qualifying wages, commissions and other compensation earned and/or received on and after [date], by residents of the [City/Village/Municipality]. For clarification “income” includes, but is not limited to:

A. Lottery, gambling and sports winnings, games of chance, and prizes and/or awards. No deductions against this income are permitted.

B. If the taxpayer is considered a professional gambler for federal income tax purposes, related deductions as permitted by the Internal Revenue Code shall be allowed against gambling and sports winnings.

*[Paragraphs A and B would not be included if you do not tax lottery, et al, and an exemption provision would be added to Section 3(c)]. If you do tax lottery and permit expense deductions, then the second sentence in paragraph A would need to be amended.]*

*[If your municipality permits a deduction for amounts paid by an individual taxpayer to a health savings account plan, language regarding that deduction should be included here.]*

(2) On all income, qualifying wages, commissions and other compensation earned and/or received on and after [date], by nonresidents for work done or services performed or rendered in the [City/Village/Municipality]. Separation pay, termination pay, reduction-in-force pay, and other compensation paid as a result of an employee leaving the service of an employer shall be allocable only to the [City/Village/Municipality].

A. The [City/Village/Municipality] shall not, however, tax the compensation of a non-resident individual who will be deemed to be an occasional entrant if all of the following apply:

1. The compensation is paid for personal services performed by the individual in the [City/Village/Municipality] on twelve or fewer days during the calendar year, in which case the individual shall be considered an occasional entrant for purposes of the [City/Village/Municipality] income tax. A day is a full day or any fractional part of a day.

2. In the case of an individual who is an employee, the principal place of business of the individual's employer is located outside the [City/Village/Municipality] and the individual pays tax on compensation described in Section 3(a)(2) to the municipality, if any, in which the employer's principal place of business is located, and no portion of that tax is refunded to the individual.

3. The individual is not a professional entertainer or professional athlete, the promoter of a professional entertainment or sports event, or an employee of such a promoter, all as may be reasonably defined by the [City/Village/Municipality].

B. Beginning with the thirteenth day, if an individual deemed to have been an occasional entrant to the [City/Village/Municipality] performs services within the [City/Village/Municipality], the employer of said individual shall begin withholding the [City/Village/Municipality] income tax from remuneration paid by the employer to the individual, and shall remit the withheld income tax to the [City/Village/Municipality] in accordance with the requirements of this ordinance. Since the individual can no longer be considered to have been an occasional entrant, the employer is further required to remit taxes on income earned in the [City/Village/Municipality] by the individual for the first twelve days.

C. If the individual is self-employed, it shall be the responsibility of the individual to remit the appropriate income tax to the [City/Village/Municipality].

(3) A. On the portion attributable to the [City/Village/Municipality] of the net profits earned on and after [date], of all resident unincorporated businesses, professions, associations or other activities, derived from work done or services performed or rendered and business or other activities conducted in the [City/Village/Municipality].

B. On the portion of the distributive share of the net profits earned and/or received on and after [date] by a resident partner and/or owner of a resident unincorporated business entity, including associations, not attributable to the [City/Village/Municipality], and not levied against such unincorporated business entity.

(4) A. On the portion attributable to the [City/Village/Municipality] of the net profits earned on and after [date] by all nonresident unincorporated businesses, professions, associations or other activities, derived from work done or services performed or rendered and business or other activities conducted in the [City/Village/Municipality], whether or not such unincorporated business entity has an office or place of business in the [City/Village/Municipality].

B. On the portion of the distributive share of the net profits earned and/or received on and after [date] by a resident partner and/or owner of a nonresident unincorporated business entity, including associations, not attributable to the [City/Village/Municipality] and not levied against such unincorporated business entity.

(5) On the portion attributable to the [City/Village/Municipality] of the net profits earned on and after [date], of all corporations derived from work done or services performed or rendered and business or other activities conducted in the [City/Village/Municipality], whether or not such corporations have an office or place of business in the [City/Village/Municipality].

(6) Effective for tax years 2004 and later, the distributive share of income paid to an S corporation shareholder shall be taxable only to the extent of the portion, if any, that represents wages, or net earnings from self-employment.

*[The wording of the S corporation provision represents R.I.T.A.'s policy for shareholder income from S corporations. If, however, your municipality passed a ballot issue in November 2003 or November 2004 regarding your tax treatment of S corporation shareholder income, then the wording of the provision should change in accordance with the ballot issue. If you currently treat S corporations as regular corporations, then S corporation language should be removed from the "Associations" definition and placed instead in the "Corporation" definition].*

(b) Rentals from real property.

(1) Rentals received by the taxpayer are to be included in the computation of net profits from business activities only if, and to the extent that, the rental, ownership, management or operation of the real estate from which such rentals are derived (whether so rented, managed or operated by the taxpayer individually or through agents or other representatives) constitutes a business activity of the taxpayer in whole or in part.

(2) Where the gross monthly rental of any real properties, regardless of number and value, aggregate in excess of two hundred fifty dollars (\$250.00) in this [City/Village/Municipality], it shall be prima facie evidence that the rental, ownership, management or operation of such properties is a business activity of such taxpayer and the net income of such rental properties shall be subject to tax; provided that in the case of commercial property, the owners shall be considered engaged in a business activity when the rental is based on a fixed or fluctuating percentage of gross or net sales, receipts or profits of the lessee, whether or not such rental exceeds the rental rate of this [City/Village/Municipality]; provided further that in the case of farm property, the owner shall be considered engaged in a business activity when he shares in the crops or when the rental is based on a percentage of the gross or net receipts derived from the farm, whether or not the gross income exceeds the rental rate of this [City/Village/Municipality]; and provided further that the person who operates a licensed rooming house shall be considered in business whether or not the gross income exceeds the rental rate of this [City/Village/Municipality].

(3) Rental income received by a taxpayer engaged in the business of buying or selling real estate shall always be considered as part of business income.

(4) Owners of rental property who are non-residents of this [City/Village/Municipality], whether individuals or business entities, are subject to tax only on the income from real property located in this [City/Village/Municipality]. In determining whether gross monthly rentals exceed the rental rate of this [City/Village/Municipality], only the income from such properties located within this [City/Village/Municipality] shall be considered. Net losses may be offset against net profits only between rental properties located in this [City/Village/Municipality].

(5) Owners of rental property who are residents of this [City/Village/Municipality] are subject to tax on the net income from rentals (to the extent above specified), regardless of the location of the real property owned, excepting that if any such property is located and subject to a municipal income tax by another taxing municipality, credit shall be claimed in accordance with Section 14.

(6) Corporations owning or managing real estate are taxable only on the portion of income derived from property located in this [City/Village/Municipality].

(7) Reporting of tenant occupancies shall be prepared in accordance with the provisions in Section 15.

(c) Determination of Allocation of Tax (Method of Determination).

(1) Net profit from a business or profession conducted both within and without the boundaries of the [City/Village/Municipality] shall be considered as having a taxable situs in the [City/Village/Municipality] for purposes of municipal income taxation in the same proportion as the average ratio of:

A. The average original cost of the real and tangible personal property owned or used by the taxpayer in the business or profession in the [City/Village/Municipality] during the taxable period to the average original cost of all of the real and tangible personal property owned or used by the taxpayer in the business or profession during the same period, wherever situated. As used in this section, real property shall include property rented or leased by the taxpayer and the value of such property shall be determined by multiplying the annual rental thereon by eight.

B. Wages, salaries, and other compensation paid during the taxable period to persons employed in the business or profession for services performed in the [City/Village/Municipality] to wages, salaries, and other compensation paid during the same period to persons employed in the business or profession, wherever their services are performed. For tax year 2004 and subsequent tax years, wages, salaries, and other compensation shall be included to the extent they represent qualifying wages.

C. Gross receipts of the business or profession from sales made and services performed during the taxable period in the [City/Village/Municipality] to gross receipts of the business or profession during the same period from sales and services, wherever made or performed.

(2) In the event that the foregoing allocation formula in Section 3(b)(1) does not produce an equitable result, another basis (including the books and records method) may, under uniform regulations of the [City/Village/Municipality], be substituted so as to produce such result.

(3) As used in subsection (b)(1) hereof, "sales made in the [City/Village/Municipality]" means:

A. All sales of tangible personal property which is delivered within the [City/Village/Municipality] regardless of where title passes if shipped or delivered from a stock of goods within the [City/Village/Municipality];

B. All sales of tangible personal property which is delivered within the [City/Village/Municipality] regardless of where title passes even though transported from a point outside the [City/Village/Municipality] if the taxpayer is regularly engaged through its own employees in the solicitation or promotion of sales within the [City/Village/Municipality] and the sales result from such solicitation or promotion;

C. All sales of tangible personal property which is shipped from a place within the [City/Village/Municipality] to purchasers outside the [City/Village/Municipality] regardless of where title passes if the taxpayer is not, through its own employees, regularly engaged in the solicitation or promotion of sales at the place where delivery is made.

(d) The following provisions apply with respect to the carry forward of net operating losses:

(1) The portion of a net operating loss sustained by a taxpayer in any taxable year, attributable to the [City/Village/Municipality], may be applied against the portion of the net profits of the taxpayer attributable to the [City/Village/Municipality] in succeeding taxable years until exhausted, but in no event for more than five (5) taxable years immediately following the taxable year in which the loss occurred. No portion of a net operating loss sustained by a taxpayer shall be carried back against net profits of any prior taxable year.

(2) The portion of a net operating loss sustained by a taxpayer for any taxable year attributable to the [City/Village/Municipality] shall be determined in the same manner as provided herein for determining net profits attributable to the [City/Village/Municipality].

(e) **Exemptions.** The tax provided for herein shall not be levied upon the following:

(1) Military pay or allowances of members of the armed forces of the United States and of members of their reserve components, including the National Guard.

(2) Social security benefits, unemployment compensation (excluding supplemental unemployment compensation), payments from pension plans, retirement benefits, annuities and similar payments made to an employee or to the beneficiary of an employee under a retirement program or plan (whether qualified or nonqualified), disability payments received from private industry, or local, state, or federal governments, or from charitable, religious or educational

organizations to the extent they are not taxable to Medicare, and the proceeds of sick, accident, or liability insurance policies.

(3) Receipts by bona fide charitable, religious and educational organizations and associations, when those receipts are from casual entertainment, amusements, sports events and health and welfare activities conducted by bona fide charitable, religious and educational organizations and associations.

(4) The income of religious, fraternal, charitable, scientific, literary and educational institutions to the extent that such income is derived from tax exempt real estate, tax exempt tangible or intangible property or tax exempt activities, but only to the extent that the said income is exempt from federal income tax.

(5) Dues, contributions and similar payments received by charitable, religious, educational or literary organizations or labor unions, lodges and similar organizations.

(6) Alimony and child support received.

(7) Earnings and income of all individuals under eighteen years of age, whether residents or nonresidents.

*[Eighteen is the most common age limit used by municipalities. However, this provision should be altered for municipalities with a lower age limit].*

(8) Compensation for personal injuries and/or for damages to property by way of insurance or otherwise, but this exemption does not apply to compensation paid for lost salaries or wages and/or to compensation from punitive damages.

(9) Compensation paid to a precinct election official, to the extent that such compensation does not exceed one thousand dollars (\$1,000.00) annually.

(10) Parsonage allowance, to the extent of the rental allowance or rental value of a house provided as a part of an ordained clergy's compensation. The clergy must be duly ordained, commissioned, or licensed by a religious body constituting a religious denomination, and must have authority to perform all sacraments of the religious body.

(11) Expenses deductible on Part 1 of federal form 2106 in accordance with federal guidelines, and subject to audit and approval by the Tax Administrator. The 2106 expenses must be apportioned to municipalities in the same manner to which the related income is apportioned.

(12) The income of a public utility when that public utility is subject to the tax levied under Section 5727.24 or 5727.30 of the Ohio Revised Code. However, subject to Section 5745 of the Ohio Revised Code, starting January 1, 2002 this exemption does not apply to the income of an electric company or combined company, and starting January 1, 2004 it does not apply to the income of a telephone company, as both are defined in Section 5727.01 of the Revised code.

(13) Gains from involuntary conversions, cancellation of indebtedness, interest on federal obligations, items of income already taxed by the State from which the [City/Village/Municipality] is specifically prohibited from taxing, and income of decedent's estate during the period of administration, except such income from the operation of a business.

(14) Income, salaries, wages, commissions and other compensation and net profits, of which the taxation is prohibited by the United States Constitution or any act of Congress limiting the power of the states or their political subdivisions to impose net income taxes on income derived from interstate commerce, and/or is prohibited by the Constitution of the State of Ohio or any act of the Ohio General Assembly limiting the power of a municipality to impose net income taxes.

*[The term "salaries" is still used in this provision (14) because the federal government does not use the term "qualifying wages. Also, references in O.R.C. Chapters, other than O.R.C. 718, are to "salaries" and "wages"].*

*[O.R.C. 718 grants municipalities the option of exempting four items from tax. The items are stock options, income deferred to nonqualified deferred compensation plans, the amount an individual has paid in cash during the taxable year to a health savings account, and the amount paid by a sole proprietor for medical care insurance premiums. R.I.T.A. does not recommend exempting these four items. However, if one or more of the items are exempted by your municipality then they should be added to the above list of exemptions.]*

#### **SECTION 4 EFFECTIVE DATE.**

The tax shall be levied, collected and paid with respect to the income, qualifying wages, commissions and other compensation, and with respect to net profits of businesses, professions or other activities earned and/or received on and after [date].

#### **SECTION 5 RETURN AND PAYMENT OF TAX.**

(a) Unless otherwise exempted in this ordinance, each individual taxpayer eighteen (18) years of age or older and any corporation, association, business and/or other entity who engages in business, or whose income, qualifying wages,

commissions and other compensation are subject to the tax imposed by this ordinance and any corporation, association, business and/or other entity who engages in business shall, whether or not a tax is due thereon, make and file a final return on or before April 15 of each year, or on or before the federal filing date if it is other than April 15th. When a return is made for a fiscal year or other period different from the calendar year, the return shall be filed on the 15th day of the fourth month from the end of such fiscal year or period, or on or before the federal filing date if it is other than the 15th day of the fourth month from the end of such fiscal year or period.

*[The age limit of eighteen (18) would be changed for municipalities with a lower age limit].*

(b) The return shall be filed with the Tax Administrator on a form or forms furnished by or obtainable upon request from the Tax Administrator, or on an acceptable generic form as defined in this ordinance, setting forth:

(1) The aggregate amounts of income, qualifying wages, commissions and other compensation earned and/or received and gross receipts from business, profession or other activity, less allowable expenses incurred in the acquisition of such gross receipts earned during the preceding year and subject to the tax;

(2) The amount of the tax imposed by this ordinance on such earnings and profits; and

(3) Such other pertinent statements, information returns or other information as the Tax Administrator may require, including a statement that the figures used in the return are the figures used in the return for federal income tax adjusted to set forth only such income as is taxable under the provisions of this ordinance, and including but not limited to copies of all W-2 forms, 1099 Miscellaneous Income Forms, page one of form 1040, Form 1120, 1120S (including (K-1), 2106 (including Schedule A of Form 1040), 1065, Schedule C (including cost of goods manufactured and/or sold), Schedule E, Schedule F and any other Federal Schedules, if applicable. For businesses the entire federal return and supporting schedules shall be submitted.

*[The list of documents represents the items most commonly required. Because the opening phrase of this provision allows the Tax Administrator to ask for any information deemed necessary, it is not mandatory that a list be shown. However, a list gives the taxpayer clarification of what might be required to be submitted by the taxpayer.]*

(c) The Tax Administrator may extend the time for filing the annual return upon the request of the taxpayer. The extended due date for individuals, and for businesses not filing the extension request through the Ohio Business Gateway, shall be the last day of the month following the month to which the federal

income tax due date has been extended. For businesses filing the extension request through the Ohio Business Gateway, the extended due date shall be the last day of the month to which the due date of the federal income tax return has been extended. The Tax Administrator may deny the extension if the taxpayer fails to:

- (1) File the request timely;
- (2) Fails to file a copy of the federal extension request; or

(3) The taxpayer's income tax account with the [City/Village/Municipality] is delinquent in any way. For each year for which an extension is requested, a tentative return, accompanied by payment of the amount of tax shown to be due thereon, must be filed by the date the return is normally due. Interest, but no penalty, shall be assessed in those cases in which the return is filed and the final tax paid within the period as extended.

*[In addition to waiving penalties, some municipalities choose to also waive interest if the final payment is made within the extension period.]*

(d) The taxpayer making the return shall, at the time of the filing thereof, pay to the Tax Administrator the amount of taxes shown as due thereon; provided, however, that where any portion of the tax so due has been deducted at the source pursuant to the provisions of Section 6, or where any portion of such tax has been paid by the taxpayer pursuant to the provisions of Section 7, credit for the amount so paid shall be deducted from the amount shown to be due and only the balance, if any, shall be due and payable at the time of filing the final return. Within three months from the final determination of any federal tax liability affecting the taxpayer's [City/Village/Municipality] tax liability, such taxpayer shall make and file an amended [City/Village/Municipality] return showing income subject to the [City/Village/Municipality] tax based upon such final determination of federal tax liability, and pay any additional tax shown due thereon or make claim for refund of any overpayment.

(e) (1) Any affiliated group which files a consolidated return for federal income tax purposes pursuant to Section 1501 of the Internal Revenue Code may file a consolidated return with the [City/Village/Municipality].

(2) In the case of a corporation that carries on transactions with its stockholders or with other corporations related by stock ownership, interlocking directorates or some other method, or in case any person operates a division, branch, factory, office, laboratory or activity within the [City/Village/Municipality] constituting a portion only of its total business, the Tax Administrator shall require such additional information as may be necessary to ascertain whether net profits allocable to the [City/Village/Municipality] are being distorted by the shifting of income, apportionment of expenses or other devices available to a common

control. If the Tax Administrator finds that a person's net profits allocable to the [City/Village/Municipality] are distorted by reason of transactions with stockholders or with other corporations related by stock ownership, interlocking directorates or transactions with such division, branch, factory, office, laboratory or activity, or by some other method, he shall adjust such transactions so as to produce a fair and proper allocation of net profits to the [City/Village/Municipality]. If necessary, the Tax Administrator may require the filing of a consolidated return.

(f) A taxpayer who has overpaid the amount of tax to which [City/Village/Municipality] is entitled under the provisions of this ordinance may have such overpayment applied against any subsequent liability hereunder or, at his election indicated on the return, such overpayment, or part thereof, shall be refunded, provided that no additional taxes or refunds of less than one dollar (\$1.00) shall be collected or refunded.

*[An amount other than one dollar (\$1.00) is used by some municipalities, but one dollar (\$1.00) is the most commonly used amount.]*

(g) (1) Where necessary, an amended return shall be filed in order to report additional income and pay any additional tax due, or claim a refund of tax overpaid, subject to the requirements or limitations, or both, contained in Sections 1 through 5. Such amended return shall be on a form obtainable on request from the Tax Administrator. A taxpayer may not change the method of accounting (i.e., cash or accrual) or apportionment of net profits after the due date for filing the original return.

(2) Within three months from the final determination of any federal tax liability affecting the taxpayer's City tax liability, such taxpayer shall make and file an amended City return showing income subject to City tax based upon such final determination of federal tax liability, and pay any additional tax shown due thereon or make claim for refund of any overpayment.

(h) Each taxpayer may offset business losses against business net profits from any business conducted in [City/Village/Municipality]. Business losses in any municipality that does not levy an income tax on net profits may be used to offset net profits in [City/Village/Municipality]. Business net profits in any municipality that does not levy an income tax on net profits may be offset by losses in [City/Village/Municipality].

*[There are provisions existing in some other ordinances that vary the manner in which offsets are handled, but this is the manner that R.I.T.A. recommends they be handled.]*

(i) Any business, profession, association or corporation reporting a net loss is subject to the filing requirements of this ordinance.

(j) Business losses cannot be offset against income, qualifying wages, commissions and other compensation that represent employee income and/or other non-business income.

(k) The officer or employee of such employer having control or supervision or charged with the responsibility of filing the return and making the payment shall be personally liable for failure to file the return or pay the tax, penalties, or interest due as required herein. The dissolution, bankruptcy or reorganization of any such employer does not discharge an officer's or employee's liability for a prior failure of such business to file the return or pay taxes, penalties, or interest due.

(l) (1) Retirees having no income considered taxable for [City/Village/Municipality] income tax purposes may file, with the Tax Administrator, a written request for exemption from these filing requirements, and shall be exempt if the request is granted by the Tax Administrator. The request may be submitted by indicating, on the taxpayer's annual tax return, the retirement date and the entity from which retired.

(2) The exemption shall be in effect until such time as the retiree receives income taxable to the [City/Village/Municipality], at which time the retiree shall be required to comply with all applicable provisions of this ordinance.

*[If your municipality's income tax ordinance contains a provision for a retiree exemption, the above two paragraphs are recommended for the provision.]*

(m) The failure of any employer, taxpayer or person to receive or procure a return, declaration, or other required form shall not excuse him from filing any information return, tax return, declaration, or other required form, or from paying the tax.

(n) Amended returns.

(1) Where an amended return must be filed in order to report additional tax due or claim a refund of tax overpaid, subject to the requirements and/or limitations contained in this ordinance, such amended return shall be on a form obtainable on request from the Tax Administrator. A taxpayer may not change the method of accounting (i.e., cash or accrual) or apportionment of net profits after the due date for filing the original return.

(2) Within three months from the final determination of any federal tax liability affecting the taxpayer's Village tax liability such taxpayer shall make and file an amended [City/Village/Municipality] return, showing income subject to the [City/Village/Municipality] based upon such final determination of federal tax liability, and pay an additional tax shown due thereon or make a claim for refund of any overpayment.

## **SECTION 6                    COLLECTION AT SOURCE.**

(a) Each employer within or doing business within the [City/Village/Municipality] who employs one or more persons on an income, qualifying wage, commission or other compensation basis shall deduct at the time of the payment of such income, qualifying wage, commission or other compensation, the tax provided for in Section 3 and shall make a return and pay to the [City/Village/Municipality] Income Tax Office, the amount of taxes so deducted, on a form or forms prescribed by or acceptable to the Tax Administrator as follows:

(1) If the total amount of tax withheld by an employer in the prior calendar year averaged less than one hundred dollars (\$100.00) per month the employer shall, on or before the last day of the month following each calendar quarter, make the return required by this Section and pay the amount of taxes so deducted during the preceding calendar quarter. However, the Tax Administrator shall have the authority to require a taxpayer that is remitting quarterly payments to begin remitting monthly payments if the conditions for remitting quarterly payments were judged incorrectly, the conditions have substantially changed so that it is in the best interest of the [City/Village/Municipality] to require monthly payments, and/or the taxpayer is delinquent in remitting quarterly payments.

(2) An employer who deducts taxes amounting to one hundred dollars (\$100.00) or more per calendar quarter, based on the previous tax year's quarterly average, shall, on or before the last day of each month, make the return required by this Section and pay the amount of taxes so deducted during the preceding calendar month.

*[The amount of one hundred dollars (\$100.00) provides a benchmark for determining the frequency of deposits of withheld taxes. This amount can vary depending on the desire of each municipality, but R.I.T.A. recommends the amount indicated.]*

(b) The failure of an employer to withhold taxes required by this section as required by law does not relieve an employee from the liability for the tax.

(c) Each employer required to deduct and withhold taxes is liable for the payment of that amount required to be deducted and withheld, whether or not such taxes have in fact been withheld and such amount shall be deemed to be a special fund in trust for the [City/Village/Municipality] until such time as same is paid to the [City/Village/Municipality].

(d) On or before February 28 of each year, each employer shall file a withholding return setting forth the names, addresses, and social security numbers of all employees from whose compensation the tax was withheld during the preceding calendar year, the amount of tax withheld from his or her

employees and such other information as may be required by the Tax Administrator.

(e) On or before February 28 of each year all individuals, businesses, employers, brokers or others who engage persons, either on a fee or commission basis or as independent contractors and not employees (those who are not subject to withholding) must provide the Municipality with copies of all 1099 Miscellaneous Income Forms and/or a list of names, addresses, Social Security numbers or federal identification numbers and a total amount of earnings, payments, bonuses, commissions and/or fees paid to each person.

(f) The officer or the employee having control or supervision of or charged with the responsibility for withholding the tax, and/or of filing the report and making payment, is personally liable for failure to file the report or pay the tax due as required by this section. The dissolution of a corporation or limited partnership does not discharge an officer's or employee's liability for a prior failure of the corporation or limited partnership to file returns or pay the tax due.

*[This provision for responsibility for "withholding" is similar to the provision in Section 6(l), which is the responsibility for "filing" a return.]*

(g) All employers that provide any contractual service within the [City/Village/Municipality], and who employ subcontractors in conjunction with that service shall, prior to commencement of the service, provide the [City/Village/Municipality] the names and addresses of the subcontractors, and the individual who serves as the contact person. The subcontractors shall be responsible for complying with all applicable requirements under this ordinance.

## **SECTION 7           DECLARATIONS.**

(a) Every person who anticipates any taxable income which is not subject in whole or in part to the withholding requirements of Section 6, or who engages in any business, profession, enterprise or activity shall file a declaration setting forth such estimated income and/or the estimated profit or loss from such business activity together with the estimated tax due thereon, if any. However, if a person's income is wholly from income, qualifying wages, commissions or other compensations from which the tax will be fully withheld and remitted to the [City/Village/Municipality] in accordance with this ordinance, or if a person's annual income tax liability from which the tax will not be fully withheld is less than one hundred dollars (\$100.00), such person need not file a declaration.

*[The cost of administration for quarterly payments that are of relatively small dollar amounts often exceeds the amount collected. Therefore it is advisable to have a minimum estimated liability before requiring estimated payments. R.I.T.A. recommends that dollar amount to be one hundred dollars (\$100.00).]*

(b) Such declaration shall be filed on or before April 15 of each year during the life of this ordinance, or on or before the federal filing date if it is other than April 15th.

(c) Taxpayers reporting on a fiscal year basis shall file a declaration on or before the 15<sup>th</sup> day of the fourth month after the beginning of each fiscal year or period, or on or before the federal filing date if it is other than the 15th day of the fourth month from the end of such fiscal year or period.

(d) Such declaration shall be filed upon a form or forms furnished by or obtainable from the Tax Administrator, or on an acceptable generic form as defined in this Ordinance, which form or forms may require a statement that the figures used in making such declaration are the figures used in making the declaration of the estimate for the federal income tax adjusted to set forth only such income as is taxable under the provisions of this ordinance.

(e) Such declaration of estimated tax to be paid the [City/Village/Municipality] shall be accompanied by a payment of at least one-fourth of the estimated non-withheld and/or under-withheld tax due.

(1) If the taxpayer is an individual, at least a similar amount shall be paid on or before the last day of the seventh (7th), tenth (10th), and thirteenth (13th) months after the beginning of the taxpayer's taxable year, provided that in case an amended declaration has been filed, or the taxpayer is taxable for a portion of the year only, the unpaid balance shall be paid in equal installments on or before the remaining payment dates.

(2) If the taxpayer is a corporation or association, whether reporting on a calendar or fiscal tax year, at least a similar amount shall be paid on or before the fifteenth day of the sixth (6th), ninth (9th), and twelfth (12th) months of the taxable year; provided, however, that in case an amended declaration has been filed, the unpaid balance shown due thereon shall be paid in equal installments on or before the remaining payment dates.

(3) No penalties or interest shall be assessed, for not filing a declaration, if one or more of the following circumstances apply:

A. The resident taxpayer was not domiciled in the [City/Village/Municipality] on the first day of January in the year in which he became subject to estimated payments.

B. The taxpayer has remitted an amount equal to one hundred percent (100%) of the previous year's tax liability, provided that the previous year reflected a twelve-month period and the taxpayer filed a return for that year.

C. On or before April 15th, or the federal due date if other than April 15th, of the current year the taxpayer has remitted an amount equal to ninety percent (90%) of the final tax liability for the year for which the tax is due.

(e) The original declaration (or any subsequent amendment thereof) may be increased or decreased on or before any subsequent quarterly payment date as provided for herein.

(f) On or before April 15 of the year following that for which such declaration or amended declaration was filed or, in the case of a fiscal year taxpayer, on or before the fifteenth (15th) day of the fourth month after the close of the fiscal year for which a declaration was filed, an annual return shall be filed and any balance which may be due the [City/Village/Municipality] shall be paid therewith in accordance with the provisions of Section 5 hereof. The due dates in this provision shall be adjusted to the federal due dates for any year in which the federal due dates are other than those contained in this provision.

## **SECTION 8 DUTIES OF TAX ADMINISTRATOR.**

(a) (1) It shall be the duty of the Tax Administrator to collect and receive the tax imposed by this ordinance in the manner prescribed herein from the taxpayers; to keep an accurate record thereof; and to report all money so received.

(2) It shall be the duty of the Tax Administrator to enforce payment of all taxes owed to the [City/Village/Municipality], to keep accurate records for a minimum of six (6) years showing the amount due from each taxpayer required to make any return, including taxes withheld, and to show the dates and amounts of payments thereof.

(b) The Tax Administrator is hereby charged with the enforcement of the provisions of this ordinance, and is hereby empowered, subject to the approval of the Board of Review, to adopt and promulgate and to enforce rules and regulations relating to any matter or thing pertaining to the collection of taxes and the administration and enforcement of the provisions of this ordinance, including provisions for the re-examination and corrections of returns. Taxpayers are required to comply with the requirements of this ordinance and any rules and regulations.

*[The last sentence in this provision is meant to emphasize the fact that rules and regulations are to be complied with, just as they would be if they were a part of the ordinance.]*

(c) The Tax Administrator is authorized to arrange for the payment of unpaid taxes, interest and penalties on a schedule of installment payments, when the taxpayer has proven to the Tax Administrator that, due to certain hardship conditions, the taxpayer is unable to pay the full amount of tax due. Such

authorization shall not be granted until proper returns are filed by the taxpayer for all amounts owed by the taxpayer under this ordinance. Failure to make any deferred payment when due shall cause the total unpaid amount, including penalty and interest, to become payable on demand and the provisions of Sections 11 and 12 shall apply.

(d) In any case where a taxpayer has failed to file a return or has filed a return which does not show the proper amount of tax due, the Tax Administrator may determine the amount of tax appearing to be due the [City/Village/Municipality] from the taxpayer and shall send to such taxpayer a written statement showing the amount of tax so determined, together with interest and penalties thereon, if any. Such determination may be modified or amended based upon information or data subsequently secured by or made available to the Tax Administrator. If the taxpayer fails to respond to the assessment within thirty (30) days, the tax, penalties, and interest assessed shall become due and payable and collectible as are other unpaid taxes, penalty, and interest.

(e) Subject to review by the Board of Review or pursuant to regulation approved by said Board, the Tax Administrator shall have the power to compromise any interest or penalty, or both.

**SECTION 9 INVESTIGATIVE POWERS OF TAX ADMINISTRATOR;  
PENALTY FOR DIVULGING CONFIDENTIAL INFORMATION.**

(a) The Tax Administrator, or any authorized employee, is hereby authorized to examine the books, papers, records and federal and state income tax returns of any employer or of any taxpayer or person subject to the tax for the purpose of verifying the accuracy of any return made or, if no return was made, to ascertain the tax due under this ordinance. Every such employer, supposed employer, taxpayer or supposed taxpayer is hereby directed and required to furnish, within ten (10) calendar days following a written request by the Tax Administrator or his duly authorized agent or employee, the means, facilities and opportunity for making such examinations and investigations as are hereby authorized.

(b) The Tax Administrator is hereby authorized to order any person to appear at the office of the Tax Administrator and examine any person, under oath, concerning any income which was or should have been returned for taxation or any transaction tending to affect such income, and for this purpose may compel the production of books, papers, records and federal and state income tax returns and the attendance of all persons before him, whether as parties or witnesses, whenever he believes such persons have knowledge of such income or information pertinent to such inquiry.

(c) The refusal to produce books, papers, records and federal and state income tax returns, or the refusal of such examination by any employer or person subject or presumed to be subject to the tax or by any officer, agent or employee

of a person subject to the tax or required to withhold tax, or the failure of any person to comply with the provisions of this section or with an order or subpoena of the Tax Administrator authorized hereby shall be deemed a violation of this ordinance, punishable as provided in Section 12.

(d) Every taxpayer shall maintain, and retain for a period of six (6) years after the date a declaration or return is due or withholding taxes paid, all records necessary to exhibit and compute his liability for taxes due or to be withheld under the provisions of this ordinance.

(e) (1) Any information gained as the result of any returns, investigations, hearings or verifications required or authorized by this ordinance shall be confidential except for official tax purposes or except in accordance with proper judicial order. Any person divulging such information in violation of this ordinance shall be deemed guilty of a first-degree misdemeanor and fined not more than one thousand dollars (\$1,000.00) or imprisoned for not more than six (6) months, or both. Each disclosure shall constitute a separate offense.

*[The normal penalties are charges for first, second, third, or fourth degree misdemeanors. The strongest penalties are for a first-degree misdemeanor (shown above), and the least are for a fourth-degree misdemeanor (\$250.00 fine and/or 30 days imprisonment). The recommendation herein for a first-degree misdemeanor is to indicate the seriousness of violations. Whatever level is used it should not be a combination of misdemeanors; i.e., a \$250.00 fine and/or six months imprisonment.]*

(2) In addition to the above penalty any employee or appointed official of the [City/Village/Municipality] who violates the provisions of this section relative to the disclosure of confidential information shall be guilty of an offense punishable by immediate dismissal.

## **SECTION 10 INTEREST AND PENALTIES ON UNPAID TAXES; LATE FILING PENALTY.**

(a) All taxes imposed, including estimated taxes, and all moneys withheld or required to be withheld by employers, under the provisions of this ordinance and remaining unpaid after they become due shall bear interest at the rate of \_\_\_ percent (\_%) per month or fraction of a month.

(b) In addition to interest as provided in subsection (a) hereof, penalties based on the unpaid tax are hereby imposed as follows:

(1) For failure to pay taxes, including estimated payments, when due, other than taxes withheld, one percent (1%) per month or fraction of a month, with a minimum penalty of not less than twenty-five dollars (\$25.00).

*[If your municipality uses percentages and dollar amounts other than those shown in paragraphs (a) and (b)(1), then you should substitute the percentages and dollar amounts used in your municipality. Also, if your municipality has a maximum penalty amount then that should be stated at the end of paragraph (b)(1).]*

(2) For failure to remit taxes withheld from employees, ten percent (10%) per month or fraction of a month, with a minimum penalty of two hundred fifty dollars (\$250.00).

*[The recommended percent and dollar figures in (b)(2) are due the seriousness nature of not remitting withheld taxes. However, if your municipality uses percentages and dollar amounts other than those shown in paragraphs (a) and (b)(1), then you should substitute the percentages and dollar amounts used in your municipality. Also, if your municipality has a maximum percent that will be assessed then that should be stated at the end of paragraph (b)(2).]*

(3) For failure to file the tax return when due, and if the taxpayer is not otherwise exempt from the filing requirement, the Tax Administrator may impose a penalty of fifty dollars (\$50.00) for each offense, in addition to any other penalties which may otherwise be imposed.

*[The dollar amount can be changed to a different figure.]*

(c) A penalty shall not be assessed on an additional tax assessment made by the Administrator when a return has been filed in good faith and the tax paid thereon within the time prescribed by the Tax Administrator; and provided further, that, in the absence of fraud, neither penalty nor interest shall be assessed on any additional tax assessment resulting from a federal audit, providing an amended return is filed, and the additional tax is paid within three months after final determination of the federal tax liability.

(d) Upon recommendation of the Tax Administrator, the Board of Review may abate penalty or interest, or both, as in its discretion deems proper.

*[This provision should not be included for those municipalities that do not allow requests for abatement of interest and penalty to be appealed to a Board of Review.]*

## **SECTION 11 COLLECTION OF UNPAID TAXES AND REFUNDS OF OVERPAYMENTS.**

(a) All taxes imposed by this ordinance shall be collectible, together with any interest and penalties, by suit. All additional assessments shall be made and all actions to recover municipal income taxes and penalties and interest thereon shall be brought within three years after the tax was due or the return was filed, whichever is later. However, in the case of fraud, omission of 25% or more of income subject to this tax, or failure to file a return, all additional assessments

shall be made and all prosecutions to recover municipal income taxes and penalties and interest thereon shall be brought within six (6) years after the tax was due or the return was filed, whichever is later.

(b) Taxes erroneously paid shall not be refunded, unless a claim for a refund is made. Claims for refund of municipal income taxes must be brought within three years after the tax was paid or the return was filed, whichever is later. In addition, the following shall apply regarding refunds of tax withheld from non-qualified deferred compensation plans (NDCP):

(1) A taxpayer may be eligible for a refund if the taxpayer has suffered a loss from a NDCP. The loss will be considered sustained only in the taxable year in which the taxpayer receives the final distribution of money and property pursuant to the NDCP. Full loss is sustained if no distribution of money and property will be made by the NDCP.

(2) A taxpayer who receives income as a result of payments from a NDCP, where that income is less than the amount of income deferred to the NDCP, and upon which municipal tax was withheld, will be issued a refund on the amount representing the difference between the deferred income that was taxed and the income received from the NDCP. If different tax rates apply to the deferral tax years, a weighted average of the different tax rates will be used to compute the refund amount.

(3) Refunds shall be allowed only if the loss is attributable to the bankruptcy of the employer who had established the NDCP, or the employee's failure or inability to satisfy all of the employer's terms and conditions necessary to receive the nonqualified compensation.

*[The refund provisions for NDCP's largely summarize the full procedures contained in O.R.C. 718.021.]*

(c) Income tax that has been deposited with the [City of/Village of], but should have been deposited with another municipality, is allowable by the [City of/Village of] as a refund but is subject to the three-year limitation on refunds. Income tax that should have been deposited with the [City of/Village of], but was deposited with another municipality, shall be subject to recovery by the [City of/Village of]. The [City of/Village of] will allow a non-refundable credit for any amount owed the [City of/Village of] that is in excess of the amount to be refunded by the other municipality, as long as the tax rate of the other municipality is the same or higher than the [City of/Village of]'s tax rate. If the [City of/Village of]'s tax rate is higher, the tax representing the net difference of the rates is also subject to collection by the [City of/Village of].

*[In order to prevent confusion between the terms used, the actual name of your city or village should be used in this provision. In all other provisions of the ordinance the term*

*“City”, Village”, or “Municipality” can be inserted in place of using the name of your city or village.]*

**SECTION 12 VIOLATIONS; PENALTY.**

(a) No person shall:

(1) Fail, neglect or refuse to make any return or declaration required by this ordinance;

(2) File any incomplete, false or fraudulent return;

(3) Fail, neglect or refuse to pay the tax, penalties or interest imposed by this ordinance;

(4) Fail, neglect or refuse to withhold the tax from his employees or remit such withholding to the Tax Administrator;

(5) Refuse to permit the Tax Administrator or any duly authorized agent or employee to examine his books, records, papers and federal and state income tax returns relating to the income or net profits of a taxpayer;

(6) Fail to appear before the Tax Administrator and to produce his books, records, papers or federal and state income tax returns relating to the income or net profits of a taxpayer upon order or subpoena of the Tax Administrator;

(7) Refuse to disclose to the Tax Administrator any information with respect to the income or net profits of a taxpayer;

(8) Fail to comply with the provisions of this ordinance or any order or subpoena of the Tax Administrator authorized hereby; or

(9) Give to an employer false information as to his true name, correct social security number, and residence address, or fail to promptly notify an employer of any change in residence address and date thereof; or

(10) Fail to use ordinary diligence in maintaining proper records of employees' residence addresses, total wages paid, and the [City/Village/Municipality] tax withheld, or to knowingly give the Tax Administrator false information; or

(11) Attempt to do anything whatsoever to avoid the payment of the whole or any part of the tax, penalties or interest imposed by this ordinance.

(b) Any person who violates any of the provisions above shall be guilty of a misdemeanor of the first-degree and shall be subject to the penalties provided for in Section 99 of this ordinance.

*[Many municipalities provide a Section 99 (or Chapter \_\_\_\_\_.99) in their income tax ordinance. An option to consider is elimination of Section 99, and placing its provisions in Section 12(b).]*

### **SECTION 13 BOARD OF REVIEW.**

(a) The Board of Review consists of \_\_\_\_\_ individuals that are residents of the [City/Village/Municipality], each to be appointed by \_\_\_\_\_. The members of such Board shall serve for a \_\_\_\_\_ (\_\_\_) year term such that one member's term shall expire each year. Any member is eligible for reappointment to the Board of Review. No compensation shall be paid to the members unless otherwise provided by Council. All members of the Board of Review shall be resident citizens of the [City/Village/Municipality]. Any Board member may be removed from office due to misfeasance, nonfeasance, malfeasance, or nonattendance to duty, and removal shall be made by \_\_\_\_\_. Removal shall become effective upon receipt of notice either personally or by certified mail.

*[The number of Board members is usually three or five. The provision should state the make-up of the Board members (i.e., whether or not municipal employees are permitted to serve, etc.).]*

(b) A majority of the members of the Board shall constitute a quorum. The Board shall elect a Chair, Vice-Chair, and Secretary from its membership. The Board shall adopt its own procedural rules and shall keep a record of its transactions. The Board shall follow Robert's Rules of Order, except as its own adopted procedures differ.

(c) All hearings by the Board shall be conducted privately unless a public hearing is requested by the taxpayer, and the provisions of Section 9 hereof with reference to the confidential character of information required to be disclosed by this ordinance shall apply to such matters as may be heard before the Board on appeal.

(d) Any person dissatisfied with any ruling or decision of the Tax Administrator which is made under the authority conferred by this ordinance and the rules and regulations and who has filed the required returns or other documents pertaining to the contested issue may appeal therefrom to the Board within thirty days from the announcement of such ruling or decision by the Tax Administrator. The appeal shall be in writing and shall state why the decision should be deemed incorrect or unlawful. The Board shall, on hearing, have jurisdiction to affirm, reverse or modify any such ruling or decision, or any part thereof. The Board

must schedule a hearing within forty-five (45) calendar days of receiving the appeal. The Board must issue a written decision within ninety (90) days after the final hearing and send a notice of its decision by ordinary mail to the taxpayer within fifteen (15) days after issuing the decision.

*[The provisions in the above paragraph mirror those that are in O.R.C. 718.11.]*

(e) Any person dissatisfied with any ruling or decision of the Board of Review may appeal therefrom to a court of competent jurisdiction within thirty (30) days from the announcement of such ruling or decision. For matters relating to tax years beginning on or after January 1, 2004, any ruling or decision of the Board of Appeal may be appealed to a court of competent jurisdiction or to the State Board of Tax Appeals.

(f) All rules and regulations and amendments or changes thereto, which are adopted by the Tax Administrator under the authority conferred by this ordinance, must be approved by the Board of Review before the same become effective. After approval, such rules, regulations, amendments, and changes shall be filed with the Clerk of Council and shall be open to public inspection.

#### **SECTION 14 CREDIT FOR TAX PAID TO OTHER MUNICIPALITIES OR JOINT ECONOMIC DEVELOPMENT DISTRICTS.**

(a) Every individual taxpayer who resides in the [City/Village/Municipality] but receives net profits, salaries, wages, commissions or other personal service compensation for work done, or services performed or rendered outside of the [City/Village/Municipality], if it is made to appear that he or she has paid a municipal income tax on the same income taxable under this ordinance to another municipality and/or Joint Economic Development District, shall be allowed a credit against the tax imposed by this ordinance of the amount so paid by him or her or in his or she behalf to such other municipality and/or Joint Economic Development District. The credit shall not exceed the tax assessed by this ordinance on such income earned in such other municipality and/or Joint Economic Development District where such tax is paid.

(b) No credit shall be allowed for payment of school district income taxes.

*[This provision, as written, would be used by a municipality that allows full credit for municipal tax paid elsewhere, up to the limit of the resident City/Village/Municipality tax rate. For municipalities that allow no credit, that policy would simply be stated in lieu of the above provision. For municipalities allowing partial credit, this provision would have to be amended by language that specifies the credit limit.]*

**SECTION 15 RENTAL AND LEASED PROPERTY.**

Every owner of one or more rental or leased units, whether residential, commercial, or industrial, within the [City/Village/Municipality] is hereby directed to furnish to the Tax Administrator a semi-annual statement of the names and addresses of all persons who newly occupied or vacated such rental and leased units during the period covered by the required report. The semi-annual statement provided for herein shall be filed with the Tax Administrator on or before January 31 and July 31, unless an extension of time is granted by the Tax Administrator. Failure to comply with the reporting requirement by the specified dates will result in the assessment of a one hundred dollar (\$100.00) penalty. This penalty shall be assessed for each instance of failure to comply with the reporting requirement.

*[This provision would only be used for those municipalities that have a landlord reporting requirement. The frequency of reporting, the report due dates, and the penalty amount is at the discretion of the municipality. If this Section will not be included in your income tax ordinance, then the Sections which follow will need to be renumbered.]*

**SECTION 16 ALLOCATION OF FUNDS.**

The funds collected under the provisions of this ordinance shall be deposited in the General Fund and said funds shall be disbursed in accordance with the provisions contained in the annual “Appropriations Ordinance”.

*[This is a very generic statement on “allocation of funds”, but it prevents having to amend this section every time there are changes of the percentages used by a municipality in how the funds are apportioned.]*

**SECTION 17 SAVING CLAUSE.**

If any sentence, clause, section or part of this ordinance, or any tax against any individual or any of the several groups specified herein, is found to be unconstitutional, illegal or invalid, such unconstitutionality, illegality or invalidity shall affect only such clause, sentence, section or part of this ordinance and shall not affect or impair any of the remaining provisions, sentences, clauses, sections or other parts of this ordinance. It is hereby declared to be the intention of Council that this ordinance would have been adopted had such unconstitutional, illegal or invalid sentence, clause, section or part thereof not been included herein.

**SECTION 18 COLLECTION OF TAX AFTER TERMINATION OF ORDINANCE.**

(a) This ordinance shall continue effective insofar as the levy of taxes is concerned until repealed, and insofar as the collection of taxes levied in the aforesaid period and actions or proceedings for collecting any tax so levied or

enforcing any provisions of this ordinance are concerned, it shall continue effective until all of such taxes levied in the aforesaid period are fully paid and any and all suits and prosecutions for the collection of such taxes or for the punishment of violations of this ordinance have been fully terminated, subject to the limitations contained in Sections 11 and 12 hereof.

(b) Annual returns due for all or any part of the last effective year of this ordinance shall be due on the date provided in Sections 5 and 6 as though the same were continuing.

**SECTION 19            RULES AND REGULATIONS.**

The [Municipality/City of \_\_\_\_\_ /Village of \_\_\_\_\_] hereby adopts the Regional Income Tax Agency (R.I.T.A.) Rules & Regulations, including amendments that may be made from time to time, for use as the [City/Village/Municipality]'s Income Tax Rules and Regulations. In the event of a conflict with any provision(s) of the [City/Village/Municipality] Income Tax Ordinance and the R.I.T.A. Rules & Regulations, the Ordinance will supersede. Until and if the contractual relationship between the [City/Village/Municipality] and R.I.T.A. ceases, Section 19 will supersede all other provisions within Ordinance \_\_\_\_\_ regarding promulgation of rules and regulations by the Tax Administrator and approval of same by the Board of Review.

**SECTION 99            PENALTIES.**

Whoever violates any of the provisions of Section 12 of this ordinance, and/or violates any of the provisions of this ordinance for which no penalty is otherwise provided, shall be deemed guilty of a first-degree misdemeanor and fined not more than one thousand dollars (\$1,000.00) or imprisoned not more than six (6) months, or both, for each offense.

*[Please see the notation following Section 9(d).]*