

CITY OF REYNOLDSBURG

INCOME TAX RULES AND REGULATIONS

REGULATION 1 DEFINITIONS (Code Section 191.01)

For the purpose of these regulations, the following terms shall have the definitions hereafter given:

A. **Singular and Plural; Gender.** The singular includes the plural; the masculine gender includes the feminine and the neuter genders.

B. **Association.** "Association" means a partnership, limited partnership, or any other form of unincorporated enterprise owned by two or more persons.

C. **Board of Review.** "The Board of Review" known as the Income Tax Board of Review, means the Board created by and constituted as provided by Section 191.20.

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

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

F. **Employer.** "Employer" means an individual, partnership, association, corporation, governmental body, unit or agency or any other entity whether or not organized for profit, employing one or more persons on a salary, wage, commission or other compensation basis.

G. **Employee.** "Employee" means a person who works for wages, salary, commissions or other type of compensation in the service of an employer.

H. **Gross Receipts.** "Gross receipts" means the total income from any source.

I. **Net Profits.** "Net profits" means the net gain from the operation of a business, profession, enterprise or other activity, whether or not such business, profession, enterprise or other activity is conducted for profit or is ordinarily conducted for profit, after provision has been made for all ordinary and necessary expenses either paid or accrued in accordance with the accounting system used by the taxpayer for Federal income tax purposes without deduction of taxes imposed by this Chapter, Federal, State and other taxes based on income; and in the case of an association, without deduction of salaries paid to partners, and other owners; and otherwise adjusted to the

requirements of this chapter.

J. **Person.** "Person" means every natural person, partnership, fiduciary, association or corporation. Whenever used in any clause prescribing and imposing a penalty, "person", as applied to any unincorporated entity, means the parties or members thereof, and as applied to corporations, the officers thereof.

K. **Resident Individual.** "Resident individual" means any individual who is domiciled in the City of Reynoldsburg or whose usual place of abode is in the City of Reynoldsburg.

L. **Nonresident Individual.** "Nonresident individual" means an individual who is not domiciled in the City of Reynoldsburg and whose usual place of abode is outside the City of Reynoldsburg.

M. **Resident Unincorporated Business Entity.** "Resident unincorporated business entity" means an unincorporated business entity having an office or place of business within the City of Reynoldsburg.

N. **Nonresident Unincorporated Business Entity.** "Nonresident unincorporated business entity" means an unincorporated business entity not having an office or place of business within the City of Reynoldsburg.

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

P. **Taxable Income.** "Taxable income" means wages, salaries, commissions and other compensation received by an individual before any deductions and/or the net profits from the operation of a business, profession, or other enterprise or activity adjusted in accordance with the provisions of this chapter.

Q. **Taxable Year.** "Taxable year" means the calendar year of the fiscal year upon basis of which the net profits are to be computed in this chapter and, in the case of a return for a fractional part of a year, the period for which such return is required to be made.

R. **Fiscal Year.** "Fiscal year" means an accounting period of twelve months ending on the last day of any month other than December 31.

S. **City Auditor.** "City Auditor" means the Auditor of the City of Reynoldsburg, or any other person or governmental agency designated by a contract approved by Council to administer the tax imposed by this chapter.

T. **Independent Contractor.** "Independent contractor" is a person who while performing services for another, is not under the direction and control of such other

person, as to the result to be accomplished by the work and as to the details and means by which that result is accomplished such as authors, professionals, etc.

U. **Taxing Municipality.** "Taxing municipality" means any municipal corporation levying a municipal income tax on salaries, wages, commissions and other compensation earned by individuals, and on the net profits earned from the operation of a business, profession or other activity.

V. **Working Day.** "Working Day" is one for which an employee receives compensation whether the services are performed or not performed, such as Sundays, holidays, etc.

W. **Tax Administrator.** "Tax Administrator" is the administrator of the Division of Taxation of the Office of the City Auditor, or the person executing the duties of the aforesaid Administrator.

X. **Business Allocation.** "Business Allocation", as used in these regulations, means the portion of net profits to be allocated to Reynoldsburg, as having been made in Reynoldsburg, either under the separate accounting method, or under the three-factor formula of property, payroll and sales, provided for in Regulation 8.

Y. **Chapter.** "Chapter" means all ordinances and amendments thereto enacted by the Council of the City of Reynoldsburg pertaining to the City of Reynoldsburg income tax.

REGULATION 2 CODE SECTION 191.02 A - IMPOSITION OF TAX RESIDENT EMPLOYEES

In the case of residents of the City of Reynoldsburg an annual tax as specified at Code section 191.02 A is imposed on all salaries, wages, commissions, and other compensation earned. For the purpose of determining the tax on the earnings of resident taxpayers, taxed under Section 191.02 A of the chapter, the source of the earnings and the place or places in or at which the services were rendered are immaterial. All such earnings, whenever earned or paid, are taxable.

The following are items which are subject to the tax:

A. The salaries, bonuses, or incentive payments earned by an individual, whether directly or through an agent and whether in cash or in property, for services rendered.

1. As an officer, director or employee of a corporation (including charitable and other non-profit corporations) joint stock association or joint stock company;
2. As an employee (as distinguished from a partner or member) of a partnership, limited partnership, or any other form of unincorporated enterprise owned by one or more persons;

3. As an employee (as distinguished from the proprietor) of a business, trade or profession conducted by an individual owner;

4. As an officer or employee (whether elected, appointed or commissioned) of a governmental administration, agency, arm, authority, board, body, branch, bureau, department, division, section or unit of the State of Ohio or any other political subdivisions thereof;

5. As an officer or employee (whether elected, appointed or commissioned) of a governmental administration, agency, arm, authority, board, body, branch, bureau, department, division, subdivision, section or unit of the United States Government or of a corporation created and owned, or controlled by the United States Government or any of its agencies or those of any foreign country or dependency.

6. As an employee of any other entity or person.

B. Wages, bonuses, or incentive payments earned by an individual, whether directly or through an agent and whether in cash or in property, for services rendered.

1. Whether based upon hourly, daily, weekly, semi-monthly, annual, unit of production or piece-work rates; and

2. Whether paid by an individual, co-partnership, association, corporation (including charitable and other non-profit corporations), governmental administration, agency, arm, authority, board, body, branch, bureau, department, division, subdivision, section or unit, or any other entity.

C. Commissions earned by a taxpayer, whether directly or through an agent and whether in cash or in property, for services rendered, regardless of how computed, by whom or wheresoever paid. If amounts received as a drawing account (and not refundable) exceed the commissions earned, the tax is payable on the amounts received. If commissions are included in the net earnings of a trade, business, profession, enterprise or activity regularly carried on by such individual and therefore subject to tax under Section 191.02 of the Chapter, they shall not again be separately taxed. In such cases, such net earnings shall be taxed as provided in Regulation 9 of these Regulations.

D. Fees, unless such fees are properly included as part of the net profits of a trade, business, profession or enterprise regularly carried on by said individual and such net profits are subject to tax under Regulation 9.

E. Other compensation, including tips and compensation paid to domestic servants, casual employees, and all other types of employees.

F. Where compensation is paid or received in property, its fair market value, at the time

of receipt, shall be subject to tax and/or to withholding (deduction of tax at source). Board, lodging and similar items, received by an employee in lieu of additional cash compensation or as part of his compensation shall be included in earnings at their fair market value to the same extent that all such items are or may be taxable under the Federal Internal Revenue Act. The value finally accepted for the purposes of the Federal Internal Revenue Act will be accepted by the Auditor and shall be used by the taxpayer.

G. Dismissal pay which is demandable as a matter of right by virtue of the contract of employment.

H. Incentive payments.

I. Tax Shelter Plans - contributions by employees to a retirement system are not deductible by such employee. If such contributions are deducted by an employer from the earnings of an employee, such amounts are subject to withholding.

J. If an employer pays into a tax shelter plan on behalf of an employee in lieu paying said amounts as wages, said payments are considered additional compensation to the employee and are subject to withholding.

K. Contributions to a pension, annuity or tax shelter plan by an employer is deemed to be other compensation subject to withholding if the employee's interest in or entitlement to the amount contributed is vested and non-forfeitable at the time of the contribution.

L. Stock options given as compensation and when exercised regardless to the treatment by IRS the employer would be required to withhold on the difference between the fair market value and the amount paid by the employee.

Employers must withhold municipal income tax on the exercise of non-qualified stock options if the employee acquired the option as compensation or in lieu of wages.

M. Losses from the operation of a business or profession are not deductible from employee earnings. Rental and business losses may not be used to offset wage income.

N. In case of domestics and other employees whose duties require them to live at their place of employment or assignment, board or lodging shall not be considered as wages or compensation earned.

O. Payments made to employees by an employer as vacation wages are taxable and not to be excluded from taxable income by an employer or a non-resident employee.

P. Payments received by an employee under a wage continuation plan during period of disability or sickness, are taxable and may not be excluded from taxable income by an employer or a non-resident employee.

Q. Money distributed at Christmas amounting to a fixed percentage of the salaries or wages drawn during the current year is considered additional income subject to tax.

R. Proceeds of insurance, annuities, workman's compensation, social security benefits, pensions, compensation or damages for personal injuries, and like reimbursements shall not be considered as earnings subject to tax and/or withholding. However, this regulation does not exclude Supplemental Unemployment Benefits Payments (SUB Payments) from taxation. Payments received as a member of the armed forces while on active duty are not subject to tax. Child support is nontaxable.

S. Any monies withheld from employees' wages by a non-profit organization on a voluntary basis for the purchase of "Tax Shelter Annuities" under the provisions of Internal Revenue Code Section 401 shall be considered as income for the determination wages, subject to the Reynoldsburg Income Tax.

T. Gambling and lottery winnings are considered taxable income.

U. Income of the mentally retarded or developmentally disabled while working in a government funded workshop for less than minimum wage is not taxable income.

REGULATION 3
CODE SECTION 191.02 B - IMPOSITION OF TAX
NON-RESIDENT EMPLOYEES

A. In the case of individuals who are non-residents of Reynoldsburg, there is imposed under Section 191.02 B on all salaries, wages, commissions and other compensation earned for work done or services performed or rendered within the City of Reynoldsburg, whether such compensation or remuneration is received or earned directly or through an agent and whether paid in cash or in property.

REGULATION 4
CODE SECTION 191.02 C1
IMPOSITION OF TAX -NET BUSINESS
PROFITS OF RESIDENT UNINCORPORATED BUSINESSES
I.E. SOLE PROPRIETORSHIPS, PARTNERSHIPS

A. In the case of resident unincorporated businesses, professions, enterprises, undertakings, or other activities conducted, operated, engaged in, prosecuted or carried on, there is an annual tax as specified at Code Section 191.02 C on the net profits, earned or accrued and attributable to Reynoldsburg under the formula or separate accounting method provided for in Section 191.03 of the Chapter derived from work done or services performed or rendered and from business or other activity conducted in the City of Reynoldsburg.

B. The owner of a resident unincorporated business described in A. above is required to file an individual tax return annually and pay any tax due thereon.

C. Partnerships: The tax imposed by the Chapter is on the partnership as an entity whether resident or non-resident and a return is required disclosing the net profits allocable to Reynoldsburg and the tax paid thereon. However, any resident partner is required to make a return and pay the tax in accordance with Chapter 191.02 of Ordinance 80.69. The partnership return must indicate the names and addresses of each partner along with the percentage and dollar amounts of their respective distributive shares. Credit will be given a resident partner for taxes paid by the partnership.

REGULATION 5
CODE SECTION 191.02 C2
IMPOSITION OF TAX - NET BUSINESS
PROFITS OF NON-RESIDENT UNINCORPORATED BUSINESSES

A. In the case of non-resident unincorporated businesses, professions, enterprises, undertakings or other activities conducted, operated, engaged in, prosecuted or carried on, there is imposed an annual tax as specified at Code Section 191.02 C on the net profits earned or accrued and attributable to Reynoldsburg under the formula or separate accounting method provided for in Section 191.03 of the Chapter derived from work done or services performed or rendered or other activity conducted in the City of Reynoldsburg.

B. The owner of a non-resident unincorporated business as described in A. above which is doing business in the City of Reynoldsburg is required to file an individual tax return and pay any tax due thereon.

REGULATION 6
CODE SECTION 191.02 C3
IMPOSITION OF TAX-NET BUSINESS
PROFITS OF NON-RESIDENT UNINCORPORATED BUSINESSES,
I.E. PARTNERSHIPS

A. If a non-resident partnership is doing business in Reynoldsburg as described in 191.02 C2 A, above and none of the partners are Reynoldsburg residents, a tax return must be filed on behalf of the entire partnership indicating the amount of profit or loss attributable to Reynoldsburg and any tax due thereon must be paid.

B. If a non-resident partnership is doing business in Reynoldsburg as described in 191.02 C2 A, above and one or more of the partners are Reynoldsburg residents, a return must be filed on behalf of the entire partnership indicating the amount of profit or

loss attributable to Reynoldsburg and any tax due thereon must be paid. The names and addresses of all of the partners must be included thereon along with the percentages of their respective distributive shares. Partners who are residents of Reynoldsburg must then file a tax return with the City of Reynoldsburg and include thereon their distributive share of the partnership earnings. Credit may be taken on such an individual partner's tax return for tax paid by the partnership to the extent of the partner's distributive share percentage times the tax paid by the partnership.

C. If a Reynoldsburg resident is a partner of a non-resident partnership not doing any business in Reynoldsburg, they must file an individual tax return with the City of Reynoldsburg reporting thereon their distributive share of partnership earnings and pay any tax due thereon.

**REGULATION 7
CODE SECTION 191.02 D
IMPOSITION OF TAX
NET BUSINESS PROFITS - CORPORATIONS**

A. In the case of corporations, whether domestic or foreign and whether or not such corporations have an office or place of business in the City of Reynoldsburg, there is imposed an annual tax as specified at Code Section 191.02 on the net profits, earned or accrued and attributable to Reynoldsburg under the formula or separate accounting method provided for in Section 191.03 of the Chapter derived from work done or services performed or rendered and business or other activities conducted in the City of Reynoldsburg.

B. Corporations which are required by the provisions of Sections 5727.38 to 5727.41 inclusive, of the Ohio Revised Code to pay an excise tax in any year as defined in the Chapter may exclude from their declaration and returns for such year which may be required to be filed pursuant to the Chapter, that part of the gross receipts upon which such corporations are required to pay said tax to the State of Ohio; and such part of said gross receipts shall not be considered in computing the net profits of any such corporation, nor shall there be deducted from the return filed hereunder by any such taxpayer the expenses incurred in producing such gross receipts so excluded hereunder.

C. For the purpose of computing a corporate return for the payment of Reynoldsburg Income Tax, no consideration will be given to Subchapter S election under Internal Revenue Code Section 1.370-1378. The return must be prepared and filed as though no election had been made.

REGULATION 8
CODE SECTION 191.03
ALLOCATION OF NET PROFITS - BUSINESS
ALLOCATION FORMULA

A. In case of resident unincorporated business entities, non-resident unincorporated business entities, non-resident individuals engaged in business in the City of Reynoldsburg, corporations (whether or not they have an office or place of business in the City of Reynoldsburg), the net profits attributable to Reynoldsburg shall be determined under the formula or separate accounting method in accordance with the provisions of Section 191.03 of the Chapter.

B. Taxpayers engaged in finance, investment or construction activities shall determine income allocable to Reynoldsburg by means of separate accounting. In determining the income of such taxpayers allocable to Reynoldsburg, an adjustment shall be made for the contribution made to the production of such income by headquarters activities of the taxpayer. Such adjustment shall be made by deducting from such net income allocated to the City of Reynoldsburg that portion represented by the ratio of headquarters payroll to total payroll, and by adding to such net income allocated to the City of Reynoldsburg that portion of the entire net income of the taxpayer represented by the ratio of headquarters payroll within the City of Reynoldsburg to total payroll.

C. The portion of the entire net profits of taxpayers, except those engaged in finance, investment, or construction activities, to be allocated as having been made within the City of Reynoldsburg shall be calculated by multiplying the entire net profits by a business allocation percentage to be determined by a three-factor formula of property, payroll, and sales (or such factors as may be present), each of which shall be given equal weight, as follows:

1. EXPLANATION OF "PROPERTY FACTOR". The percentage of the taxpayer's real and tangible personal property within Reynoldsburg is determined by dividing the average value used for federal income tax purposes (during the period covered by the report) of such property within Reynoldsburg, without deduction of any encumbrances, by the average values similarly computed, of all such property within and without Reynoldsburg. The value of the taxpayer's property shall include real property rented or leased by the taxpayer and the value of such property shall be a sum equal to eight times the gross rents paid or accrued per annum by the taxpayer during the period covered by the taxpayer's report for the use of such property.

(a) Average value of real and tangible personal property will generally be computed on a monthly basis where the taxpayer's usual accounting practice permits of such computations. Where the taxpayer's usual accounting practice does not permit a monthly computation of average value, a semi-annual or annual computation may be used if no distortion of average value will result. If, because of variations in the amount or value of any class of assets, it appears

to the tax administrator that averaging on an annual, semi-annual or monthly basis does not properly reflect average value, the tax administrator may require averaging on a more frequent basis. A method of determining average value which is adopted by the taxpayer for any report and accepted by the tax administrator shall not be changed on any subsequent report, except with the consent of the tax administrator.

(b) If depreciation, normal or accelerated, of emergency facilities is used as an expense deduction, the remaining undepreciated value of such facilities must be included in the property factor.

2. EXPLANATION OF "PAYROLL FACTOR". The percentage of the taxpayer's payroll allocable to Reynoldsburg is determined by dividing the wages, salaries and other personal service compensation of the taxpayer's employees (except general executive officers, as defined below within Reynoldsburg during the period covered by the report), by the total amount of compensation of all taxpayer's employees (except general executive officers) during such period.

(a) Wages, salaries and other compensation are computed on the cash or accrual basis in accordance with the method of accounting used in the computation of the entire net income of the taxpayer.

(b) Employees within Reynoldsburg include all employees regularly connected with or working out of a place of business maintained by the taxpayer in Reynoldsburg, irrespective of where the services of such employee were performed. However, if the taxpayer establishes to the satisfaction of the tax administrator that, because of the fact that a substantial part of its payroll was paid to employees attached to a Reynoldsburg place of business who performed a substantial part of their services outside Reynoldsburg, the computation of the payroll factor according to the general rule stated above would not produce an equitable result, then the tax administrator may, in his discretion, permit the payroll factor to be computed on the basis of the amount of compensation paid for services rendered within and without the City. On the other hand, wherever it appears that, because a substantial part of the taxpayer's payroll was paid to employees attached to places of business outside Reynoldsburg who performed a substantial part of their services within Reynoldsburg, the computation of the payroll factor according to the general rule would not properly reflect the amount of the taxpayer's business done within Reynoldsburg by its employees, the tax administrator may require the payroll factor to be computed on the basis of the amount of compensation paid for services performed within and without the City. In any such case, where an employee performed services both within and without Reynoldsburg, the amount treated as compensation for services performed within Reynoldsburg shall be deemed to be (a) in the case of an employee whose compensation depends directly on the volume of business secured by him, such as a salesman on a commission basis, the amount received by him for the business attributable to his efforts within Reynoldsburg; (b) in the case of an

employee whose compensation depends on other results achieved, the proportion of his services within Reynoldsburg bears to the value of all his services; and (c) in the case of an employee compensated on a time basis, the proportion of the total amount received by him which the working time employed in Reynoldsburg bears to the total working time.

(c) General Executive Officers. Personal service compensation paid to general executive officers of the taxpayer for acting as such should not be included in the computation of the payroll factor.

(d) General Executive Officers include the chairman, president, vice president, secretary, assistant secretary, treasurer, assistant treasurer, comptroller, director and any other officer charged with and performing general executive duties of the corporation. An executive officer whose duties or services are primarily restricted to one place of business of the taxpayer, whether within or without Reynoldsburg, is not a general executive officer.

(e) In the case of unincorporated entities, an executive officer shall be deemed to be a partner, co-owner, proprietor or other active participant in the profit of the enterprise.

3. EXPLANATION OF "SALES FACTOR". The percentage of the taxpayer's gross receipts is determined by ascertaining the percentage which the gross receipts of the taxpayer from sales within the City of Reynoldsburg, plus the gross credits or charges for work done and performed or services rendered (if not included in sales) in the City of Reynoldsburg, bears to the total gross receipts from sales wherever made plus the total gross credits or charges for work done and performed or services rendered. "Within the City" sales shall be deemed to include:

(a) All sales of tangible personal property delivered to purchasers within the city if shipped or delivered from an office, store, warehouse, factory, or place of storage located within the city;

(b) All sales of tangible personal property delivered to purchasers within the City even though transported from a point outside the city if both of the following conditions are present;

(c) If the taxpayer is regularly engaged through its own employee in the solicitation or promotion of sales within the city, and

(d) The sale is directly or indirectly the result of the taxpayer's activities within the city in soliciting or promoting sales;

(e) All sales of tangible personal property shipped from an office, store, warehouse, factory, or place of storage within the city to purchasers in other cities, if

(f) The taxpayer is not, through its own employees, regularly engaged in the solicitation or promotion of sales in such other cities or

(g) Even if it is so engaged, if the sales are not directly or indirectly attributable to such activities.

(h) In the application of the foregoing provision, a carrier shall be considered the agent of the seller, regardless of the f.o.b. point or other conditions of the sales.

D. Adding together the percentage determined in accordance with subparagraphs C1, 2, and 3 above, or such of the aforesaid percentages as shall be applicable to the particular taxpayer's business, and dividing the total so obtained by the number of percentages used in deriving said total.

E. However, if one of the factors (property, receipts or payroll) is missing, the other two percentages are added and the sum is divided by two, and if two of the factors are missing the remaining percentage is the business allocation percentage. A factor is not to be deemed missing merely because all property, or the expenditures of the taxpayer for payrolls, or the gross receipts of the taxpayer, are found to be situated, incurred or received either entirely within or entirely without, the City of Reynoldsburg.

F. Provided, however, that in the event a just and equitable result cannot be obtained under the formula or separate accounting method provided for, the Board of Review, upon application of the taxpayer or the tax administrator shall have the authority to substitute factors or methods calculated to effect a fair and proper allocation. Application shall be in writing, shall state the specific grounds upon which the substitution is requested and the relief sought to be obtained. A copy thereof shall be served at the time of filing upon the taxpayer or tax administrator, as the case may be. No specific form will be followed in making such application other than is provided herein at Regulation or in the Rules of the Board of Review.

**REGULATION 9
CODE SECTION 191.04
ON WHAT EARNINGS OR NET PROFITS
IS TAX FIRST LEVIED**

The tax referred to in Regulation 2 shall first be levied, collected and paid with respect to salaries, wages, bonuses, incentive payments, commissions, fees and/or other compensations earned at the rate specified in Code Section 191.02.

The tax referred to in Regulation 3-7 with respect to net profits of trades, businesses, professions, enterprises, undertakings, and other activities shall first be levied, collected and paid with respect to such net profits earned or accrued at the rate specified in Code Section 191.02.

Where the fiscal year of a trade, business, profession, enterprise, undertaking and/or other activity differs from the calendar year, the tax shall be applicable to the net profits of the fiscal year.

A fiscal year will be recognized only if it ends on the last day of some calendar month, other than December 31, and has been accepted by the Internal Revenue Service for the purpose of Federal Income Tax.

**REGULATION 10
SUMMARY
NET BUSINESS PROFITS**

In amplification of the definitions contained in Code 191.01(l), but not in limitation thereof, the following additional information and requirements respecting net business profits are furnished.

A. Where necessary to properly reflect income, inventories must be used. The basis of pricing used for the purpose of Federal Income Tax must be used in each instance.

B. Where the books and records are kept on an "accrual basis", "long-term contract basis" or "installment basis" and is used in filing of Federal Income Tax Returns, such basis must be used for the purpose of this tax.

C. If the return is made on a "cash basis", gross profit shall include receipts from commissions, fees, etc., as well as the gross profit or loss from sales of merchandise, chattels, goods, wares, securities, notes, choses-in-action and services, except as hereinafter provided.

D. If the return is made on an "accrual basis", gross profit shall include (1) commissions, fees, etc., plus (2) the gross profit or loss from sales of merchandise, chattels, goods, wares, securities, notes, choses-in-action and services, except as hereinafter provided.

E. From gross profit there shall be subtracted allowable expenses to arrive at the net profits subject to tax.

F. All ordinary and necessary expenses of doing business, including reasonable compensation paid employees, shall be allowed (but no deduction may be claimed for "salary" or withdrawals of a proprietor or of the partners, members or other co-owners of an unincorporated business or enterprise).

G. If not claimed as part of the cost of goods sold or elsewhere in the return filed, there may be claimed and allowed a reasonable deduction for depreciation, depletion, or obsolescence of property used in the trade of business, but the amount may not exceed that recognized for the purpose of the Federal Income Tax. However, loss on the sale,

exchange or other disposition of depreciable property and real estate used in taxpayer's business, shall not be allowed as a deductible expense.

Emergency facilities previously amortized (under the provisions of the Internal Revenue Code) and which are still in use, may be depreciated at the normal rate providing no charge for such amortization has been included in any previous year's returns. Emergency facilities being currently amortized under the provisions of the Internal Revenue Code, if recognized as such for Federal Income Tax purposes, may be included as an expense deduction hereunder.

H. Bad debts in a reasonable amount may be allowed in the year ascertained worthless and charged off, or at the discretion of the tax administrator (if the reserve method is used), a reasonable addition to the reserve may be claimed, but in no event shall the amount allowed exceed the amount recognized as a deduction for the purpose of Federal Income Tax.

I. Taxes. Only taxes directly connected with the business may be claimed as a deduction. If for any reason the income from property is not subject to tax, then the tax on said property is not deductible. In any event, the following taxes are not deductible from income:

1. The tax under the Ordinance;
2. Any Federal taxes based upon income;
3. Gifts, estates or inheritance taxes, and
4. Taxes for local benefits or improvements to property which tend to appreciate the value thereof.
5. State of Ohio Tax attributable to income.

J. Capital gains and losses, including gains or losses from the sale, exchange, or other disposition of depreciable business property, and real property used in the taxpayer's trade or business, shall not be taken into consideration in arriving at "net profits earned".

K. If the taxpayer is a non-resident, only the amount of net profits applicable to the activities of the business in Reynoldsburg shall be subjected to tax. See Regulation 4. If the non-resident taxpayer's records do not disclose the actual net profits for the Reynoldsburg branch, office, store, or activity separately, then the basis for allocation shall be disclosed in the return. If such basis of allocation is not deemed correct, in view of all the known circumstances, the tax administrator will make a re-allocation based upon gross receipts or any other basis or bases which shall, under the circumstances of the case, more accurately reflect the net profits.

L. In general, all business expenses recognized and to the extent allowed as such for the purpose of determining Federal Income Tax will be recognized and allowed for determining Reynoldsburg Income Tax under the provisions of the Chapter. However, all expenses connected with the acquisition or carrying of securities, the income from which is not recognized as taxable under the Chapter may not be deducted in

determining taxable net profits hereunder.

M. In general, unearned income, investment income as contrasted with earned income, is not to be included in computing the tax levied hereunder. Income from intangibles by way of dividends, interest and the like, should not be included if such income is subject to taxation under the Intangible Personal Property Tax Laws of the State of Ohio, or is specifically exempted from taxation under said laws.

N. For the purpose of determining whether or not rental or leased property is subject to the tax, the following will apply:

1. Rentals received by the taxpayer in the rental, ownership, management or operation of any real properties, regardless of number and value, 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 case of commercial property, the owner 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. Further, 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. Further, the person who operates a rooming house of five or more rooms rented shall be considered in business. Net profits is taxable income and should be included in additional income; however, a net loss may not be deducted from an individual's W-2 wages, salaries, commissions, and/or other compensation.
2. Rentals received by a taxpayer engaged in the business of buying and selling real estate shall be considered as part of business income.
3. Real property, as the term is used in this regulation, shall include commercial property, residential property, farm property, and any and all other types of real estate.
4. In determining the taxable income from rentals, the deductible expenses shall be of the same nature, extent and amount as are allowed by the Internal Revenue Service for federal income tax purposes.
5. Residents of this municipality are subject to taxation upon the net income from rentals, regardless of the location of the real property owned.
6. Non-residents of this municipality are subject to such taxation only if the real property is situated within this municipality.
7. Corporations owning or managing real estate are taxable only on that portion of income derived from property located in this municipality.

O. Patents and Copyrights: Income from patents or copyrights is not to be included.

P. Employees who are required to incur expenses by their employer in pursuit of their employment are permitted to deduct such expenses from their gross income in computing the amount of income subject to the tax. Any reimbursement for such expenses shall be included as income. The deductible expenses shall be limited to those allowed by the Internal Revenue.

Q. The ordinary income portion of a stock option or employee stock purchase plan is subject to the tax as a salary, wage, commission, or other compensation to the extent that it is includible on the taxpayer's federal tax return.

R. Supplemental Unemployment Benefit payments (SUB Payments) are subject to the tax as a salary, wage, commission, or other compensation to the extent that they are includible on the taxpayer's federal income tax return.

S. Beginning with tax years commencing after December 31, 1982, the net profits and losses sustained by taxpayer from business activities or investments otherwise subject to the tax, other than from the taxpayer's principal source of income, shall be aggregated for each of the taxpayer's tax years. If the result of such aggregation is a net profit, tax will be imposed and paid on that net profit. If the result of such aggregation is a net loss, the net loss may not be carried forward to any of the succeeding years to be used against an aggregate net profit.

REGULATION 11 RECONCILIATION WITH FEDERAL RETURN

Except in the case of separate accounting, the figures of total income, total deductions and net profit shall be as indicated by the Federal tax returns. However, such items of income and expenses as are not subject to the Reynoldsburg tax shall be deducted from, or added to, the Federal taxable income setting forth such items in Schedule "X".

If, as a result of a change made in taxable income by the Internal Revenue Service or by a judicial decision, an additional amount will result as owing to the City of Reynoldsburg, a report of such change shall be filed by the taxpayer within three (3) months after final determination of the federal tax liability. Neither penalty nor interest shall be assessed on any additional tax assessment resulting from a federal audit if an amended return is filed and the additional tax paid within such three (3) months.

REGULATION 12 CODE SECTION 191.05 RETURN AND PAYMENT

A. On or before each April 15, every taxpayer engaged in any business (as defined in

Regulation 1), the net profits of which are subject in whole or in part to the tax imposed by the Chapter, shall make and file with the City Auditor a return on a form furnished by or obtainable from the City Auditor. Thereafter, each such taxpayer shall, on or before April 15 of each subsequent year, make and file a return with the Auditor. Like returns shall be filed at the same time and in the same manner by all persons whose wages, salaries, bonuses, incentive payments, commissions, fees and other compensation received during the preceding taxable year are subject to the tax imposed by the Chapter.

Any person who received both compensation for services performed for an employer, in whatsoever form, and in addition received income from any business activity or occupation not subject to withholding under the Chapter must file a declaration and an annual return.

Each person of the City of Reynoldsburg, 18 years of age or older, shall be required to file a Reynoldsburg City Income Tax Return, on or before April 15, as stated above. However, if a taxpayer's entire income is from social security benefits, interest, dividends, pensions or permanent disability, the taxpayer need not file a return. When the return is made for the fiscal year or other period different from the calendar year, the return shall be made on or before the fifteenth day of the fourth month after the close of such fiscal year or other period.

B. In all annual returns hereunder, there shall be set forth aggregate amounts of salaries, wages, bonuses, incentive payments, commissions, fees and other compensation and/or net profits earned (all as hereinbefore defined) during the preceding year and subject to said tax, together with such information as the Tax Administrator may require.

C. The return shall also show the amount of the tax imposed by the Chapter on such income, or net profits, or both. See Regulation 17 as to fractional parts of a cent.

D. The taxpayer making the return shall at the time of filing thereof, pay to the City Auditor the amount of tax shown to be due and unpaid by the return. Should it appear the taxpayer has overpaid the amount of tax to which the City of Reynoldsburg is entitled under the provisions of the Ordinance, such overpayment shall be shown. Such overpayment will be applied against any subsequent liability, or at the election of the taxpayer may be refunded. Additional taxes or refunds of less than one dollar (\$1.00) will not be collected nor refunded. A Form 1099G will be issued each taxpayer receiving a refund.

E. For payment of tax in quarterly installments, see Regulation 18.

F. Where any portion of the tax otherwise due shall have been deducted at the source and shall have been paid to the City Auditor by the person making the said deduction, a credit equal to 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 the filing of the said

return. Failure to file a Reynoldsburg City Income Tax Return by a resident of the City of Reynoldsburg, whether or not a tax is due, shall result in a \$25.00 fine in addition to interest and penalties assessed due to nonfiling. Failure to file a city income tax return with the City of Reynoldsburg shall be considered a misdemeanor in the third degree and may result in said taxpayer being fined not more than \$500.00 and 60 days in jail or both. Each subsequent violation shall result in a misdemeanor in the first degree and may result in a fine of not more than \$1000.00 or 6 months in jail, or both.

G. Extension of time for filing returns. Taxpayers granted extensions of time for filing their federal income tax returns have automatic extensions of time for filing their City of Reynoldsburg Income Tax Returns, provided the following conditions are met. If the extension granted by IRS is the automatic extension, a copy of the federal extension application must be submitted with the Reynoldsburg return. If the federal extension is not automatic, a copy of the approved federal extension must be submitted to the City of Reynoldsburg with the return.

The extended date for filing the Reynoldsburg return will be the same as the extended date on the federal form regardless of the original due date of the tax return. Interest at the rate of 1.5% per month or portion thereof will be charged from the original due date of the return until date of actual payment, provided payment in full is received on or before the extended date.

H. If a taxpayer fails to file a tax return by the extended date, penalty and interest will be assessed from the original due date of the return.

I. For requirements in case Federal tax liability is changed, see Regulation 11.

**REGULATION 13
CODE SECTION 191.07
COLLECTION AT SOURCE**

A. It is the duty of each employer having a place of business within the City of Reynoldsburg who or which employs one or more persons on a salary, wage, commission or other compensation basis to deduct, each time any such payment is made to an employee subject to the Chapter, the tax as imposed in Section 191.02. The tax shall be deducted by the employer from:

1. The gross amount of all salaries, wages, bonuses, incentive payments, commissions or other form of compensation paid to employees who are residents of the City of Reynoldsburg, regardless of the place where the services are rendered; and
2. All compensation paid to employees who are non-residents of the City of Reynoldsburg for services rendered, work performed, or other activities engaged in to earn such compensation, within the City of Reynoldsburg.

B. All employers who or which maintain an office or other place of business in Reynoldsburg are required to make the collections and deductions in this Article specified, regardless of the fact that the services on account of which any particular deduction is required as to residents of the City of Reynoldsburg, were performed at a place of business of any such employer situated outside the City of Reynoldsburg.

Employers and/or solicitors who do not maintain a permanent office or place of business in the City of Reynoldsburg, but who are subject to tax on net profits attributable to Reynoldsburg under the formula or separate accounting method provided for in the Chapter are considered to be employers within the City of Reynoldsburg subject to the requirements of withholding.

C. The mere fact that the tax is not withheld will not relieve the employee of the responsibility of filing a return and paying the tax on the compensation received.

D. Such employers shall deduct the 1.5% of gross salaries, wages, commissions or compensation due by any employer to an employee and shall, on or before the last day of the month following the close of each calendar quarter, make a return and pay to the City Auditor, or any other person or governmental agency designated by a contract approved by Council to administer the tax imposed by this Chapter. (See Regulation 14).

E. Commissions and fees paid to professionals, brokers, and others who are independent contractors and not employees of the payer, are not subject to withholding or collection of the tax at the source. Such taxpayers must in all instances file returns and pay the tax pursuant to the provisions of the Chapter.

F. In the case of employees who are non-residents of Reynoldsburg, the amount to be deducted is that imposed at Section 191.02 B of the Chapter.

Where a non-resident receives compensation for personal services rendered or performed partly within and partly without Reynoldsburg, the withholding employer shall deduct, withhold and remit the tax on that portion of the compensation which is earned within Reynoldsburg in accordance with the following rules of apportionment.

1. If the non-resident is a salesperson, agent or their employee whose compensation on the basis of commissions depends directly on the volume of business transacted by him or her, the deducting and withholding shall attach to the portion of the entire compensation which the volume of business transacted by the employee within the City of Reynoldsburg bears to the volume of business transacted by him within and outside of the City of Reynoldsburg.

2. The deducting and withholding of personal service compensation of all other employees (including officers of corporations) shall attach to the portion of the personal service compensation of such employee which the total number of working

days employed within the City of Reynoldsburg bears to the total number of working days employed within and outside the City of Reynoldsburg.

3. If it is impossible to apportion the earnings as provided above, because of (a) the peculiar nature of the service of the employee, or (b) the unusual basis of compensation, apportionment shall be made in accordance with the facts and the tax deducted and withheld accordingly. With respect to each such employee (or group of employees similar or identical in circumstances) the employer shall furnish the Administrator a detailed statement of facts.

4. The occasional entry into the City of Reynoldsburg of a non-resident employee who performs the duties for which he or she is employed entirely outside the City, but enters the city for the purpose of reporting, receiving instructions, accounting, etc., incidental to duties outside the City, shall not be deemed to take such employee out of the class of those rendering their services entirely outside the City.

G. An employer shall withhold the tax on the full amount of any advances made to an employee on account of commissions (whether by way of drawing account or otherwise -- see paragraph H below) where such advances are in excess of commissions earned.

H. An employer required to withhold the tax on compensation paid to an employee shall, in determining the amount on which the tax is to be withheld, ignore any amount allowed and paid by the employer to the employee for expenses necessarily and actually incurred by the employee in the actual performance of his services. Provided, that such expenses must be of the kind and in the amount recognized and allowed as deductible expenses for Federal Income Tax purposes.

**REGULATION 14
CODE SECTION 191.07
RETURNS OF TAX WITHHELD AND PAYMENT**

The employer (in addition to any return required to be filed with respect to his own earnings or net profits) shall, on or before the last day of the month next following each quarterly period, make a return and pay to the City Auditor the full amount of the tax so deducted or withheld with respect to compensation paid all of his employees subject to the tax under the Chapter.

However, any employer who deducts taxes in the amount of One Thousand Dollars (\$1,000.00) or more per week or bi-monthly shall remit to the City Auditor on or before the 3rd working day following the end of such period, the taxes so deducted for this period. Any employer who deducts taxes in the amount of \$1,000.00 or more per month shall remit to the City Auditor on or before the 15th working day following the end of the month such taxes which were withheld. Such remittance may be based on an estimate made by the employer of the employer's most recent payroll.

The return required to be filed under this Article shall be made on a form furnished by or obtainable from the City Auditor.

On or before the 28th day of February each year (unless written request for extension is made to and granted by the Tax Administrator) following any calendar year in which such deductions have been made by an employer, such employer shall file with the City Auditor, in the form prescribed by the City Auditor, an information return for each employee from who City of Reynoldsburg income tax has been withheld, showing the name, address and Social Security number of the employee, the total amount of compensation paid during the year and the amount of City of Reynoldsburg income tax withheld from such employee.

For the convenience of employers, the information return may be made in one of two ways at the election of each employer, as follows:

1. Those employers using Form W-2 furnished commercially, may submit a copy of such Commercial Form W-2 providing such Commercial Form W-2 meets the requirements of the Internal Revenue Service, and the copy furnished the City of Reynoldsburg clearly shows gross wages paid and Reynoldsburg Income Tax withheld.

On the copy for the City of Reynoldsburg, the name Internal Revenue Service must not appear and, in no case, is this information to be furnished on the W-2 supplied by the Internal Revenue Service.

2. Where the furnishing of this information as above indicated will create a distinct hardship, the employer, upon written request to the Tax Administrator, may be permitted to furnish a list of all employees subject to the tax, which list shall show the employee's full name, last known address, Social Security number, gross amount of compensation paid during the year and the amount of City of Reynoldsburg income tax withheld. Such list may be compiled on any mechanical equipment presently used by the employer, but provision must be made for spacing equal to at least three lines between each name. The employer's name must be indicated on each sheet, each sheet must be numbered, and the total number of sheets comprising the complete report indicated on the first page.

The gross compensation to be reported for each employee shall be for the full twelve calendar months of the year or such portion thereof as the employee reported on was employed.

In addition to such information returns, and at the time the same are filed, such employer shall file with the City Auditor, a Reconciliation of Return of Income Tax Withheld, to enable the Tax Administrator to reconcile the sum total of compensation paid and taxes withheld as disclosed by information return W-2, or list, and prior returns and remittances made pursuant to the Ordinance.

For adjustments of errors in returns of tax withheld by employers see Regulation 23.

**REGULATION 15
LIMITATION ON CREDIT FOR TAX
PAID AT SOURCE**

The failure of any employer, residing either within or outside the City of Reynoldsburg, to collect the tax prescribed herein shall not relieve the employee from the payment of such tax in compliance with these regulations respecting the making of returns and the payment of taxes.

**REGULATION 16
STATUS AND LIABILITY OF EMPLOYERS**

Every employer is deemed to be a Trustee of the City of Reynoldsburg in collecting and holding the tax required under the Chapter to be withheld, and funds so collected by such withholding are deemed to be trust funds.

Every such employer required to deduct and withhold the tax at the source is liable directly to the City for the payment of such tax, whether actually collected by such employer or not.

**REGULATION 17
FRACTIONAL PARTS OF CENTS**

In deducting and withholding the tax at source and in the payment of any tax due under the Chapter, a fractional part of a cent shall be disregarded unless it amounts to one-half cent or more, in which case it shall be increased to one cent.

**REGULATION 18
CODE SECTION 191.08
DECLARATIONS**

A. All taxpayers, as defined in the Chapter and in these Regulations, subject to the taxes imposed by Section 191.02 of the Chapter and every taxpayer who anticipates any income or net profits not subject to total withholding as provided in the next preceding paragraph shall file with the City Auditor a Declaration of Estimated Income as follows:

1. On or before the 15th day of the fourth month following the close of each taxpayer's tax year, a declaration of estimated income for the current tax year must be filed with the City Auditor. Payment of amounts of tax estimated due on estimated income shall be made in an amount equal to at least $\frac{1}{4}$ (one-fourth) of the

total tax estimated to be due on April 15th, June 30th, September 30th, and December 15th if the taxpayer is on a calendar year basis. Taxpayers on a fiscal year basis must file their declaration of estimated tax and pay the amount due thereon in a manner commensurate with calendar year taxpayers.

2. However, if any such taxpayer shall, on or before any such payment date, file an amended declaration showing an increase or decrease of the estimated tax, the installments then and thereafter due shall be increased or decreased in such a manner that the whole of the estimated tax shall be fully paid on or before the fifteenth (15th) day of the last month within the taxpayer's tax year.

B. The declaration so required shall be filed upon a form furnished by or obtainable from the City Auditor. Taxpayers required to file an estimate for Federal Income Tax purposes should, in making the declaration required hereunder, use the same figures for their Reynoldsburg declaration providing such figures have been adjusted to exclude such items of income and expense which are not subject to taxation under the Ordinance. Corporations and others not required to file a declaration for Federal Income Tax purposes shall nevertheless file the declaration required hereunder, in which case only those items of income and expense as are taxable under the Chapter shall be included.

1. If the estimated tax amounts to less than One Hundred Dollars (\$100.00), no declaration or payment of estimated tax is required.

C. Any estimate filed hereunder may be amended by the filing of an amended estimate at the time prescribed for the payment of any installment of tax paid.

D. A declaration of estimated tax which is less than 80% of the tax as shown on the final return shall not be considered filed in good faith. The difference between the estimate and the tax as shown on the final return shall be subject to penalties and interest as provided for in Code Section 191.18.

REGULATION 19
CODE SECTION 191.10
DUTIES OF THE TAX ADMINISTRATOR

The Tax Administrator is required:

A. To collect and receive the tax imposed under the Chapter;

B. To keep an accurate record showing the amount received from each taxpayer and withholding employer and the date of said receipts.

C. Subject to the approval of the City Auditor and the Board of Review, to adopt and promulgate, and to enforce, rules and regulations relating to any matter or thing

pertaining to the administration and enforcement of the provisions of the Chapter, including provisions for the re-examination and correction of returns and payments.

REGULATION 20 REGULATIONS-RULINGS

A. Under the powers given the Tax Administrator, these Regulations are issued. Additional regulations and rulings will be issued from time to time as circumstances may demand.

B. These Regulations, together with all amendments and supplements thereto and all changes therein, will be on file with the Clerk of Council of the City of Reynoldsburg, Ohio, and will be open to public inspection. Copies thereof will, so far as possible, be available to all taxpayers, employers or their representatives upon request.

C. Any taxpayer or employer desiring a specific ruling should submit all of the facts involved, in writing, together with a concise statement of the subject matter of the ruling sought, to the Tax Administrator.

REGULATION 21 INVESTIGATIVE POWERS OF THE AUDITOR

The City Auditor personally, or his agents or employees, is authorized and empowered to examine the books, papers, records and federal income tax returns of any employers, or supposed employer, or any taxpayer, or supposed taxpayer, in order to verify the accuracy of any return made; or, if no return was made, to ascertain the tax imposed by the Chapter.

Every employer or supposed employer, and every taxpayer or supposed taxpayer, is required to furnish to the City Auditor or his duly authorized agents and employees the means, facilities and opportunity for such examinations, investigations and audits as are authorized in and by the Chapter.

The City Auditor is further authorized and empowered to examine under oath any person concerning any income which was or should have been returned for taxation, and to this end the City Auditor has the right and power to compel the production of books, papers, records and Federal Income Tax returns and the attendance of all persons before him or her, whether as parties or witnesses, whom he or she believes to have knowledge of such income.

Refusal of any such examination by any employer or person subject to the tax, or presumed to be such employer or person so subject, constitutes a first degree misdemeanor punishable by fine or imprisonment or both. See Section 191.14.

REGULATION 22
RECORDS TO BE KEPT BY EMPLOYERS AND TAXPAYERS

Employers and others subject to the tax under the Chapter are required to keep such records as will enable the filing of a true and accurate return, whether taxes withheld at source or of taxes payable upon earnings or net profits, or both, and such records are to be preserved for a period of five years from the date the tax is due and payable or is received, whichever is the later date, to enable the City Auditor or any agent or employee of the City Auditor to verify the correctness of the returns filed.

REGULATION 23
CODE SECTION 191.15
COLLECTION OF DEFICIENCIES-ALLOWANCE OF CREDIT FOR OVERPAYMENT

If, as a result of investigation conducted by the City Auditor, a return is found to be incorrect, the City Auditor, or his representative, is authorized to assess and collect any underpayment of tax withheld at source or any underpayment of tax owing by any taxpayer with respect to earnings or net profits, or both. However, deficiencies in tax of less than one dollar will not be collected (See Regulation 12). If no return has been filed and a tax is found to be owing, the tax actually owing may be assessed and collected with or without the formality of obtaining a delinquent return from the employer or taxpayer.

Should it be disclosed, either as a result of an investigation by the City Auditor, or his representative, or through the medium of the filing of a claim or petition for refund or credit, that an overpayment has been made, the City Auditor shall refund or transfer such overpayment. However, refunds of tax of less than one dollar will not be made (Regulation 12).

The employer will in every instance be required to pay the full tax which should have been withheld, even though he may fail to withhold from the employee. If too much has been withheld, the excess shall be refunded by the employer to the employee. While the withholding agent (employer) will be expected to maintain complete records of such adjustments with the employees, any such adjustment made during any month will not need to be reflected in the withholding return or disclosed by schedules or statements thereto attached. However, where adjustments are made between employer and employee, disclosure shall be made in a statement supporting the annual schedule or schedules filed pursuant to Regulation 15 of these Regulations.

In those cases in which too much has been withheld by an employer from an employee and remitted to the City Auditor and there has been a termination of the employee-employer relationship, the taxpayer (employee) may obtain an adjustment by application to the City Auditor, except that refunds will be made subject to O.R.C. 718.06. See Section 191.06 of the Chapter.

REGULATION 24
CODE SECTION 191.12, 191.99
PENALTY FOR DIVULGING CONFIDENTIAL INFORMATION

Tax returns, and all audits connected therewith, are confidential. Any information gained by the City Auditor, his or her agents or employees, or by any other official or agent of the City as a result of any returns, investigations, hearings, or verifications required or authorized by the Ordinance, shall be held confidential, except for official purposes and except in accordance with proper judicial order, or as otherwise provided by law. Violation of this provision in the Ordinance constitutes a third degree misdemeanor. Every such breach of confidence constitutes a separate offense. Such violation will result in the immediate termination of employment.

REGULATION 25
CODE SECTION 191.18
INTEREST AND PENALTIES

All taxes imposed by the Chapter remaining unpaid after they become due shall bear interest and penalty as set forth at Section 191.18 and 191.181 of the Chapter.

All taxes imposed by the Chapter remaining unpaid when the same have become due, together with all interest and penalties thereon, become a debt due the City of Reynoldsburg from the taxpayer, and are recoverable as other debts by suit instituted by the City Attorney.

Employers who or which, although obliged under the Chapter to withhold and remit to the City Auditor the taxes required to be withheld at the source (Regulation 14), shall fail to so withhold and/or remit, shall become liable to the City in a civil action to enforce the payment of the debt created by such failure.

Any resident of the City of Reynoldsburg, failing to file a Reynoldsburg City Income Tax Return each year, shall be liable to a \$25.00 penalty whether or not tax is due the City of Reynoldsburg. This penalty is in addition to penalties and interest assessed due to late filing.

Except in the case of fraud, or omission of a substantial portion of income subject to this tax, an additional assessment will not be made after three (3) years from the time of payment of any tax due hereunder, provided, however, in those cases in which the Commissioner of Internal Revenue and the taxpayer have executed a waiver of the Federal statute of limitation, the period within which an additional assessment may be made by the City Auditor shall be three years from the time of the final determination of the federal tax liability. And, except further that...

Taxes erroneously paid shall not be refunded unless a claim for refund is made within three (3) years from the time of payment thereof, or within three (3) years after final

determination of the federal tax liability.

REGULATION 26
CODE SECTION 191.99
CRIMINAL PENALTY

Any person, firm or corporation who fails, neglects or refuses to make any return or declaration required by the Chapter and any taxpayer who fails, neglects or refuses to pay the tax, interest or penalties imposed by the Chapter and any person who refuses to permit the City Auditor or his representative or employee to examine books, records and papers, or who attempts to do anything whatsoever to avoid the payment of the whole or part of the tax, is guilty of a third degree misdemeanor and may result in imposing a \$500 fine or 60 days in jail, or both for the first offense. Subsequent violations of this nature will result in the taxpayer being guilty of a first degree misdemeanor and may result in imposing a \$1,000 fine or 6 months in jail, or both.

The failure of any firm or corporation or person to receive or procure returns, declarations or other forms is not an excuse for failure to make any declaration or return, or to pay the tax.

Agents and employees charged with the duty of inspection or auditing of records of employers and taxpayers will carry proper identification, which shall be subject to examination by any person whose records are sought to be examined.

The penalties provided in this section are in addition to and not exclusive of the penalties provided by all pertinent criminal statutes of State of Ohio, and to the civil remedies provided in the Chapter.

Prosecutions under the Chapter must be commenced within three (3) years from the time of the offense complained of.

REGULATION 27
CODE SECTION 191.20
BOARD OF REVIEW

A Board of Review, known as Income Tax Board of Review, consisting of three members to be appointed as follows: One member to be appointed by the Mayor; one member to be appointed by a majority vote of Council; and one member to be appointed by the City Auditor. The function of this Board is to hear and pass on appeals from any ruling or decision of the Administrator which is made by him or her pursuant to the authority conferred upon him or her by the Chapter and/or these Regulations.

Such appeal may be filed by any taxpayer or employer, and must be filed with the Secretary of the Board within thirty (30) calendar days from the announcement of the

Administrator's ruling or decision with which such person is dissatisfied.

The Board of Review, acting by a majority vote of its three members, may affirm, modify, or reverse, in whole or in part any such ruling or decision of the Administrator.

The public will be excluded from such hearings. All provisions in the Chapter relative to the confidential character of tax data are applicable to proceedings pending before or submitted to the Board.

A majority of the Board members constitutes a quorum for any action by or hearing before the Board, or for any other purpose.

A record must be kept of all the Board's transactions.

REGULATION 28 PROCEDURAL RULES OF BOARD OF REVIEW

The Board of Review will adopt rules governing its procedure and the procedure which shall prevail in hearings before it.

The procedural rules so adopted shall be filed with these Regulations in the Office of the Clerk of Council and shall be available for inspection and examination by any interested person. Copies of the procedural rules shall be furnished on request to any interested person.

REGULATION 29 CODE SECTION 191.15 CREDITS

A. Resident individuals of Reynoldsburg who are required to pay and do pay tax to a municipality other than Reynoldsburg on salaries, wages, commissions, other compensation for work done or services performed outside Reynoldsburg or net profits from businesses, professions or other activities conducted outside Reynoldsburg, may claim a credit of the amount of tax paid by them or on their behalf to such other municipality to the extent of the tax imposed by this Chapter on such income not to exceed the Reynoldsburg tax on such income. A return must be filed for the purpose of claiming such credit or allowance, together with such evidence of the payment of a similar tax to the municipality in which such resident has a liability of income tax as the Tax Administrator may require.

REGULATION 30 APPLICABILITY

The Chapter is inapplicable to any person or corporation upon whom or which it is beyond the legal power of Council to impose the tax; it is likewise inapplicable as to any property, income or profits (or part thereof) as to which it is beyond the legal power of Council to levy the tax.

SUPPLEMENT TO CODE SECTION 191.02

In accordance with Ohio Revised Code 718, 2106 deductions are only adjustments to city tax return income. Schedule A deductions are not allowable deductions on city tax return.

Federal Form 2106 deductions are allowed to be deducted from salaries, wages, bonuses, incentive payments, etc., however, employees must use the adjusted gross when taking credit for taxes paid another municipality.