

**VILLAGE OF PIKETON
INCOME TAX ORDINANCE
(Current version passed February 2006)**

SECTION 1	Definitions
SECTION 2	Imposition of tax
SECTION 3	Allocation of net profits
SECTION 4	Levy of Tax
SECTION 5	Return and payment of tax
SECTION 6	Amended return and refunds for overpayment
SECTION 7	Collection at source
SECTION 8	Declarations
SECTION 9	Duties of Clerk-Treasurer
SECTION 10	Duties and investigative powers of Clerk-Treasurer
SECTION 11	Tax information confidential
SECTION 12	Collection of unpaid taxes; refunds for overpayment
SECTION 13	Credit for tax paid to another municipality
SECTION 14	Exemptions
SECTION 15	Contract provisions
SECTION 16	Interest and penalties
SECTION 17	Allocation of funds
SECTION 18	Board of Review
SECTION 19	Violations
SECTION 20	Collection of tax after termination of ordinance
SECTION 21	Savings Clause
SECTION 22	Rules and regulations
SECTION 99	Penalty

SECTION 1 – DEFINITIONS

For the purpose of this ordinance, the following definitions shall apply unless the context clearly indicates or requires a different meaning. The singular shall include the plural; the masculine gender shall include the feminine and the neuter genders.

ADJUSTED FEDERAL TAXABLE INCOME - 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 definition is effective for tax years beginning on or after September 1, 2005.

ASSOCIATION - 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 - The Board created by and constituted as provided in Section 18 of the ordinance.

BUSINESS - 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.

CORPORATION - A corporation (not including S Corporations as defined in the federal tax code, 26 U.S.C. 1361), 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 -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, salary, commissions or other type of compensation in the service and under the control of an employer.

EMPLOYER - An individual, partnership, association, corporation, governmental body, unit or agency or any other entity, whether or not organized for profit, that employs one or more persons on an income, salary, wage, commission, or other compensation basis.

FISCAL YEAR - An accounting period of 12 months or less ending on any day other than December 31.

Generic form - A n electronic or paper form designated 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 Village of North Kingsville's regular tax return and estimated payment forms and refund request forms, and are in a similar format that will allow processing of the generic forms without altering the Village's procedures for processing forms.

GROSS RECEIPTS - The total revenue derived from sales, work done, or service rendered.

Income - All monies, subject to limitations imposed by ORC 718, derived from any source whatsoever, including but not limited to:

(1) All income, qualifying wages, commissions, other compensation and other income from whatever source received by residents of The Village of Piketon.

(2) All salaries, wages, commissions, other compensation and other income from whatsoever source received by nonresidents for work done or services performed or rendered or activities conducted in The Village of Piketon.

(3) The portion attributable to the Village of Piketon of the net profits of all unincorporated businesses, associations, professions, corporations, or other entities, from sales made, work done, services performed or rendered, and business or other activities conducted in The Village of Piketon.

NET PROFITS - See "adjusted federal taxable income".

NONRESIDENT INDIVIDUAL - An individual who is not domiciled in the Village of Piketon.

NONRESIDENT UNINCORPORATED BUSINESS ENTITY - An unincorporated business entity not having an office or place of business within the Village.

PERSON - Every natural person, partnership, fiduciary, association or corporation. Whenever used in any clause prescribing and imposing a penalty, the term as applies to any unincorporated entity shall mean the parties or members thereof, and as applied to corporations, the officers thereof.

PLACE OF BUSINESS - 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.

QUALIFYING WAGE - These are 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 "(including non-qualified deferred compensation and stock options)" 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 the Village of Piketon. This definition is effective January 1, 2005 for taxable years 2005 and later.

RESIDENT INDIVIDUAL - Any individual who is domiciled in the Village of Piketon.

RESIDENT UNINCORPORATED BUSINESS ENTITY - An unincorporated business entity having an office or place of business within the Village.

TAXABLE INCOME - Income, minus the deductions and credits allowed by this ordinance. (See "Income" definition.)

TAXABLE YEAR - The calendar year or the fiscal year upon the basis of 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 period for which such return is required to be made.

Taxpayer – A person, whether an individual, partnership, limited partnership, corporation, association, or other entity, required hereunder to file a return and/or pay a tax.

Village - The Village of Piketon, Ohio.

SECTION 2 – IMPOSITION OF TAX

To provide for the purposes of general Village operations, maintenance, new equipment and capital improvements of the Village, there is hereby levied a tax at the rate of 1% per annum on the following:

(A) On all income, qualifying wages, commissions and other compensation earned and/or received by residents of the Village. For clarification income includes, but is not limited to, lottery winnings, gambling and sports winnings, and winnings from games of chance.

(1) 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.

(2) If the taxpayer is not considered a professional gambler for federal income tax purposes, a deduction not to exceed \$5,000 shall be allowed. The deduction shall be the lesser of \$5,000, or the combined income from lottery, gambling and sports winnings, and games of chance. If said income is payable to the taxpayer in more than one year, the deduction applies only in the first year in which the income is received.

(B) On all income, qualifying wages, commissions and other compensation earned by nonresidents of the Village for work done or services performed or rendered in the Village. 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 Village.

(C) Net profits.

(1) On the net profits earned of all unincorporated businesses, professions, or other activities conducted by residents of the Village.

(2) On the net profits earned of all unincorporated businesses, professions, or other activities conducted in the Village by nonresidents.

(3) For the purposes of paragraphs (C)(1) and (C)(2) above, a non-resident association shall not be taxable as an entity, but any member thereof who is a resident of the Village shall be taxed individually on his share whether distributed or not, of the annual net profits

of the association, and any non-resident members thereof shall be taxed individually only on that portion of his share, whether distributed or not, of the annual net profits of the association as is derived from work done, services performed or rendered, and business or other activities conducted in the Village.

(D) On the net profits of all corporations, estates, and trusts, derived from work done or services performed or rendered and business or other activities conducted in the Village, whether or not such corporations, estates, and trust have their principal or any place of business located in the Village.

(E) The tax upon all of the income specified in paragraphs (A), (B), (C), and (D) hereof shall remain in effect for the purpose of filing returns and collection of the tax at the rate of 1% with regard to all income earned and/or received on and/or after September 1, 2005.

(F) (1) The Village of Piketon shall not tax the compensation of an individual if all of the following apply:

(a) The individual does not reside in the Village.

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

(c) In the case of an individual who is an employee, the principal place of business of the individual's employer is located outside the Village and the individual pays tax on compensation described in Section 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.

(d) 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 Village.

(2) Beginning with the thirteenth day an individual deemed to have been an occasional entrant to the Village performs services within the Village, the employer of said individual shall begin withholding the Village income tax from remuneration paid by the employer to the individual, and shall remit the withheld income tax to the Village 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 Village by the individual for the first twelve days.

(3) If the individual is self-employed, it shall be the responsibility of the individual to remit the appropriate income tax the Village.

(F) Exemptions.

The tax provided for herein shall not be levied on the following:

(1) The 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) The income of religious, fraternal, charitable, scientific, literary or 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 and only to the extent that the said income is exempt from federal income tax.

(3) Social security benefits, unemployment compensation (excluding supplemental unemployment compensation), payments from pension plans or similar payments, including disability payments received from private industry, or local, state, or federal governments, or from charitable, religious or educational organizations, and the proceeds of sick, accident, or liability insurance policies. The disability benefits excludable must be a permanent nature as determined by a physician or government entity.

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

(5) Income of any natural person under 18 years of age.

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

(7) Mentally retarded and developmentally disabled employees earning less than the minimum hourly wage while employed at government-sponsored sheltered workshops.

(8) Compensation paid to a precinct election official, to the extent that such compensation does not exceed \$1,000 annually.

(9) Receipts by bona fide charitable, religious and educational organizations and associations, when those receipts are from seasonal or casual entertainment, amusement, sports events and health and welfare activities when any such are conducted by bona fide charitable, religious or educational organizations and associations and only to the extent that the said income is exempt from Federal Income Tax.

(10) Gains from involuntary conversions, cancellation of indebtedness, items of income already taxed by the State of Ohio from which the Village is specifically prohibited from taxing and income of a decedent's estate during the period of administration (except such income from the operation of a business).

(11) Income, salaries, wages, commissions and other compensation and net profits, the taxation of which 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.

SECTION 3 – ALLOCATION OF NET PROFITS

(A) Net profit from a business or profession conducted both within and without the boundaries of the Village shall be considered as having a taxable situs in the Village for purposes of the tax in the same portion as the average ratio of:

(1) The average original cost of the real and tangible personal property owned or used by the taxpayer in the business or profession in the Village during the taxable period to the average original cost of all of the real and tangible personal property owned by the taxpayer in the business or profession during the same period, wherever situated. 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.

(2) Wages, salaries, and other compensation paid during the taxable period to persons employed in the business or profession for services performed in the Village to wages, salaries, and other compensation paid during the same period to persons employed in the business or profession, wherever their services are performed. Wages, salaries, and other compensation shall be included to the extent that they represent qualifying wages.

(3) Gross receipts of the business or profession from sales made and services performed during the taxable period in the Village to gross receipts of the business or profession during the same period from sales and services, wherever made or performed.

(B) In the event that the allocation formula in Section 5(A) does not produce an equitable result another basis (including books and records) may, under uniform regulations, be substituted so as to produce such result.

(C) As used in this ordinance, sales made in the Village mean:

(1) All sales of tangible personal property which is delivered within the Village regardless of where title passes if shipped or delivered from a stock of goods within the Village.

(2) All sales of tangible personal property which is delivered within the Village regardless of where title passes even though transported from a point outside the Village if the taxpayer is regularly engaged through its own employees in the solicitation or promotion of sales within the Village the sales result from such solicitation or promotion.

(3) All sales of tangible personal property which is shipped from a place within the Village to purchasers outside the Village 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 area where delivery is made.

SECTION 4 – LEVY OF TAX

(A) The income tax at the rate of 1% shall be levied, collected and paid with respect to the income, qualifying wages, commissions and other compensation earned on and/or after September 1, 2005 and with respect to the net profits of businesses, professions or other activities earned on and/or after September 1, 2005. Where the fiscal year of the business, profession or other activity differs from the calendar year, the tax at the rate of 1% shall be applied to that part of the net profits for the portion of the fiscal year occurring on and/or after September 1, 2005.

(B) Where the fiscal year of business, profession or other activity is other than a calendar year, in computing the tax for the taxable year that includes September 1, 2005, the profits of such taxpayer shall be determined by dividing the annual profits by 12 and then multiplying the quotient by the number of months of the fiscal year between September 1, 2005, and the end of the fiscal year.

SECTION 5 – RETURN AND PAYMENT OF TAX

(A) Each taxpayer who engages in business, or whose income, salaries, qualifying wages, commissions and other compensation are subject to the tax imposed by this ordinance

shall, whether or not a tax be due thereon, make and file a return on or before April 15 of each year, or if the return is made for a fiscal year or other period different from the calendar year, the return shall be made on or before the 15th day of the fourth month after the close of said fiscal year or other period. The return shall be filed with the Clerk-Treasurer on a form furnished by or obtainable from the Clerk-Treasurer, or on an acceptable generic form as defined in this ordinance, setting forth:

(1) The aggregate amount of income, salaries, wages, commissions and other compensation earned and/or net profits earned and/or gross income from such business less allowable expenses in the acquisition of such gross income earned during the preceding year and subject to the tax, together with such other pertinent information as the Clerk-Treasurer may require.

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

(3) Such other pertinent statements, information returns, or other information as the Administrator may require, including but not limited to copies of all W-2 forms, 1099 Miscellaneous Income Forms, page one of form 1040, Page One and Two of Form 1120, 1120S (including (K-1), 2106, 1065, Schedule C (including cost of goods manufactured and/or sold), Schedule E, schedule F and any other Federal Schedules if applicable.

(4) Expenses reported in accordance with federal guidelines for federal form 2106 (Including the requirement that they equal at least 2% of taxable income) are deductible, but are subject to review and audit by the Village's Income Tax Office. The 2106 expenses must be apportioned to municipalities in the same manner to which the related income is apportioned.

(B) The net loss from an unincorporated business activity may not be used to offset income, qualifying wages, commissions or other compensation. However, if a taxpayer is engaged in two or more taxable business activities to be included in the same return, the net loss of one unincorporated business activity (except any portion of a loss separately reportable for municipal tax purposes to another taxing entity) may be used to offset the profits of another for purposes of arriving at overall net profits.

(C) If a net operating loss has been sustained in any taxable year such losses may not be carried forward or backward to any other taxable year.

(D) Consolidated Returns.

(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 Village of Piketon. However, once the affiliated group has elected to file a consolidated return or a separate return with the Village of Piketon, the affiliated group may not change their method of filing in any subsequent tax year without written approval from the Village of Piketon.

(2) In the case of a corporation that carried on transactions with its stockholders or with other corporations related by stock ownership, interlocking directorates or some other method, the Tax Commissioner shall require such information, in addition to the return hereinafter provided for, as he may deem necessary to ascertain whether net profits are properly allocated to the Village. If the Commissioner finds net profits are not properly allocated to the Village by reason of transactions with stockholders or with other corporations related by stock ownership, interlocking directorates or some other method, he may require the filing of a consolidated return

or adjust such transactions so as to produce a fair and proper allocation of net profits to the Village.

(E) The taxpayer making a return shall, at the time of the filing thereof, pay to the Clerk-Treasurer the amount of taxes shown as due thereon; provided, however, that where any portion of the tax so due shall have been deducted at the source pursuant to the provisions of Section 7, or where any portion of said tax has been paid by the taxpayer pursuant to the provisions of Section 8, or where on income tax has been paid to another municipality, credit for the amount so paid in accordance with Section 12 hereof, 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 said return.

(F) A taxpayer who has overpaid his income tax in any taxable year may request a refund provided, however, there is no other tax liability due the Village and provided, further, that no amount of less than \$1 will be refunded or collected.

(G) A husband and wife in any taxable year may elect to file separate or joint returns.

(H) Retirees having no taxable income for municipal income tax purposes may file, with the Clerk-Treasurer, a written request for exemption from these filing requirements, and shall be exempt if the request is granted by the Clerk-Treasurer. Such exemption shall be in effect until such time as the retiree receives income taxable for municipal income tax purposes, at which time the retiree shall be required to comply with all applicable provisions of this ordinance.

(I) When the last day for filing a return falls upon a Saturday, Sunday or federal holiday, the taxpayer shall be permitted to file on or before the first business day following the Saturday, Sunday or federal holiday without penalty.

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

(K) 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.

(L) 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.

(M) Extensions for filing.

The Clerk-Treasurer shall have the authority to extend the time for filing of the annual return provided the request of the taxpayer for extension is made in writing and received on or before the original due date of the return. 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, if the extension is filed through

the Ohio Business Gateway. If not filed through the Ohio Business gateway the extended due date is the last day of the month following the month to which the due date of the federal income tax return has been extended. The Clerk-Treasurer may require a tentative return, accompanied by payment of the amount of tax shown to be due thereon on or before the original due date. No penalty shall be assessed, in those cases in which the return is filed and the final tax paid within the period as extended. The extension request may be made by filing a copy of the taxpayer's request for a federal filing extension, or by filing a written request. The Village of Piketon Clerk-Treasurer may deny the extension if the taxpayer fails to file the request timely, fails to file a copy of the federal extension request, or if the taxpayer's income tax account with the Village of Piketon is delinquent in any way.

SECTION 6 – AMENDED RETURN AND REFUNDS FOR OVERPAYMENT

(A) Where an amended return must 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 and/or limitations contained in Section 5(E), such amended return shall be on a form obtainable on request from the Clerk-Treasurer. 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.

(B) 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 Village return showing income subject to the Village tax based upon such final determination of federal tax liability, and pay any additional tax shown due thereon or make a claim for refund of any overpayment.

(C) No refund shall be allowed unless a written request is presented to the Clerk-Treasurer within three years of the date the taxes were due or payment was made, whichever is later.

SECTION 7 – COLLECTION AT SOURCE

(A) Each employer within or doing business within the Village shall deduct at the time of payment of such salaries, wages, commissions or other compensation, the tax of 1% of the income, salaries, qualifying wages, commissions or other compensation due by the employer to said employee and shall, on or before the last day of the month following the close of each calendar quarter, make a return showing the amount of taxes deducted and a record of payments showing that all taxes deducted during the quarter have been paid to the Village in accordance with the payment schedule prescribed by divisions (B)(1), (2), and (3) of this Section.

(B) Employers shall pay to the Clerk-Treasurer all income taxes withheld or required to be deducted and withheld on either a semi-monthly, monthly or quarterly basis depending on the amount of taxes involved according to the following payment schedule:

(1) Monthly payments of taxes withheld shall be made by an employer if municipal income taxes withheld in the previous tax year averaged three hundred dollars (\$300)

per month or more. Such payments shall be paid to the Village within 15 days after the close of each calendar month. Those employers permitted to make quarterly deposits shall submit payment of the withheld tax at the end of the month following the end of each calendar quarter.

(2) Once an employer is required to deposit withheld tax on a monthly basis, the employer shall continue to do unless and until permission is given by the Clerk-Treasurer to submit quarterly payments.

(3) For the time period ending December 31, 2006, An employer shall initially submit quarterly payments of withheld tax. However, if during any calendar quarter prior to December 31, 2006, an employer withholds tax for Piketon in excess of nine hundred dollars (\$900) the employer shall then begin submitting payments on a monthly basis.

(C) The employer shall be liable for the payment of the tax required to be deducted and withheld, whether or not such taxes have in fact been withheld. Every employer or officer of a corporation is deemed to be a trustee for this Village in collecting and holding the tax required under the ordinance to be withheld and the funds so collected by such withholding are deemed to be trust funds.

(D) The employer shall made and file a return on a form furnished by the Clerk-Treasurer, showing the amount of tax deducted by the employer from the income, salaries, qualifying wages, commissions or other compensation of any employee and paid by the employer to the Clerk-Treasurer.

(E) Each employer on or before January 31, unless written request for 30 days extension is made to and granted by the Clerk-Treasurer, following any calendar year in which such deductions have been made, or should have been made by such employer, shall file with the Clerk-Treasurer an information return (Piketon village Withholding Statement of Wages Paid, and Piketon village Income Tax Withheld), for each employee from whom income tax has been or should have been withheld showing the name and address of the employee, the social security number, the total amount of income, salaries, qualifying wages, commissions and other compensation paid the employee during the year, and the amount of Village income tax withheld from each employee.

(F) The officer and/or employee of such employer having control or supervision or charged with the responsibility of withholding the tax, filing the return, and/or making the payment shall be personally liable for failure to withhold the tax, file the return, and/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 withhold the tax, file the return and/or pay taxes, penalties, or interest due.

(G) All employers that provide any contractual service within the Village, and who employ subcontractors in conjunction with that service, shall provide the Village the names and addresses of the subcontractors. The subcontractors shall be responsible for all income tax employer requirements under this ordinance.

SECTION 8 – DECLARATIONS

(A) Every person who anticipates any taxable income which is not subject to Section 7 and/or from which tax will not be fully withheld, or who engages in any business, profession, enterprise or activity subject to the tax imposed by Section 2 (C) and (D), shall, if the net estimated tax due after the deduction for allowable credits is one hundred dollars (\$100.00) or more, file a declaration setting forth such estimated income or the estimated profit or loss from such business activity together with the estimated tax due thereon, if any; provided, however, if a person's income is wholly from income, qualifying wages, salaries, commissions or other compensation from which the tax will be withheld and remitted to the Village in accordance with Section 7, such person need not file a declaration.

(B) Such declaration shall be filed on or before April 15 of each year during the life of this ordinance, or for fiscal year filers on or before the fifteenth day of the fourth month after the beginning of each fiscal year or period.

(C) Such declaration shall be filed upon a form furnished by or obtainable from the Clerk-Treasurer, or on an acceptable generic form as defined in this ordinance, provided, however, credit shall be taken for the Village tax to be withheld from any portion of such income. In accordance with the provisions of Section 13 of this ordinance, credit may be taken for tax to be paid or to be withheld and remitted to another taxing municipality.

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

(E) (1) Such declarations of estimated tax to be paid the Village by taxpayers who are individuals shall be accompanied by a payment of at least one-fourth the estimated tax required to be paid by this section, and at least a similar amount shall be paid on or before the last day of the seventh, tenth and thirteenth months after the beginning 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.

(2) Estimated tax to be paid the Village by taxpayers who are corporations and associations shall be accompanied by a payment of at least one-fourth the estimated tax required to be paid by this section, and at least a similar amount shall be paid on or before the fifteenth day of the sixth, ninth, and twelfth month 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.

(F) No penalties or interest shall be assessed, for not filing a declaration, on any resident taxpayer who was not domiciled in the Village on the first day of January in the year in which they became subject to estimated payments, nor shall penalties or interest be assessed on estimated payments if the taxpayer has remitted an amount equal to one hundred percent 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, nor shall penalties or interest be assessed on estimated payments if the taxpayer has remitted an amount equal to ninety percent of the final tax liability for the tax year due on or before April 15th of the current year.

SECTION 9 – DUTIES OF THE CLERK-TREASURER

(A) It shall be the duty of the Clerk-Treasurer to receive the tax imposed by this ordinance from the Clerk-Treasurer, and it shall also be her/his duty to keep an accurate record showing the payment received from the Clerk-Treasurer and the date of payment.

(B) It shall be the duty of the Clerk-Treasurer to deposit the tax payments into the proper funds.

SECTION 10 – DUTIES AND INVESTIGATIVE POWERS OF THE CLERK-TREASURER

(A) The Clerk-Treasurer shall collect and receive the tax imposed by this ordinance in the manner prescribed herein, to keep accurate records thereof and to record daily all moneys so received.

(B) The Clerk-Treasurer shall enforce payment of all taxes due the Village hereunder, to keep accurate records for a period of not less than six years showing the amount due from each taxpayer required to file a declaration and/or make any return, including taxes withheld and to show the dates and amounts of payments thereof.

(C) The Clerk-Treasurer is hereby charged with the administration and enforcement of the provisions of this ordinance and he is hereby empowered 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 this ordinance, including provisions for the re-examination and correction of returns and payments. Taxpayers are hereby required to comply with said rules and regulations.

(D) In any case where a taxpayer has failed to file a return or failed to pay the tax due on a return or has filed a return which does not show the proper amount of tax due, the Clerk-Treasurer may determine the amount of tax appearing to be due the Village 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 Administrator. If the taxpayer fails to respond to the assessment within 30 days, the tax, penalties, and interest assessed shall become due and collectible as are other unpaid taxes.

(E) The Clerk-Treasurer or any authorized employee, is hereby authorized to examine the books, papers, records and federal income tax returns of any employer or of any taxpayer or person subject to, or who the Clerk-Treasurer believes is subject to, the provisions of this ordinance for the purposes of verifying the accuracy of any return made, or, if not return was made, to ascertain the tax due under this ordinance, and 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 Clerk-Treasurer or his duly authorized agent or

employee, at the reasonable time and place designated, the opportunity for making such examinations and investigations as are hereby authorized.

(F) The Clerk-Treasurer is hereby authorized to order any person presumed to have knowledge of the facts to appear before him and may examine such person, under oath, concerning any income which was or would 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.

(G) No person upon written order shall fail to appear before the Clerk-Treasurer or his authorized employee on the date, time and place designated in the written order.

SECTION 11 – TAX INFORMATION CONFIDENTIAL

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. The Clerk-Treasurer or his delegate may furnish the State Tax Commissioner and Bureau of Internal Revenue, Treasury Department of the United States with copies of the returns filed. Any person divulging such information, except as hereinbefore authorized, shall be subject to the penalty provided in Section 19. In addition to the penalty provided in Section 19 any employee of the Village who violates the provisions hereof relative to the disclosure of confidential information shall be subject to immediate dismissal.

SECTION 12 – COLLECTION OF UNPAID TAXES; REFUNDS FOR OVERPAYMENT

(A) All taxes, including estimated payments, imposed by this ordinance shall be collectible, together with any interest and penalties thereon, by suit, as other debts of like amount are recoverable.

(B) All additional assessments shall be made and all legal 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.

(C) Taxes erroneously paid shall not be refunded unless a claim for refund is made within three years from the date on which such payment was made or the return was due, or within three months after final determination of the Federal tax liability, whichever is later. However, 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, and that income is less than the amount of income deferred to the NDCP and upon which municipal tax was withheld, then a refund will be issued on the amount representing the difference between the deferred income that was taxed and the income received from the NDCP. If different tax rates applied to the tax years in which deferrals, 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.

(D) Income tax that has been deposited with The Village, but should have been deposited with another municipality, is allowable by The Village as a refund but is subject to the three-year limitation on refunds. Income tax that should have been deposited with The Village, but was deposited with another municipality, shall be subject to recovery by The Village. The Village will allow a non-refundable credit for any amount owed The Village 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 Village tax rate. If the Village tax rate is higher, the tax representing the net difference of the rates is also subject to collection by The Village.

(E) The Clerk-Treasurer or his delegate is authorized to institute civil law suit to collect delinquent taxes due and owing the Village by virtue of the provisions of this ordinance. The Clerk-Treasurer or his delegate is authorized to waive penalties and interest and compromise tax liability and has the right to accept waiver of state statutes of limitations.

(F) Payments on delinquent amounts shall be applied in the following manner:

(1) To the taxes Due, then to interest due, then to penalties due for the oldest delinquent tax year.

(2) To unpaid taxes, interest, and penalties for any remaining tax years, in the order in which such delinquencies were incurred.

(3) To the taxpayer's current estimated tax liability.

SECTION 13 – CREDIT FOR TAX PAID TO ANOTHER MUNICIPALITY

Every individual taxpayer who resides in the Village but who received net profits, income, qualifying wages, commissions or other compensation for work done or services performed or rendered outside of the Village, if it be made to appear that he has paid a municipal income tax on income on such net profits, income, qualifying wages, commissions or other compensation in another municipality, shall be allowed a credit against the tax imposed by this ordinance of the amount so paid by him or in his behalf to such other municipality. The credit shall not exceed one-half percent (.5%) on such income earned in such other municipality or municipalities where such tax is paid.

SECTION 14 - RESERVED FOR FUTURE USE

SECTION 15 – CONTRACT PROVISIONS

No contract on behalf of the Village for works or improvements of the Village shall be binding or valid unless such contract contains the following provisions:

“Said hereby further agrees to withhold all Village income taxes due or payable under the provisions of Ordinance, Village of Piketon, for income, qualifying wages, salaries and commissions paid to its employees and further agrees that any of its subcontractors shall be required to agree to withhold any such Village income taxes due under the ordinance for services performed under this contract.”

SECTION 16 – INTEREST AND PENALTIES

(A) All taxes imposed, including estimated payments, and all moneys withheld or required to be withheld by employers, under the provisions of this chapter and remaining unpaid after they become due shall bear interest at the rate of one percent (1%) 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, not to exceed 50 percent (50%) of the total tax due.

(2) For failure to remit taxes withheld from employees, ten percent per month or fraction of a month, not to exceed 100 percent (100%) of the total tax due, in addition to the tax withheld.

(C) In the case of a taxpayer who fails to file his or her return when due, and who is not otherwise exempt from the filing requirement, the Clerk-Treasurer may impose a penalty of fifty dollars (\$50.00) for the first offense and one hundred dollars (\$100.00) for each subsequent offense, in addition to any other penalties which may otherwise be imposed.

(D) 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 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.

SECTION 17 – ALLOCATION OF FUNDS

The funds collected under the provisions of this ordinance shall be applied for the following purpose and in the following order:

(A) Such part thereof as shall be necessary to defray all costs of collecting the taxes levied by this ordinance and enforcing the provisions hereof.

(B) Such part thereof as Council may appropriate to eliminate the fiscal emergency conditions.

(C) Such part thereof as Council may appropriate to the General Fund for purposes of paying the cost of general municipal operations.

(D) Such part thereof as Council may appropriate for the purpose of paying the cost of maintenance of equipment, and the purchase of new equipment, motorized or other.

(E) Such part thereof as the Council may appropriate for the purpose of paying the cost of the acquisition, construction, repair and/or maintenance of streets and/or other permanent improvements.

SECTION 18 – BOARD OF REVIEW

(A) A Board of Review, consisting of three (3) electors of the Village, two to be appointed by the Mayor and the third to be selected by the two so appointed, is hereby created. No member shall be appointed to the Board of Review who holds other public office or appointment. The members of the Board of Review shall serve without pay. Effective January 1, 2006, the first Board member appointed by the Mayor shall serve a three year term, the second Board member appointed by the Mayor serve a two year term, and the Board member selected by the two so appointed shall serve a one year term. At the expiration of each term that begins January 1, 2006, each subsequent term shall be three years in length.

(B) A majority of the members of the Board of Review shall constitute a quorum. The Board of Review shall adopt its own procedural rules and shall keep a record of its transactions.

(C) Any person dissatisfied with any ruling or decision of the Clerk-Treasurer which is made under the authority conferred by this ordinance and who has filed the required returns or other documents pertaining to the contested issue may appeal therefrom to the Board of Review within thirty days from the announcement of such ruling or decision by the Clerk-Treasurer. The request shall be in writing and shall state why the decision should be deemed incorrect or unlawful. The Board of Review shall, on hearing, have jurisdiction to affirm, or reverse, or modify such ruling or decision, or any part thereof. The Board must schedule a hearing within ninety (90) 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 15 days after issuing the decision.

(D) Any person dissatisfied with any ruling or decision of the Board of Review may appeal therefrom to a court of competent jurisdiction within thirty calendar 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.

(E) All hearings of the Board of Review shall be conducted privately and the provisions of Section 153. 11 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 of Review on appeal.

SECTION 19 – VIOLATIONS

- (A) No person subject to the provisions of this ordinance shall do any of the following:
- (1) Fail, neglect or refuse to make and file any return or declaration required by this ordinance.
 - (2) Make any incomplete, false or fraudulent return.
 - (3) Fail, neglect or refuse to pay the tax, interest or penalty imposed by this ordinance.
 - (4) Fail, neglect or refuse to withhold the tax from employees or remit such withholdings to the Clerk-Treasurer.
 - (5) Refuse to permit the Clerk-Treasurer or any duly authorized agent or employee to examine the 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 Clerk-Treasurer and to produce the 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 Clerk-Treasurer.
 - (7) Refuse to disclose to the Clerk-Treasurer any information with respect to the income or net profit of a taxpayer.
 - (8) Fail to comply with the provisions of this ordinance or any order or subpoena of the Clerk-Treasurer authorized hereby.
 - (9) Give to an employer false information as to the true name, correct social security number and residence address or promptly notify an employer of any change in residence address and date therefore.
 - (10) Fail to use ordinary diligence in maintaining proper records of employees' residence addresses, total wages paid and Village tax withheld, or to knowingly give the Clerk-Treasurer false information.
 - (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 of Section 19(a) above shall be subject to the penalties in Section 99.

(C) The failure of an employer or taxpayer to receive or procure a return or declaration form shall not excuse either one from making a return or declaration or paying the tax levied under this ordinance.

SECTION 20 - COLLECTION OF TAX AFTER TERMINATION OF ORDINANCE

(A) This ordinance shall continue effective insofar as the levy of taxes in concerned until repealed, and insofar as the collection of taxes levied hereunder 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 said taxes levied hereunder in the aforesaid periods are fully paid and any and all suits and prosecutions for the collection of said taxes or for the punishment of violations of this ordinance shall have been fully terminated, subject to the limitations contained in Section 12 and Section 19 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 Section 5 and Section 7 of this ordinance as though the same were continuing.

SECTION 21 - SAVINGS CLAUSE

This ordinance shall not apply to any person, firm, corporation, or to any other property as to whom or which it is beyond the power of Council to impose the tax herein provided for. 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 effect only such sentence, clause, section or part of this ordinance and shall not affect or impair 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 22 - RULES AND REGULATIONS

The Council for the Village of Piketon hereby adopts the Regional Income Tax Agency Rules & Regulations for use as the Piketon Income Tax Rules and Regulations, and they are hereby incorporated by reference as part of this Ordinance.

SECTION 99 - PENALTY

(A) Whoever violates any provision of this ordinance shall be guilty of a misdemeanor of the fourth degree and upon conviction thereof, shall be fined in a sum not to exceed \$250 or imprisoned for a period not to exceed 30 days or both for first offense, and shall be find nor more than \$1,000 or imprisoned not more than six months for a second or subsequent conviction.

(B) Whoever violates the provisions of Section 11, upon conviction thereof, shall be deemed guilty of a misdemeanor and shall be subject to a fine of not more than \$500 or imprisoned for not more than six months, or both. Each disclosure shall constitute a separate offense.