

CITY OF EATON, OHIO



INCOME TAX RULES AND REGULATIONS

*Approved by Eaton City Council on December 18, 1973
and amended February 18, 2014*

*Issued under authority of Section 8 of Ordinance No. 73-27,
originally adopted on December 4, 1973 and amended March 17, 2014*

ARTICLE I
PURPOSE

The tax is levied to provide funds for the purposes of general municipal operations and permanent improvements.

ARTICLE II DEFINITIONS

As used in these Rules and Regulations, the following words shall have the meaning ascribed to them in this Article, except as and if the context clearly indicates or requires a different meaning.

ASSOCIATION means a partnership, cooperative, limited partnership, or any other form of unincorporated enterprise owned by two (2) or more persons.

BOARD OF ADJUDICATION means the Board created by and constituted as provided in Section 13-A of the Ordinance.

BOARD OF TAX APPEALS means the Board created by and constituted as provided in Section 13-B of the Ordinance.

BUSINESS means an enterprise, cooperative activity, profession, undertaking or other activity of any nature conducted for profit or ordinarily conducted for profit whether by an individual, partnership, association, corporation or any other entity. The ordinary administration of a decedent's estate by the executor or administrator, and the mere custody, supervision and management of trust property under passive trust, whether intervivos or testamentary, unaccompanied by the actual operation of a business as herein defined shall not be construed as the operation of a business.

BUSINESS ALLOCATION as used in these Regulations means the portion of net profits to be allocated to the City of Eaton as having been made in the City of Eaton., either under separate accounting method, or under the three (3) factor formula of property, payroll, and sales, provided for in Section 3 of the Ordinance.

CITY means the City of Eaton.

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

DIRECTOR OF TAXATION (also referred to as 'DIRECTOR') means the Director of Taxation of the City of Eaton, or the person executing the duties of the aforesaid Director of Taxation.

EMPLOYEE means one who works for wages, salary, commission or other types of compensation in the service of an employer. Any person upon whom an employer is required to withhold for either Federal income or social security tax purpose or on whose account payments are made under Ohio Workmen's Compensation law shall prima facie be an employee.

EMPLOYER means an individual, partnership, association, corporation (including a corporation not for profit), governmental agency, board, body, bureau, department, subdivision, or unit or any other entity, who or that employs one or more persons on a salary, wage, commission or other compensation basis whether or not such employer is engaged in business. It does not include a person who employs only domestic help for such person's private residence.

FISCAL YEAR means an accounting period of twelve (12) months or less ending on any day other than December 31. Only fiscal years accepted by the Internal Revenue service for Federal income tax purposes may be used for City tax purposes.

GROSS RECEIPTS means total income from any source whatsoever.

NET PROFITS means the net gain from the operation of a business, profession, enterprise or other activity excluding capital gains and losses after provision for all ordinary and necessary expenses paid or accrued in accordance with the accounting system used by the taxpayer for Federal income tax purposes, without deduction of taxes imposed by the Ordinance, 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 the Ordinance.

NON-RESIDENT means any individual who is not a resident as herein defined.

NON-RESIDENT UNINCORPORATED BUSINESS ENTITY means one not having an office or place of business within the City of Eaton.

ORDINANCE means Ordinance No. 73-27 enacted by the City of Eaton and any amendments and supplements thereto effective on and after January 1, 1974. Note: Hereinafter this will be referred to as "effective period of the Ordinance."

OTHER ACTIVITY means any undertaking, not otherwise specifically defined herein, which is normally entered into for profit, including, but not limited to, rental of real and personal property and a business conducted by a trust or guardianship estate.

PERSON means every natural person, partnership, fiduciary, association, corporation, or other entity. Whenever used in any article prescribing or imposing a penalty, the term PERSON as applied to any unincorporated entity shall mean the partners or members thereof, and as applied to a corporation, the officers thereof, and in the case of any unincorporated entity or corporation not having any partner, member or officer within the City of Eaton, any employee or agent of such unincorporated entity or corporation who can be found within the corporate limits of the City of Eaton who as such officer, employee or member is under a duty to perform the act in respect of which the violation occurs.

PLACE OF BUSINESS means any Bona Fide office (other than a mere statutory office), factory, warehouse, or other space which is occupied and used by the taxpayer in carrying on any business activity individually or through one or more of his regular employees regularly in attendance.

RESIDENT means an individual domiciled in the City of Eaton. Any person who maintains a place of abode within the City of Eaton for a total of 183 days or more within any twelve (12) month period shall be deemed a resident.

RESIDENT UNINCORPORATED BUSINESS ENTITY means an unincorporated business entity having an office or place of business within the City of Eaton.

TAXABLE INCOME means gross wages, salaries, and other compensation paid by an employer or employers before any deduction, other than ordinary and necessary business expenses in the same manner as provided by the Internal Revenue Code, and/or the net profits from the operation of a business, profession

or other enterprise or activity adjusted in accordance with the provisions of the Ordinance and these Regulations.

TAXABLE YEAR means the calendar year, or the fiscal year, used as the basis on which net profits are to be computed under the 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. Unless approved by the Director, the taxable year of a wage earner shall be a calendar year.

TAXPAYER means an individual; association, corporation or other entity required by the Ordinance to file a return and/or to pay a tax.

In all definitions and these Regulations the singular shall include the plural and the masculine shall include the feminine and the neuter.

**ARTICLE III
IMPOSITION OF TAX**

A. Basis.

1. Resident Employee.

- a. In the case of residents of the City of Eaton, an annual tax of one percent (1%) is imposed on all salaries, wages, commissions, and other compensation received during the effective period of the Ordinance. For the purpose of determining the tax on the earnings of resident taxpayers taxed under Section 3, Paragraph A-1 of the Ordinance, the source of the earnings and the place or places in or at which the services were rendered, are immaterial. All such earnings wherever earned or paid are taxable.
- b. The following are items which are subject to the tax imposed by Section 3, Paragraph A-1 of the Ordinance.
 - .1 Salaries, wages, bonuses and incentive payments received by an individual whether directly or through an agent and whether in cash or in property for services rendered during the tax period as:
 - .01 An officer, director or employee of a corporation (including charitable and other non-profit organizations), joint stock association, or joint stock company;
 - .02 An employee (as distinguished from a partner or member) of a partnership, limited partnership, or any form of unincorporated enterprise owned by two (2) or more persons;
 - .03 An employee (as distinguished from a proprietor) of a business, trade or profession conducted by an individual owner;
 - .04 An officer or employee (whether elected, appointed or commissioned 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 of the State of Ohio or any of its political subdivisions or agencies hereof; or any foreign country or dependency except as provided in Section 3 of the Ordinance;
 - .05 An employee of any other entity or person, whether based upon hourly, daily, weekly, semi-monthly, monthly, annual, unit of production or piece work rates; and whether paid by an individual, partnership association, corporation (including charitable and other non-profit corporations), governmental administration, agency, authority, board, body, branch, bureau, department, division, sub-division, section or unit, or any other entity.
 - .2 Commissions received by a taxpayer whether directly or through an agent and whether in cash or in property for services rendered during the effective period of the Ordinance, regardless of how computed or by whom or wheresoever paid.

.01 If amounts received as a drawing account exceed the commissions earned and the excess is not subject to the demand of the employer for repayment, the tax is payable on the amounts received as a drawing account.

.02 Amounts received from an employer for expenses and used as such by the individual receiving them are not deemed to be compensation if the employer deducts such expenses or advances as such from his gross income for the purpose of determining his net profits taxable under Federal law, and the employee is not required to include such receipts as income on his Federal income tax return.

.03 If commissions are included in the net earnings of the trade, business, profession, enterprise, or activity carried on by an unincorporated entity of which the individual receiving such commission is owner or part owner and therefore subject to the tax under Section 3, Paragraphs A-3 or A-4 of the Ordinance, they shall not be taxed under Section 3, Paragraph A-1.

.3 Fees, unless such fees are properly includible as part of the net profits of a trade, business, profession, or enterprise regularly carried on by an unincorporated entity owned or partly owned by said individual and such net profits are subject to the tax under Section 3, Paragraph A-3 of the Ordinance.

.4 Other compensation, including tips, bonuses or gifts of any type in connection with services rendered, and including compensation paid to domestic servants, casual employees and other types of employees.

.5 Payments made to employees by an employer as vacation wages are taxable. Payments made to an employee by an employer under a wage continuation plan during periods of disability or sickness, are taxable.

c. Where compensation is paid or received in property, its fair market value, at the time of receipt, shall be subject to the tax and to withholding. Board, lodging and similar items received by an employee in lieu of additional cash compensation shall be included in earnings at their fair market value.

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

2. Non-Resident Employee.

a. In the case of individuals who are not residents of the City of Eaton, there is imposed under Section 3, Paragraph A-2 of the Ordinance, a tax of one percent (1%) on all salaries, wages, commissions and other compensation received during the effective period of the Ordinance for work done or services performed or rendered within the City of Eaton whether such compensation or remuneration is received or earned directly or through an agent and whether paid in cash or in property. The location of the place from which payment is made is immaterial.

- b. The items subject to tax under section 3, Paragraph A-2 of the Ordinance are the same as those listed and defined in Article III A-1. For the methods of computing the extent of such work or services performed within the City of Eaton, in cases involving compensation for personal services partly within and partly without the City, see Article VI A-6 of these Regulations.
3. a. Resident Unincorporated Businesses.
- .1 In the case of resident unincorporated businesses, professions, enterprises, undertakings or other activities conducted, operated, engaged in, prosecuted or carried on, irrespective of whether such taxpayer has an office or place of business in the City of Eaton, there is imposed an annual tax of one percent (1%) on the net profits earned and accrued or received during the effective period of the Ordinance attributable to the City of Eaton, under the formula or separate accounting method provided for in Section 3 of the Ordinance derived from sales made, work done or services performed or rendered and business or other activities conducted in the City of Eaton.
 - .2 The tax imposed on resident associations or other unincorporated entities owned by two (2) or more persons is upon the entities rather than the individual members or owners thereof but the tax imposed on an unincorporated resident entity owned by one (1) person is upon the individual owner. For tax on that part of a resident owner's distributive share of net profits not taxed against the entity, see Article III A-3b.
 - .3 The tax imposed by Section 3, Paragraph A-3a of the Ordinance is imposed on all resident unincorporated entities having net profits attributable to the City of Eaton under the method of allocation provided for in the Ordinance, regardless of where the owner or owners of such resident unincorporated business entity reside.
 - .4 Resident unincorporated entities owned by two (2) or more persons all of whom are residents of the City of Eaton, shall disregard the method of allocation provided for in the Ordinance and pay the tax on their entire net profits thereof. In such case, the tax paid by the entity shall constitute all tax due from the owners or members of the entity for their distributive share of such net profits; however, an additional return shall be required from any such owner or member having taxable income other than the distributive share of the net profits from the entity.
- b. Imposition of Tax on Resident's Distributive Share of Profits of a Resident Unincorporated Business Entity, Not Attributable to the City of Eaton.
- .1 A resident individual who is sole owner of a resident unincorporated entity shall disregard the business allocation formula and pay the tax on the entire net profits of his resident unincorporated business entity.
 - .2 In the case of a resident individual partner or part owner of a resident unincorporated entity, there is imposed an annual tax of one percent (1%) on such individual's distributive share of net profits earned and accrued or received during the effective period of the Ordinance not

attributable to the City of Eaton, under the method of allocation provided for in Section 3 of the Ordinance, and not taxed against the entity.

4. a. Imposition of Tax on Net Profits of Non-Resident Unincorporated Businesses.
 - .1 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 of one percent (1%) on the net profits earned and accrued or received during the effective period of the Ordinance attributable to the City of Eaton, under the formula or separate accounting method provided for in Section 3 of the Ordinance.
 - .2 The tax imposed on non-resident unincorporated entities owned by two (2) or more persons is upon the entities rather than the individual members or owners thereof. For tax on that part of a resident owner's distributive share of net profits not taxed against the entity, see Article III A-4-b.
 - .3 Non-resident unincorporated entities owned by two (2) or more persons all of whom are residents of the City of Eaton may elect to disregard the method of allocation provided for in the Ordinance and pay the tax on the entire net profits. In such case, the tax paid by the entity shall constitute all tax due from the owners or members of the entity for their distributive share of the net profits; however, an additional return shall be required from such owner or member having taxable income other than the distributive share of the net profits from the entity.
 - b. Imposition of Tax on Resident's Share of Profits of a Non-Resident Unincorporated Business Entity Not Attributable to the City of Eaton.
 - .1 A resident individual who is sole owner of a non-resident unincorporated business entity shall disregard the business allocation formula and pay the tax on the entire net profits of his unincorporated entity.
 - .2 In the case of a resident individual partner or part owner of a non-resident unincorporated entity, there is imposed an annual tax of one percent (1%) on such individual's distributive share of net profits earned and accrued or received during the effective period of the Ordinance not attributable to the City of Eaton under the method of allocation provided for in Section 3 of the Ordinance and not taxed against the entity.
5. Imposition of Tax on Net Profits of 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 Eaton, there is imposed an annual tax of one percent (1%) on the net profits earned and received or accrued during the effective period of the Ordinance attributable to the City of Eaton under the formula or separate accounting method provided for in Section 3 of the Ordinance.
 - b. In determining whether a corporation is conducting a business or other activity in the City of Eaton, the provisions of Article III B of these Regulations shall be applicable.

- c. Corporations which are required by the provisions of Section 5727.38 to 5727.41, inclusive, of the Revised Code of Ohio, to pay an excise tax in any taxable year as defined by the Ordinance, may exclude that part of their gross receipts upon which the excise tax is paid. In such case, expenses incurred in the production of such gross receipts shall not be deducted in computing net profits subject to the tax imposed by the Ordinance.

6. Amplification.

In amplification of the definition contained in Article II of these Regulations but not in limitation thereof, the following additional information respecting net business profits is furnished.

a. NET PROFITS

.1 Net Profits as used in the Ordinance and these Regulations means net profits derived from any business, profession or other activity or undertaking carried on for profit or normally carried on for profit.

.2 Net Profits as disclosed on any return filed pursuant to the provisions of the Ordinance shall be computed by the same accounting method used in reporting net income to the Federal Internal Revenue Service (providing such method does not conflict with any provisions of the Ordinance). Net profits shown on returns filed pursuant to the Ordinance must be reconciled with the income reported to the Federal Internal Revenue Service.

b. GROSS RECEIPTS

.1 Gross Receipts shall include but not be limited to, income in the form of commissions, fees, rentals from real and tangible personal property, and other compensation for work done or services performed or rendered as well as income from sales of stock in trade.

.2 From gross receipts there shall be deducted allowable expenses to arrive at the net profit subject to tax.

c. EXPENSES

.1 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 withdrawal of a proprietor or of the partners, members or other owners of an unincorporated business or enterprise.

.01 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, obsolescence, losses resulting from theft or casualty, not compensated for by insurance or otherwise, of property used in the trade or business, but the amount may not exceed that recognized for the purpose of the Federal income tax. Provided, however, that loss on the sale, exchange or other disposition of real estate, used in the taxpayer's business shall not be allowed as a deductible expense.

.02 Current amortization of emergency facilities 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.

.03 Where depreciable property is voluntarily destroyed, only the cost of such demolition and the undepreciated balance thereof will be allowed as an expense in the year of such demolition, to the extent allowable for Federal income tax purposes.

.04 Bad debts in a reasonable amount may be allowed in the year ascertained worthless and charged off, or at the discretion of the Director (if the reserve method is used), a reasonable addition to the reserve may be claimed, but in no event shall the amount exceed the amount allowable for Federal income tax purposes.

.05 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 the tax, then taxes on and other expenses of said property are not deductible from income: (1) the tax under the Ordinance; (2) Federal or other taxes based upon income; (3) gift, estate or inheritance taxes; and (4) taxes for local benefits or improvements to property which tend to appreciate the value thereof.

.06 In general, non-taxable income and expenses incurred in connection therewith are not to be considered in determining net profits. Income from intangibles, by way of dividends, interest and the like, shall not be included if such income is subject to taxation under the intangible personal property laws of the State of Ohio or is specifically exempt from taxation under said law.

.07 If the taxpayer reports income that is non-taxable under the Ordinance and such amounts are deducted in order to reconcile the City of Eaton return with the taxpayer's Federal income tax return, expenses attributable to this non-taxable income shall not be allowed. In the absence of records showing the actual expenses attributable to such non-taxable income, and upon approval of the Director, such amount shall be deemed to equal five percent (5%) of such non-taxable income.

.08 Contributions are deductible by corporations only in an amount not exceeding five percent (5%) of the income subject to the tax imposed by this Ordinance. Contributions in excess of the five percent (5%) limit may not be carried forward or backward to a different taxable year.

.09 Capital gains and losses from a sale, exchange or other disposition of capital assets shall not be taken into consideration in arriving at net profits earned.

.10 Losses sustained on a sale or other disposition of tangible personal property used in business is deductible to the extent of the undepreciated value thereof. Any amount received on a sale or other disposition of tangible personal property used in business, in excess of book value, shall be treated as taxable income under the Ordinance to the extent of depreciation allowable after January 1, 1974. The balance shall be treated as a capital gain.

.001 Definition of Property Used in the Trade or Business. For purposes of this Article, the term "property used in the trade or business" means property used in the trade or business of a character which is subject to the allowance for depreciation and real property used in the trade or business, held for more than six (6) months, which is not:

- (a) Property of kind which would properly be includible in the inventory of the taxpayer if on hand at the close of the taxable year;
- (b) Property held by the taxpayer primarily for sale to customers in the ordinary course of his trade or business; or
- (c) A copyright, a literary, musical, or artistic composition, or similar property held by the taxpayer.

7. Rentals from Real Property.

- a. Rentals received by the taxpayer are to be included only if and to the extent that the rental, ownership management or operation of the real estate from which such rentals are derived (whether so rented, managed or operated by the taxpayer individually or through agents or other representatives) constitutes a business activity of taxpayer in whole or in part.
- b. Where the gross monthly rental of any real properties, regardless of number and value, aggregate in excess of One Hundred Dollars (\$100.00) per month, 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, whether or not such rental exceeds One Hundred Dollars (\$100.00) per month; provided further that in the case of farm property , the owner shall be considered engaged in a business activity when he shares in the crops or when the rental is based on a percentage of the gross or net receipts derived from the farm, whether or not the gross income exceeds One Hundred Dollars (\$100.00) per month; and provided further that the person who operates a rooming house of five (5) or more rooms rented shall be considered in business whether or not the gross income exceeds One Hundred Dollars (\$100.00) per month
- c. In determining the amount of gross monthly rental of any real property, periods during which (by reason of vacancy or any other cause) rentals are not received shall not be taken into consideration by the taxpayer.
- d. Rentals received by a taxpayer engaged in the business of buying and selling real estate shall be considered as part of business income.
- e. 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.

- f. 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.
- g. Residents of the City of Eaton are subject to taxation upon the net income from rentals (to the extent above specified), regardless of the location of the real property owned.
- h. Non-residents of the City of Eaton are subject to such taxation only if the real property is situated within the City of Eaton. Non-residents, in determining whether gross monthly rentals exceed One Hundred Dollars (\$100.00), shall take into consideration only real estate situated within the City of Eaton.
- i. Corporations owning or managing real estate are taxable only on that portion of income derived from property located in the City of Eaton.

8. Patents and Copyrights.

- a. Income from patents or copyrights is not to be included in net profits subject to the tax if the income from such patents or copyrights is subject to the State of Ohio Intangible tax. Conversely, such tax is not deductible in determining City tax. Such items shall be clearly disclosed on an attachment to be filed with the City tax return.

B. Allocation of Business Profits.

A request to change the method of allocation must be made in writing before the end of the taxable year.

1. Separate Accounting Method.

- a. The net profits allocable to the City of Eaton from business, professional or other activities conducted in the City of Eaton by corporations or unincorporated entities (whether resident or non-resident) maybe determined from the records of the taxpayer if taxpayer has bona fide records which disclose with reasonable accuracy what portion of his net profits is attributable to that part of his activities conducted within the City of Eaton.
- b. If the books and records of the taxpayer are used as the basis for apportioning net profits rather than the business allocation formula, a statement must accompany the return explaining the manner in which such apportionment is made in sufficient detail to enable the Director to determine whether the net profits attributable to the City of Eaton are apportioned with reasonable accuracy.
- c. In determining the income allocable to the City of Eaton from the books and records of a taxpayer, an adjustment may be made for the contribution made to the production of such income by headquarters activities of the taxpayer, whether such headquarters is within or without the City of Eaton.

2. Business Allocation Percentage Method.

- a. STEP 1. Ascertain the percentage which the average net book value of real and tangible personal property, including leasehold improvements, owned or used in the business and

situated within the City of Eaton is of the average net book value of all real and tangible personal property, including leasehold improvements, owned or used in the business wherever situated, during the period covered by the return.

.1 The percentage of taxpayer's real and tangible personal property within the City of Eaton is determined by dividing the average net book value of such property within the City of Eaton (without deduction of any incumbrances) by the average net book value of all such property within and without the City of Eaton. In determining such percentage, property rented to the taxpayer, as well as real and tangible personal property owned by the taxpayer, must be considered.

.01 The net book value of real and tangible personal property rented by the taxpayer shall be determined by multiplying gross annual rents payable by eight (8).

.02 Gross rents means the actual sum of money or other consideration payable, directly or indirectly, by the taxpayer for the use or possession of property and include:

.001 Any amount payable for the use or possession of real and tangible personal property or any part thereof, whether designated as a fix sum of money or as a percentage of sales, profits or otherwise;

.002 Any amount payable as additional rent or in lieu of rent such as interest, taxes, insurance, repairs, or other amounts required to be paid by the terms of a lease or other arrangement.

b. STEP 2. Ascertain the percentage which the gross receipts of the taxpayer derived from sales made, work done and services rendered in the City of Eaton is of the total gross receipts wherever derived during the period covered by the return.

.1 The following sales shall be considered Eaton sales:

.01 All sales made through retail stores located within the City of Eaton to purchasers within or without the City of Eaton except such of said sales to purchasers outside the City of Eaton that are directly attributable to regular solicitations made outside the City of Eaton personally by the taxpayer or his employees.

.02 All sales of tangible personal property delivered to purchasers within the City of Eaton if shipped or delivered from an office, store, warehouse, factory, or place of storage located within the City of Eaton.

.03 All sales of tangible personal property delivered to purchasers within the City of Eaton even though transported from a point outside the City of Eaton if the taxpayer is regularly engaged through its own employees in the solicitation or promotion of sales within the City of Eaton and the sale is directly or indirectly the result of such solicitation.

.04 All sales of tangible personal property shipped from an office, store, warehouse, factory or place of storage within the City of Eaton to purchasers outside the City of Eaton if the taxpayer

is not, through its own employees, regularly engaged in the solicitation or promotion of sales at the place of delivery.

.05 Charges for work done or services performed incident to a sale, whether or not included in the price of the property, shall be considered gross receipts from such sale.

.2 In the application of the foregoing sub-paragraphs, a carrier shall be considered the agent of the seller regardless of the FOB point or other conditions of the sale; and the place at which orders are accepted or contracts legally consummated shall be immaterial. Solicitation of customers outside the City of Eaton by mail or phone from an office, or place of business within the City of Eaton shall not be considered as solicitation of sales outside the City of Eaton.

- c. STEP 3. Ascertain the percentage which the total wages, salaries, commissions and other compensation of employees within the City of Eaton is of the total wages, salaries, commissions and other compensation of all the taxpayer's employees within and without the City of Eaton during the period covered by the return.

.1 Salaries and reasonable compensation paid owners or credited to the account of owners or partners during the period covered by the return are considered wages for the purpose of this computation.

.2 Wages, salaries, and other compensation shall be 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.

.3 In the case of an employee who performs services both within and without the City of Eaton, the amount treated as compensation for services performed within the City shall be deemed to be:

.01 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 the City of Eaton.

.02 In the case of the employee whose compensation depends on other results achieved, the proportion of the total compensation received which the value of his services within the City of Eaton bears to the value of all his services; and

.03 In the case of an employee compensated on a time basis, the proportion of the total amount received by him which his working time within the City of Eaton is of his total working time.

- d. STEP 4. Add the percentages determined in accordance with Steps 1, 2 and 3 or such of the aforesaid percentages as may be applicable to the particular taxpayer's business and divide the total so obtained by the number of percentages used in ascertaining said total. The result so obtained is the business allocation percentage. In determining the average percentage, a factor shall not be excluded from the computation merely because said factor is found to be allocable entirely outside the City of Eaton. A factor is excluded only when it does not exist anywhere.

e. STEP 5. The business allocation percentage determined in Step 4 above shall be applied to the entire taxable net profits of the taxpayer wherever derived to determine the net profits allocable to the City of Eaton.

3. Substitute Method.

a. In the event a just and equitable result cannot be obtained under the formula, the Director, upon application of the taxpayer, may substitute other factors in the formula or prescribe other methods of allocating net income calculated to effect a fair and proper allocation.

b. Application to the Director to substitute other factors in the formula or to use a different method to allocate net profits must be made in writing before the end of the taxable year. The application shall state the specific grounds on which the substitution of factors or use of a different method is requested and the relief sought to be obtained. No specific form need be followed in making such application. Once a taxpayer has filed under a substitute method, he must continue to so file until given permission to change by the Director.

C. Operating Losses.

1. Net losses incurred during any taxable period, in a business or other activity subject to the Ordinance, are deductible from all the taxable net profits and earnings, for the same period, included in the taxpayer's return.

2. Losses are deductible only in the taxable period in which they are incurred.

D. Consolidated Returns.

1. Consolidated returns may be filed by a group of corporations who are affiliated through stock ownership provided such group files consolidated returns for Federal income tax purposes. For a subsidiary corporation to be included in a consolidated return, eighty percent (80%) of its stock must be owned by the other members of the affiliated group. A consolidated return must include all companies which are so affiliated.

2. Once a consolidated return has been filed for any taxable year, the consolidated group must continue to file consolidated returns in subsequent years unless:

a. Permission in writing is granted by the Director to file separate returns.

b. A new corporation other than a corporation created or organized by a member of the group has become a member of the group during the taxable year.

c. A corporation member of the group is sold or exchanged. Liquidating a corporation or merging one of the corporations of the group into another will not qualify the group for filing separate returns.

3. If a corporation becomes a member of the group during the taxable year, the consolidated return must include the income for the entire taxable year of the common parent corporation and any subsidiaries which were members of the group for the entire year, plus the income of each subsidiary which becomes a member of the group during the year for the period beginning with the date it became a member of the affiliated group. For the period prior to the time any subsidiary

became a member of the group, separate returns must be filed for that subsidiary. When a subsidiary ceases to be a member of the affiliated group, the consolidated return must include the income of such subsidiary for the period during which it was a member of the group, but for the period after it ceases to be a member, separate returns must be filed. If a corporation has been a member of the affiliated group for less than one (1) month of the taxable year of the group, it may be considered as not being a part of the group. Similarly, a subsidiary may be considered as being a member of the affiliated group during the entire taxable year of the group if the period during which it was not a member of the group does not exceed one (1) month. If a subsidiary is a member of the consolidated group for only part of a taxable year, the income considered to be earned in such fractional part of the year shall be that portion of the net income for the entire year which the number of days it was a member of the group bears to the total number of days in the taxable year.

4. In determining the allocation fraction where a corporation becomes a member of the group or ceases to be a member of the group during the taxable year, the property factor (Step 1 of the formula) shall be determined on the basis of the average net book value of the property during the period such corporation was a member of the group. The rental portion of the factor, however, shall be computed at eight (8) times the annual rent. The gross receipts and wage factors shall be based on the actual figures.
5. All subsidiary corporations must agree in writing to the filing of the consolidated return s they will be liable for the tax as well as the parent corporation.
6. In consolidating the net income, the taxable income of each corporation shall be computed in accordance with the provisions governing the taxable income of separate corporations except that there shall be eliminated unrealized profit and losses in transactions between members of the affiliated group.
7. In determining expenses that are not allowable because they are allocable to non-taxable income, such calculations shall be based on the consolidated net income. As an example, inter-company dividends which are eliminated in the consolidation will not be taken into consideration in determining non-taxable income.

E. Exceptions.

The following shall not be considered taxable:

1. Poor relief, unemployment insurance benefits, supplemental unemployment benefits, old age pensions or similar payments received from local, state or federal governments or charitable or religious organizations.
2. Proceeds of insurance, annuities, workmen's compensation, insurance, social security benefits, pensions, compensation for damages for personal injuries and like reimbursement, not including damages for loss of profits.
3. Compensation for damage to property by way of insurance or otherwise.

4. Interest and dividends from intangible property. If interest income is not specifically identifiable from the taxpayer's records, the amount deductible will be limited to the maximum interest chargeable under the general laws of the State of Ohio.
5. Military pay and allowances received as a member of the armed forces of the United States. In the case of members of the National Guard, Air National Guard, Organized Reserves and Air Reserves, this exception shall apply only to their drill and flight pay.
6. Any charitable, educational, fraternal or other type of non-profit association or organization enumerated in Section 718.01 of the Revised Code of Ohio which is exempt from payment of real estate taxes is exempt from payment of the tax imposed by the Ordinance.
 - a. Any association or organization falling in the category listed in the preceding paragraph not exempt from the payment of real estate taxes is required to file declarations and final returns and remit the taxes levied under the Ordinance on all business activities of a type ordinarily conducted for profit by taxpayers operating for profit.
 - b. Where such non-profit association or organization conducts income producing business both within and without the corporate limits, it shall calculate its profits allocable to the City of Eaton under the method or methods provided above.
7. 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 sub-divisions to impose net income taxes on income derived from interstate commerce.
8. Salaries, wages, commissions and other compensation and net profits, the taxation of which is prohibited by the Constitution of the State of Ohio or any act of the Ohio General Assembly limited the power of the City to impose net income taxes.

ARTICLE IV
EFFECTIVE PERIOD

- A. The tax imposed by Section 3, Paragraphs A-1 and A-2 of the Ordinance shall be levied, collected and paid with respect to salaries, wages, bonuses, incentive payments, commissions, fees, and other compensation received during the effective period of the Ordinance.
- B. The tax imposed by Section 3, Paragraphs A-3, A-4 and A-5 of the Ordinance, with respect to net profits of trades, businesses professions, enterprises, undertakings and other activities is on the net profits earned and accrued or received during the effective period of the Ordinance.
 - 1. Where the fiscal year of the taxpayer differs from the calendar year, the tax shall be applied to that part of the annual net profits for the fiscal year as shall be earned and accrued or received on and after January 1, 1974, to the close of the taxpayers' fiscal year.

ARTICLE V
RETURN AND PAYMENT OF THE TAX

A. Date and Requirement for Filing.

1. On or before April 30 of the year following the effective date of the Ordinance and each year thereafter, every person subject to the provisions of Section 3, Paragraphs A-1 to A-5, inclusive, of the Ordinance shall, except as hereinafter provided, make and file with the Director, a return on a form prescribed by and obtainable upon request from the Director, whether or not a tax be due.
2. If the return is made for a fiscal year or any period less than a year, said return shall be made within four (4) months from the end of such fiscal year or other period.
3. Every person subject to the provisions of Section 3 of the Ordinance shall, except as hereinafter provided, file a return setting forth the aggregate amount of salaries, wages, commissions and other personal service compensation, net profits from business or other activities, including the rental from real and personal property, and other income taxable under the Ordinance, earned and accrued or received for the period covered by the return and such other pertinent facts and information in detail as the Director may require.
4. An employee who is permitted to deduct business expenses from gross wages, salaries, or commissions must file a return in order to claim such deductions even though all or part of such wages, salaries or commissions are subject to withholding.
5. Any taxpayer who received taxable income not subject to withholding under the Ordinance must file a return.
6. Any taxpayer having income, wages, or other compensation for which a return must be filed, and also having net profits from a business covering the same or a different period, is required to file only one (1) return.
7. Trustees of active trusts are required to file returns and pay the tax on the taxable income thereof.
8. Except as provided for herein, the tax is on the partnership or association as an entity, whether resident or non-resident, and a return is required disclosing the net profits allocable to the City of Eaton and the tax paid thereon. However, any resident partner or resident member of an unincorporated entity is required to make a return and pay the tax in accordance with Article III A-3b-.2 of these Regulations.
9. A husband and wife may file a joint return.
10. Operating losses from business or professional activities, the profits of which would be taxable under the Ordinance, may be offset against salaries, wages, commissions and other personal service compensation or against net profits from other business or professional activities. Such losses are deductible only in the year incurred.

B. Information Required and Reconciliation with Federal Returns.

1. In returns filed hereunder, there shall be set forth the amount of salaries, wages, bonuses, incentive payments, commissions, fees and other compensation subject to the tax earned from each employer, taxable net profits and other pertinent information as the Director may require.
2. Where figures of total income, total deductions, and net profits are included, as shown by a Federal return, any items of income which are not subject to the City of Eaton tax and unallowable expenses shall be eliminated in determining net income subject to the Eaton tax. In the absence of records showing the actual unallowable expenses, such expenses shall be determined in accordance with Article III, A-6c.1.07 of these Regulations. The fact that any taxpayer is not required to file a Federal tax return does not relieve him from filing a City of Eaton tax return.
3. If a change in Federal income tax liability, made by the Federal Internal Revenue Service, or by a judicial decision, results in an additional amount of tax payable to the City of Eaton, a report of such change shall be filed by the taxpayer within three (3) months after receipt of the final notice from the Federal Internal Revenue Service or final Court decision. See Article XI B-1.
4. If a change in Federal income tax liability results in a reduction of taxes owed and paid to the City of Eaton, a claim for refund shall be filed with the Director as prescribed in Section 11-B of the Ordinance and Article XI B of these Regulations.

C. Extensions.

1. Upon written request of the taxpayer made on or before the date for filing the return, and for good cause shown, the Director may extend the time for filing such return for a period of not to exceed six (6) months or to one (1) month beyond any extension request of or granted by the Federal Internal Revenue Service. Whenever he deems such necessary, the Director may require a tentative return accompanied by payment of the estimated tax. No penalty shall be assessed in those cases in which the return is filed and the final tax paid within the period as extended provided all other filing and payment requirements of the Ordinance have been met.
2. Information returns, schedules and statements needed to support tax returns are to be filed within the time limits set forth for filing the tax returns.

D. Payment with Return.

1. The taxpayer making a return shall, at the time of the filing thereof, pay to the Director 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 6 of the Ordinance, or where any portion of said tax shall have been paid by the taxpayer pursuant to the provisions of Section 7 of the Ordinance, or where an income tax has been paid to another municipality, credit for the amount so paid in accordance with Article XV 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.

2. A taxpayer who has overpaid the amount of tax to which the City of Eaton is entitled under the provisions of the Ordinance may have such overpayment applied against any subsequent liability or, at his election indicated on the return, such overpayment (or part thereof) shall be refunded, provided that no additional taxes or refunds of less than One Dollar (\$1.00) shall be collected or refunded.

E. Amended Returns.

1. Where necessary, 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 Sections 11 and 12 of the Ordinance. Such amended return shall be on a form obtainable upon request from the Director. A taxpayer may not change the method of accounting or apportionment of net profits after the due date for filing the original return without approval of the Director.
2. Within three (3) months from the final determination of any Federal tax liability affecting the taxpayer's Eaton Tax liability, such taxpayer shall make and file an amended City of Eaton return showing income subject to the tax based upon such final determination of Federal tax liability, and pay any additional tax shown due thereon, or make claim for refund of any overpayment.

ARTICLE VI
COLLECTION OF TAX AT THE SOURCE

A. Duty of Withholding.

1. Except as otherwise provide herein, it is the duty of each employer within or doing business within the City of Eaton, who employs one (1) or more persons whether as an employee, officer, director or otherwise, to deduct each time any compensation is paid the tax of one percent (1%) from.
 - a. The gross amount of all salaries, wages, bonuses, incentive payments, fees, commissions or other forms of compensation paid to residents of Eaton, regardless of the place where the services are rendered; and
 - b. All compensation paid non-residents for services rendered, work performed or other activities engaged in within the City of Eaton.
2. All employers within or doing business within the City of Eaton are required to make the collections and deductions specified in this Article, regardless of the fact that the services on account of which any particular deduction is required, as to residents of the City of Eaton, were performed outside the City of Eaton.
3. Employers who do not maintain a permanent office or place of business in the City of Eaton, but who are subject to tax on net profits attributable to the City of Eaton, under the method of allocation provided for in the Ordinance, are considered to be employers within the City of Eaton and subject to the requirement of withholding.
4. 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 paid. If the employer has withheld the tax and failed to pay the tax withheld to the Director, the employee is not liable for the tax so withheld.
5. Commissions and fees paid to professional men, 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 taxpayer's must, in all instances, file a declaration and return and pay the tax pursuant to the provisions of the Ordinance and Articles V and VII of these Regulations.
6. Where a non-resident receives compensation for personal services rendered or performed partly without the City of Eaton, the withholding employer shall deduct, withhold and remit the tax on that portion of the compensation which is earned within the City of Eaton in accordance with the following rules of apportionment:
 - a. If the non-resident is a salesman, agent or other employee whose compensation depends directly on the volume of business transacted or chiefly effected by him, the deducting and withholding shall attach to the portion of the entire compensation which the volume of business transacted or chiefly effected by the employee within the City of Eaton bears to the total volume of business transacted by him.

- b. The deducting and withholding of personal service compensation of other non-resident employees, including officers of corporations, shall attach to the proportion of the personal service compensation of such employee which the total number of his working hours within the City of Eaton is of the total number of working hours.
 - c. The fact that non-resident employees are subject to call at any time does not permit the allocation of pay for time worked within the City of Eaton on a seven (7) day per week basis. The percentage of time worked in the City of Eaton will be computed on the basis of a forty (40) hour week unless the employer notifies the Director that a greater or lesser number of hours per week is worked.
 - d. The occasional entry into the City of Eaton of a non-resident employee who performs the duties, for which he is employed primarily outside the City, shall not be deemed to take such employee out of the class of those rendering their services entirely outside the City of Eaton.
 - e. Wage continuation plans paid by the employer for purpose of health, rest, recuperation or other reward are deemed to have the same tax situs as the primary job assignment or job location of the employee and are taxable on the same ratio as the normal earnings of such employee for his primary job assignment.
7. An employer shall withhold the tax on the full amount of any advance made to an employee on account of commissions.
 8. 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 to the employee for expenses necessarily and actually incurred by the employee in the actual performance of his services provided such expenses are incurred in earning compensation, including commissions, and are not deducted as a business expense by the employee under Article III of these Regulations.
 9. An employer whose records show that an employee is a non-resident of the city of Eaton and has no knowledge to the contrary, shall be relieved of the responsibility of withholding the tax on personal service compensation paid to such employee for services rendered or work done outside the City of Eaton by such employee. Provided, however, that such employer must withhold the tax on all personal service compensation paid such employee after the Director notifies said employer in writing that such employee is a resident of the City of Eaton. All employees are required to notify the employer of any change of residence and the date thereof.
 10. An Eaton employer required to withhold the tax from an Eaton resident for work done or services performed in another municipality, and who does so withhold and remit to such other municipality, shall be relieved from the requirement of withholding the City of Eaton tax from such Eaton resident, except where the rate of tax for such other municipality is less than the rate of tax imposed by the Eaton Income Tax Ordinance. In such case, the employer shall withhold and remit the difference to the City of Eaton.

11. No person shall be required to withhold the tax on the wages or other compensation paid domestic servants employed exclusively in or about such person's residence, but such employees shall be subject to all of the requirements of the Ordinance.

B. Return and Payment of Tax Withheld and Status of Employers.

1. The deductions from salaries, wages, and other compensation required to be made by employers are to begin with the compensation earned on and after the effective date of the Ordinance. 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 each month, make a return and pay to the Director, the tax withheld during the preceding month. Provided, however, the Director shall have the authority to approve the filing of returns and payment of the tax withheld on a quarterly basis.
 - a. The Director may authorize any employer to file returns and remit the tax withheld on a quarterly basis provided that such authorization does not jeopardize the interest of the City.
 - b. Any employer who wishes to file and remit on a quarterly basis may request the authority for quarterly filing from the Director. Such request must be in writing, stating the name and the City of Eaton withholding account number of the employer; the address to which withholding forms should be mailed; the estimate amount of tax to be withheld each quarter and the name and title of the person responsible for complying with the withholding requirements of the Ordinance.
 - c. In considering such a request, the Director will base his decision on the facts so that the best interests of the City are served. He shall refuse such authority if he has reason to believe that the employer is a below average credit risk, engaged in seasonal or transitory business in fact or as to location, or for any other reason known to him which might place a burden upon the City, or where such request is contrary to the policy of the City. The Director will notify the employer, in writing, of the decision made upon his request.
 - d. If the request is granted, the notice will specify the effective date of the authorization. In such case, the employer shall, on or before the last day of each month following the calendar quarter ending March 31, June 30, September 30 and December 31, make a return and pay to the Director the tax withheld during the preceding calendar quarter. Once this approval is granted the employer may continue on such basis unless notified, in writing, by the Director that approval to file quarterly is withdrawn.
 - e. The Director may withdraw the authorization for quarterly filing and payments whenever he has reason to believe that the conditions for granting such authorization have changed were judged incorrectly, were not met or when it is to the best interests of the City to do so. Notice of the withdrawal shall be made in writing and may be served in person or mailed to the address where the returns are mailed. Proof of mailing, furnished by the U.S. Post Office, shall be presumptive proof of receipt by the addressee. In such case, the employer must begin to file monthly.

2. If more than the amount of tax required to be deducted by the Ordinance is withheld from an employee's pay, such excess may be refunded by the employer or the Director, depending upon the circumstances and the time when the over-withholding is determined as follows:
 - a. Current employees.
 - .1 If the over-withholding is discovered in the same withholding period, the employer shall make the necessary adjustment directly with the employee and the amount to be reported as withheld shall be the corrected amount;
 - .2 If the over-withholding is discovered in a subsequent period of the same calendar year, the employer may make proper adjustment with the employee. In such case, the report for the period in which the adjustment is made shall indicate the total amount actually withheld, the amount of the adjustment deducted therefrom, and the corrected amount reported;
 - .3 If the over-withholding is discovered in the following year, the employer should notify the Director of such over-withholding, and the circumstances thereof. Upon proper verification, the Director shall refund to the employee, the amount of such excess withholding.
 - b. Former employees.
 - .1 In case too much has been withheld from an employee who is no longer employed by the employer, the employer shall notify the Director of the amount and circumstances of such over-withholding; the Director shall then refund to the employee the amount of such excess withholding; or
 - .2 If the error is discovered by the employee, such employee shall file a claim with the Director and, upon verification thereof by the employer; the Superintendent shall refund to the employee the amount of such excess withholding.
 - c. Non-Resident Employed Outside the City.
 - .1 Where an employer has withheld the tax from all wages of a non-resident of the City of Eaton and such non-resident has been employed outside of the City of Eaton for all or a part of the time, such employee shall file a claim with the Director covering such withholding and the Director shall, upon verification thereof by the employer, refund to the employee, the amount of any excess withholding.
 - d. Insufficient Withholding.
 - .1 If less than the amount of tax required to be deducted is withheld from an employee, such deficiency shall be withheld from subsequent wages. However, if the employee-employer relationship has terminated, the employer shall notify the Director of such deficiency and the reason therefor.
3. Every employer is deemed to be a trustee for the City of Eaton 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.

4. Every such employer required to deduct and withhold the tax at the source is liable directly to the City of Eaton for payment of such tax whether the tax was actually collected from such employee or not.
5. On or before the 31st day of January, following any calendar year in which such deductions have been made by any employer, such employer shall file with the Director, in the form prescribed by the Director, an information return for each employee from whom the City of Eaton income tax has been withheld, clearly showing the name, address and social security number of the employee, the total amount of compensation paid during the year and the amount of Eaton income tax withheld from such employee.
6. For the convenience of employers, the information return referred to in Paragraph 5 above, may be made in one of three (3) ways at the election of each employer, as follows:
 - a. Those employers using Form W-2 furnished commercially may submit a copy of such commercial Form W-2 providing the copy furnished the City of Eaton clearly shows the information required in Paragraph 5 immediately preceding.
 - b. Those employers not using Form W-2 furnished commercially may obtain forms upon request from the Director.
 - c. Where the furnishing of this information as indicated above will create a distinct hardship, the employer, upon written request to the Director, 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 Eaton 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 (3) 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.
 - d. The gross compensation to be reported for each employee shall be for the full twelve (12) calendar months of the year or such portion thereof as the employee reported on was employed.
7. In addition to such information returns, and at the time the same are filed, each employer shall file with the Director, a Reconciliation of Returns to enable the Director to reconcile the sum total of compensation paid and taxes withheld as disclosed by information returns or list of employees, and prior returns and remittances made pursuant to the Ordinance.

C. Fractional Parts of Cent.

In deducting and withholding the tax at the source and in payment of any tax due under the Ordinance, a fractional part of a cent shall be disregarded unless it amounts to one-half cent (1/2¢) or more in which case it shall be increased to one cent (1¢). No person shall be entitled to a refund merely because such rounding off of the tax results in an apparent overpayment based on his total earnings.

**ARTICLE VII
DECLARATIONS**

A. Requirement of Filing.

1. A declaration of estimated tax shall be filed by every taxpayer who may reasonably be expected to have taxable income, the tax on which is not or will not be withheld by an employer or employers. Where required, such declaration shall be filed within four (4) months after the beginning of the taxable year.
2. A taxpayer's final return for the preceding year may be used as the basis for computing his declaration of estimated tax for the current year. In the event a taxpayer has not previously been required to file a return, a declaration of estimated tax on anticipated income shall be filed in good faith.

B. Date of Filing.

1. A person or other entity conducting a business not previously subject to the tax, or whose employer does not withhold the tax, shall file a declaration within four (4) months after the date he becomes subject to the tax.
2. Those taxpayers having a fiscal year or period differing from the calendar year shall file a declaration within four (4) months after the start of each fiscal year or period.

C. Form for Filing.

1. Such declaration shall be filed upon a form or forms furnished by or obtainable upon request from the Director. Provided, however, credit shall be taken for the City of Eaton tax to be withheld from any portion of such income. In accordance with the provisions of Section 15 of the Ordinance, credit may be taken for tax to be paid or withheld and remitted to another taxing municipality.
2. The original estimate of tax liability or any subsequent amendment thereof may be increased or decreased by filing an amended declaration on or before any quarterly payment date as set forth in Article VII E. Such amendment may be made on the regular declaration form or on the back of any quarterly notice form.

- D. An amended declaration must be filed on or before January 31 of the following year, or in the case of a taxpayer on a fiscal year, on or before the last day of the 13th month following the beginning of such fiscal year, if it appears that the original declaration made for such taxable year underestimated the taxpayer's income by thirty percent (30%) or more. At such time, a payment which, together with prior payments, is sufficient to pay the taxpayer's entire estimated liability shall be made. If, upon the filing of the return required by Section 5 of the Ordinance, it appears that the taxpayer did not pay seventy percent (70%) of his tax liability, as shown on said return, the difference between seventy percent (70%) of said taxpayer's tax liability and the amount of estimated tax actually paid on or before the above mentioned date, shall be subject to the interest and penalty provisions of Section 10 of the Ordinance.

E. Dates of Payments.

1. The estimated tax may be paid in full with the declaration or in equal installments on or before the last day of the fourth, seventh, tenth and thirteenth month after the beginning of the taxable year.
2. The declaration must be accompanied by at least one installment of the estimated tax shown due thereon.
3. In the event an amended declaration has been filed, the unpaid balance shown due thereon shall be paid in equal installments over the remaining payment dates.

F. Final Returns Required.

1. The filing of a declaration does not relieve the taxpayer of the necessity of filing a final return even though there is no change in the declared tax liability. A final return must be filed to obtain a refund of any overpayment of over One Dollar (\$1.00).

ARTICLE VIII
DUTIES AND POWERS OF THE DIRECTOR OF TAXATION

A. Collection of Tax and Retention of Records.

1. It shall be the duty of the Director to receive the tax imposed by the Ordinance in the manner prescribed therein from the taxpayers; to keep an accurate record thereof, and to report daily all monies so received.
2. It shall be the duty of the Director to enforce payment of all taxes owing the City of Eaton, to keep accurate records for a minimum of five (5) 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 payments thereof.

B. Enforcement Provisions.

1. The Director is charged with the administration and enforcement of the provisions of the Ordinance and is, subject to the approval of the City Council by motion, empowered to adopt, promulgate, and enforce rules and regulations relating to any matter or thing pertaining to the administration and enforcement of the Ordinance. The Director has the authority to correct or adjust any return submitted, when a correction or adjustment is necessary to accomplish the intent of the Ordinance.
2. Any taxpayer or employer desiring a special ruling on any matter pertaining to the Ordinance or these Rules and Regulations, should submit to the Director in writing, all the facts involved and the ruling sought.
3. These Regulations, together with all amendments and supplements hereto and all changes herein, will be on file with the Clerk of Council and at the office of the Director and will be open to public inspection.
4. The Director is authorized to arrange for the payment of unpaid taxes, interest and penalties on a schedule of installment payments, when the taxpayer has proved to the Director that, due to certain hardship conditions, he is unable to pay the full amount of the tax due. Such authorization shall not be granted until proper returns are filed by the taxpayer for all amounts owed by him under the Ordinance and shall not exceed a period in excess of six (6) months.
5. Failure to make any deferred payment when due, shall cause the total unpaid amount, including penalty and interest, to become payable on demand and the provisions of Sections 11 and 12 of the Ordinance shall apply.

C. Estimation of Tax by Director.

In any case where a taxpayer or employer has failed to file a return or has filed a return which does not show the proper amount of tax due, the Director may assess the amount of tax appearing to be due, together with interest and penalties thereon, if any, in the following manner:

1. General Provisions.

- a. If the Director determines that any taxpayer subject to the provisions of the Ordinance has a tax liability for which he has filed no return or has filed an incorrect return and has failed to pay the full amount of tax due, the Director shall issue a proposed assessment showing the amount of tax due, together with any penalty and interest that may have accrued thereon.
 - .1 Such proposed assessment shall be served upon the taxpayer in person or by mailing to his last known address. Proof of mailing furnished by the U.S. Post Office shall be presumptive proof of receipt thereof by the addressee.
 - .2 A taxpayer may, within fifteen (15) days after the date the proposed assessment was served or mailed, file a written protest with the Director. Within fifteen (15) days after receipt of the protest, the Director shall give the protestant an opportunity to be heard; provided further that the Director may extend the date of hearing for good cause shown. After the hearing the Directors shall withdraw the assessment or he shall adjust or reaffirm the assessment and it shall become final. If no protest is filed as herein provided, such proposed assessment shall become final fifteen (15) days after being served.
- b. After a proposed assessment becomes final, notice of such final assessment shall be issued and shall be served in the same manner as a proposed assessment.
 - .1 A taxpayer shall have fifteen (15) days after the date the final assessment was served or mailed within which to file written notice of appeal with the Board of Tax Appeals. Such written notice of appeal shall be filed in a sealed envelope plainly marked "Appeal to Board of Tax Appeals" and mailed or delivered to the Director who shall, within five (5) days after receipt thereof, deliver such appeal to the Chairman of the Board of Tax Appeals, or ,if the Chairman is not available, to the Vice-Chairman.
 - .2 The Board of Tax Appeals, upon receipt of a notice of appeal, shall within fifteen (15) days notify the Director thereof, who shall forward within fifteen (15) days to the Board, a certified transcript of all actions taken by him with respect to said final assessment. Such transcript shall be open to inspection by the appellant and his counsel.
 - .3 Any taxpayer against whom a final assessment has been issued and who has filed a notice of appeals shall be granted a hearing by the Board of Tax Appeals. At such hearing the appellant and the Director shall be given opportunity to present evidence relating to the said final assessment. After the conclusion of such hearing, the Board of Tax Appeals shall affirm, reverse or modify the said final assessment and shall furnish a copy of its decision in respect thereof to the appellant and the Director. The appellant's copy of said decision shall be served upon him in the same manner as herein provided for the serving of assessments.
- c. When any taxpayer subject to the provisions of the Ordinance has filed a return indicating the amount of tax due and has failed to pay said tax to the Director as required by the Ordinance,

the Director need not issue an assessment but may proceed under the provisions of Sections 11 and 12 of the Ordinance.

2. Provisions Affecting Employers.

- a. If the Director determines that an employer subject to the provisions of the Ordinance has failed to file a return for tax withheld and has failed to pay to the Director the full amount of said taxes, the Director shall issue a proposed assessment showing the amount of tax due, together with any penalties and interest that may have accrued thereon, and the provision of Paragraphs C-1a and C-1b of Section 8 of the Ordinance shall then apply.
- b. If the Director determines that an employer subject to the provisions of the Ordinance has failed to withhold tax, the Director shall issue a proposed assessment showing the tax due, together with any penalties and interest that may have accrued thereon and the provisions of Paragraphs C-1a and C-1b of Section 8 of the Ordinance shall then apply.
- c. When an employer subject to the provisions of the Ordinance has filed a return indicating the amount of tax withheld and has failed to pay said tax to the Director as required by the Ordinance, the Director may proceed under the provisions of Sections 11 and 12 of the Ordinance and need not issue an assessment as provided in Section 8, Paragraphs C-2a and C-2b of the Ordinance.

ARTICLE IX
EXAMINATION OF BOOKS AND RECORDS,
INFORMATION SO OBTAINED CONFIDENTIAL; PENALTY

A. Investigations by Director.

1. The Director, or his duly authorized agent, is empowered to examine the books, papers, records and copies of Federal income tax returns of any employer, taxpayer or person subject to the Ordinance, or whom the Director believes is subject to the provisions of the Ordinance, for the purpose of verifying the accuracy of any return made; or, if no return was made, to ascertain the tax due under the Ordinance.
2. An employer or taxpayer shall furnish, within ten (10) days following a written request by the Director, or his duly authorized agent, the means, facilities and opportunity for making examinations and investigations authorized by the Ordinance.

B. Subpoena of records and Persons.

1. The Director, or any person acting in his capacity, is authorized to examine any person, under oath, concerning any income which was, or should have been, returned for taxation or any transaction tending to affect such income. The Director may compel the production of books, papers and records and the attendance of all persons before him, whether as parties or witnesses, whenever he believes such persons have knowledge of the facts concerning any supposed income or supposed transaction of the taxpayer.
2. The Director's order to examine any document mentioned in the preceding paragraph shall state whether the examination is to be at the office of the taxpayer or at the office of the Director.
3. The Director may order the appearance before him, or his duly authorized agent, of any party whom he believes to have any knowledge of a taxpayer's income or withholdings, or any information pertaining to the taxpayer under investigation, whether or not the individual so ordered has actual custody of the records of the taxpayer being investigated. The Director is specifically authorized to order the appearance of the local manager or representative of any taxpayer.
4. Persons required to attend any hearings shall be notified not less than ten (10) days prior to the time of the hearing. The notice shall show the time and place of the hearing and what books, papers or records the witness is to make available at such hearing.
5. The notice shall be served by the Director, or his duly authorized agent, by delivering it to the person named in the notice, or by leaving the notice at his usual place of business or residence, or by mailing it to the person by registered mail, return receipt requested, addressed to his usual place of business or residence.

C. Penalty for Non-Compliance.

Refusal by any employer, supposed employer, taxpayer, or supposed taxpayer, or the refusal of any such person to appear before the Director, or his duly authorized agent, to submit to such examination

and to produce the records requested, constitutes a misdemeanor punishable by fine or imprisonment, or both, as prescribed by Section 12 of the Ordinance.

D. Confidential Nature of Examinations.

Any information gained as a result of any returns, investigations, verifications or hearings before the Director, required by the Ordinance or authorized by these Rules and Regulations shall be confidential and no disclosure thereof shall be made except for official purposes or as ordered by a court of competent jurisdiction. Any person divulging such information shall be guilty of a misdemeanor punishable by a maximum fine of Five Hundred Dollars (\$500.00) or imprisonment for not more than six (6) months, or both. In addition to the above penalty, any employee of the City of Eaton who violates the provisions of Section 9 of the Ordinance relative to the disclosure of confidential information shall be guilty of an offense punishable by immediate dismissal.

E. Retention of Records.

All employers and taxpayers are required to keep such records as will enable the filing of true and accurate returns whether of taxes withheld at the source or of taxes payable upon earnings or net profits, or both. Such records shall be preserved for a period of not less than five (5) years from the date the final return is filed and paid or the withholding taxes are paid.

ARTICLE X
INTEREST AND PENALTIES

A. Interest.

1. Except as provided in Paragraph C of this Article, all taxes imposed and all monies withheld, or required to be withheld, by employers under the provisions of the Ordinance and remaining unpaid after they have become due shall bear interest, in addition to the amount of the unpaid tax or withholdings, at the rate of on-half of one percent (1/2 of 1%) per month or fraction thereof.

B. Penalties.

In addition to interest as provided in Paragraph A hereof, penalties based on the unpaid tax are hereby imposed as follows:

1. For failure to pay taxes due, other than taxes withheld: One-half of one percent (1/2 of 1%) per month or fraction thereof, or ten percent (10%), whichever is greater.
2. For failure to remit taxes withheld from employees: Three percent (3%) per month or fraction thereof, or ten percent (10%), whichever is greater.
3. On the excess of seventy percent (70%) of the actual tax over the amount paid on declaration of estimated tax where a declaration has not been filed estimating a tax liability in the same or greater amount than paid the previous year, or where a final return has not been filed and the total paid on or before the end of the month following the close of the taxable year: Ten percent (10%) of the difference between seventy percent (70%) of the total tax for the year and the amount paid through withholding or declarations.
4. Except in the case of fraud, the penalty shall not exceed fifty percent (50%) of the unpaid tax.

C. Exceptions.

1. No penalty shall be assessed on additional taxes found on audit to be due when a return was timely filed in good faith and the tax paid thereon within fifteen (15) days from the date the taxpayer was notified of such findings.
2. In the absence of fraud neither penalty nor interest shall be assessed on any additional taxes resulting from a Federal audit for Federal income tax purposes provided an amended return is filed and the additional tax paid within three (3) months after final determination of the Federal tax liability.

D. Appellate Review.

Upon recommendation of the Director, the Board of Adjudication may abate penalty or interest, or both.

E. Minimum Assessment.

Penalty and interest charges shall not be levied when the total of such charges amounts to less than One Dollar (\$1.00).

F. Violations by Employers.

Any person required to withhold the tax who knowingly fails to withhold such tax, or pay over such tax or knowingly attempts in any manner to evade or defeat such tax or the payment thereof, shall, in addition to other penalties provided by law, be liable to a penalty equal to the total amount of the tax evaded, or not withheld, or not paid over. No other penalty under Section 10 of the Ordinance shall be applied to any offense to which this penalty is applied.

G. Effect on Extension.

1. No penalty will be assessed on a return where a balance due is paid within the extended period of filing that return when such extension was authorized by the Director as provided in Section 5, Paragraph C, of the Ordinance.
2. Penalty will be assessed from the date the return was due as provided in Sections 5, 6 and 7 of the Ordinance when the return is not filed within the extended period referred to above.
3. Interest as provided in Section 10, Paragraph A of the Ordinance will be assessed on returns not filed within the due dates provided in Sections 5, 6 and 7 of the Ordinance, even though the time for filing the return has been extended.

ARTICLE XI
COLLECTION OF UNPAID TAXES AND REFUND OF OVERPAYMENTS

A. Unpaid Sums; Civil Suit.

1. In addition to any criminal penalties which may be imposed pursuant to Section 12 of the Ordinance, all taxes imposed by Section 3 of the Ordinance shall be collectible, together with any interest and penalties thereon, by civil suit. Employers who are required, under Section 6 of the Ordinance, to withhold and remit the taxes required to be withheld at the source, and who fail to withhold and/or remit, become liable to the City in a civil suit to enforce the payment of the deficiency created by such failure.
2. No additional assessment shall be made by the Director after three (3) years from the time the return was due or filed, whichever is later. Provided, however, there shall be no period of limitation on such additional assessments in the case of a return that omits a substantial portion of income, or filing a false or fraudulent return to evade payment of the tax, or failure to file a return. Failure to report twenty-five percent (25%) or more of gross income shall be considered a substantial omission.
3. In those cases in which the Commissioner of Internal Revenue and the taxpayer have executed a waiver of the Federal statute of limitations, the period within which an assessment may be made by the Director is extended to one (1) year from the time of final determination of Federal tax liability.

B. Refunds and Overpayments.

1. Taxes erroneously paid shall not be refunded unless a claim for refund is made within three (3) years from the date on which such payment was made, or the return was due, or three (3) months after the determination of the Federal income tax liability, whichever is later.
2. No refund shall be made to any taxpayer until he has complied with all provisions of the Ordinance and has furnished all information required by the Director.
3. Overpayments will be either refunded or credited to the taxpayer's current year's liability at this option. Where no election has been made by the taxpayer, overpayments of any year's taxes shall be applied as follows:
 - a. To taxes owed for any previous years in the order in which such taxes became due.
 - b. To his current estimated tax liability.

C. Limitation.

1. Additional amounts of less than One Dollar (\$1.00) shall not be refunded.
2. Additional amounts of less than One Dollar (\$1.00) shall not be assessed unless:
 - a. The full amount of tax due as originally shown on the return has not been paid in full; or
 - b. Such assessment results from income which the taxpayer has failed to report.

ARTICLE XII
VIOLATIONS, PENALTIES

- A. Any person who shall:
1. Fail, neglect or refuse to make any return or declaration required by the Ordinance; or
 2. Make any incomplete, false or fraudulent return; or
 3. Fail, neglect or refuse to pay the tax, penalties or interest imposed by the Ordinance; or
 4. Fail, neglect or refuse to withhold the tax from his employees or remit such withholding to the Director; or
 5. Refuse to permit the Director or any duly authorized agent or employee to examine his books, records, papers and copies of Federal income tax returns relating to the income or net profits of a taxpayer; or
 6. Fail to appear before the Director and to produce his books, records, papers or copies of Federal income tax returns relating to the income or net profits of a taxpayer upon order or subpoena of the Director; or
 7. Refuse to disclose to the Director any information with respect to the income or net profits of a taxpayer; or
 8. Fail to comply with the provisions of the Ordinance or any order or subpoena of the Director authorized hereby; or
 9. Attempt to do anything whatever to avoid the payment of the whole or any part of the tax, penalties or interest imposed by the Ordinance, shall be guilty of a misdemeanor and shall be fined not more than Five Hundred (\$500.00) or imprisoned not more than six (6) months or both, for each offense.
- B.
1. Any person subject to the provisions of Section 1 through 18 inclusive, of the Ordinance who has failed to file a return or has filed an incorrect return and has failed to pay the full amount of tax due, shall not be deemed to have committed an offense punishable under the provisions of Section 12 of the Ordinance until the assessment issued against him under the provisions of Section 8 of the Ordinance, has become due and payable.
 2. Any person who has filed a return under the provisions of Sections 1 through 18 inclusive, of the Ordinance indicating the amount of tax due, and has failed to pay said tax, together with any penalties or interest that may have accrued thereon, shall not be deemed to have committed an offense for having knowingly failed to pay the tax, penalties or interest due as provided in Paragraph A-3 above, until the date of the filing of such return.
- C. The term "person" as used in this Article shall, in addition to the meaning prescribed in Article II of these Regulations, include in the case of an association or corporation not having any partner, member or officer within the City of Eaton, any employee or agent of such association or corporation who can be found within the corporate limits of the City of Eaton.

D. Prosecutions.

All prosecutions under this Section must be commenced within the time limit as now or hereafter may be provided by the applicable Sections of the Ohio Revised Code for the prosecution of violations of municipal income tax ordinances.

E. Failure to Receive Forms – Not a Defense.

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

ARTICLE XIII
BOARD OF ADJUDICATION AND BOARD OF TAX APPEALS

A. Board of Adjudication.

1. Pursuant to Section 8.12 of the Charter of the city of Eaton, Ohio, a Board of Adjudication, consisting of the City Manager, the Finance Director, and the Law Director is hereby created. The Board shall select, each year for a one (1) year term, one of its members to serve as Chairman and one to serve as Secretary. A majority of the members of the Board shall constitute a quorum.
2. The Board shall adopt its own procedural rules and shall keep a record of its proceedings. All hearings of the Board shall be conducted privately and the provisions of Section 9 of the Ordinance with reference to the confidential character of information required to be disclosed by the Ordinance shall apply to such matters as may be presented to the Board of Adjudication.
3. The Board shall have the authority, upon request of the Director, to modify in whole or in part, any assessment of tax, penalty and/or interest, required to be made by the Ordinance. In addition, the Board may authorize the Director to accept partial payments for a period in excess of the time authorized in Section 8 of the Ordinance.

B. Board of Tax Appeals.

1. Pursuant to Section 8.12 of the Charter of the City of Eaton, Ohio, a Board of Tax Appeals, consisting of three (3) representative citizens of the City of Eaton, not otherwise employed by the City of Eaton, to be appointed by the Mayor of the City of Eaton, approved by City Council, is hereby created. The first three (3) members of the Board of Tax Appeals shall be appointed in the following manner: One to serve for a term of one (1) year; one to serve for a term of two (2) years; one to serve for a term of three (3) years. At the expiration of each term of office set forth above, the succeeding member shall be appointed for a term of three (3) years. A majority of the members of the Board shall constitute a quorum. The Board shall adopt its own procedural rules and shall keep a record of its transactions. Any hearing by the Board may be conducted privately and the provisions of Section 9 of the Ordinance with reference to confidential character of information required to be disclosed by the Ordinance shall apply to such matters as may be heard before the Board on appeal.
2. The Board shall, on hearing, have jurisdiction to affirm, reverse or modify any such assessment, ruling or decision, or any part thereof, made by the Director from which an appeal has been filed as provided in Section 8 of the Ordinance.

ARTICLE XIV
ALLOCATION OF FUNDS
(See Section 14 of the Ordinance)

ARTICLE XV
CREDIT ALLOWED FOR TAX PAID IN ANOTHER MUNICIPALITY

A. Limitation.

1. Where a resident of the City of Eaton is subject to a municipal tax, on or measured by income, in another municipality either located within or without the State of Ohio, he shall not pay a total municipal tax on the same income greater than the tax imposed at the higher rate.

B. Credits to Residents.

Resident individuals of the City of Eaton who are required to pay and do pay, a tax to another municipality on salaries, wages, commissions or other compensation for work done or services performed in such other municipality, or on net profits from businesses, professions or other activities conducted in such other municipality, may claim a credit of the amount of tax paid by them or on their behalf to such other municipality but only to the extent of the tax imposed by the Ordinance on such compensation or net profits.

C. Method of Applying for Credit.

1. No credit will be given unless the taxpayer claims such credit on his final return or other form prescribed by the Director, and presents such evidence of the payment of a similar tax to another municipality, as the Director may require.
2. A statement satisfactory to the Director from the taxing authority of the municipality to which the taxes are paid, that a City of Eaton resident or his employer is paying the tax shall be considered as fulfilling the requirement of this Article.

ARTICLE XVI
SAVINGS CLAUSE

- A. These Rules and Regulations shall not apply to any person, firm, corporation or income, as to whom, or as to which it is beyond the power of the City Council to impose the tax provided for in the Ordinance.
- B. If any sentence, clause, section or part of the Ordinance , or any article or part of these Rules and Regulations, or any tax against any individual, or any of the several groups specified in the Ordinance or Rules and regulations, is found to be unconstitutional, illegal, or invalid, such unconstitutionality, illegality or invalidity shall affect only such sentence, clause, section or part of the Ordinance, or article, or part of these Rules and Regulations and shall not affect or impair any of the remaining provisions, sentences, clauses, sections or parts of the Ordinance or these Rules and Regulations. It is hereby declared to be the intention of the City Council that these Rules and Regulations would have been adopted had such unconstitutional, illegal or invalid sentence, clause, section, article or part thereof not been included therein or herein.

ARTICLE XVI
COLLECTION OF TAX AFTER TERMINATION OF ORDINANCE

- A. The Ordinance shall continue effective insofar as the levy of taxes is concerned until repealed, and insofar as the collection of taxes levied thereunder and actions or proceedings for collecting any tax so levied or enforcing any provisions of the Ordinance are concerned, it shall continue effective until all of said taxes levied thereunder are fully paid and any and all suits and prosecutions for the collection of said taxes or for the punishment of violations of the Ordinance shall have been fully terminated, subject to the limitations contained in Sections 11 and 12 of the Ordinance.
- B. Annual returns due for all or any part of the last effective year of the Ordinance shall be due on the date provided in Sections 5 and 6 of the Ordinance as though the same were continuing.

CALENDAR

Final Dates for Filing Returns and Paying Tax

- January 31 EMPLOYERS WITHHOLDING (MONTHLY): Return of Income Tax Withheld in December of preceding year (Form EW-1).
EMPLOYERS WITHHOLDING (QUARTERLY): return of Income Tax Withheld in the fourth quarter of the preceding year (Form EW-1).
EMPLOYERS: Withholding Statements (Form EW-2) showing total wages paid and tax withheld for each employee during the preceding year, accompanied by Reconciliation of Returns (Form EW-3).
TAXPAYERS: Fourth quarterly installment payment of the preceding year's estimated income tax (Form EQ-1).
TAXPAYERS: Amended Declaration of Estimated Tax underestimated income by thirty percent (30%) or more.
- February 15 TAXPAYERS: Final Income Tax Return for the preceding year by taxpayers who did not pay estimated income tax in full (Form R).
- February 28 EMPLOYERS WITHHOLDING (MONTHLY): Return of Income Tax Withheld in January (Form EW-1).
- March 31 EMPLOYERS WITHHOLDING (MONTHLY): Return of Income Tax Withheld in February (Form EW-1).
- April 30 EMPLOYERS WITHHOLDING (MONTHLY): Return of Income Tax Withheld in March (Form EW-1).
EMPLOYERS WITHHOLDING (QUARTERLY): Return of Income Tax Withheld in the first quarter (Form EW-1).
TAXPAYERS: Final Income Tax Return for the preceding year (Form R).
TAXPAYERS: Declaration of Estimated Tax for the current year (Form E-1), accompanied by first quarterly installment payment.
- May 31 EMPLOYERS WITHHOLDING (MONTHLY): Return of Income Tax Withheld in April (Form EW-1).
- June 30 EMPLOYERS WITHHOLDING (MONTHLY): Return of Income Tax Withheld in May (Form EW-1).
- July 31 EMPLOYERS WITHHOLDING (MONTHLY): Return of Income Tax Withheld in June (Form EW-1).
EMPLOYERS WITHHOLDING (QUARTERLY): Return of Income Tax Withheld in the second quarter (Form EW-1).
TAXPAYERS: Second quarterly installment payment of estimated income tax (Form EQ-1).

- August 31 EMPLOYERS WITHHOLDING (MONTHLY): Return of Income Tax Withheld in July (Form EW-1).
- September 30 EMPLOYERS WITHHOLDING (MONTHLY): Return of Income Tax Withheld in August (Form EW-1).
- October 31 EMPLOYERS WITHHOLDING (MONTHLY): Return of Income Tax Withheld in September (Form EW-1).
EMPLOYERS WITHHOLDING (QUARTERLY): Return of Income Tax Withheld in the third quarter (Form EW-1).
TAXPAYERS: Third quarterly installment payment of estimated income tax (Form EQ-1).
- November 30 EMPLOYERS WITHHOLDING (MONTHLY): Return of Income Tax Withheld in October (Form EW-1).
- December 31 EMPLOYERS WITHHOLDING (MONTHLY): Return of Income Tax Withheld in November (Form EW-1).

NOTE: Fiscal year taxpayers shall file Final Tax Returns (Form R) and Declarations of Estimated Tax (Form E-1) by the last day of the fourth month after the close of their fiscal year. Subsequent quarterly installment payments of estimated tax are due every three months thereafter.

Taxpayers whose entire income is derived from salary and wages shall file on a calendar year basis. However, no return is required when the tax is withheld on all of the income.