

# Instructions for Form BR-25

## Columbus Business Return

For use in preparing  
**2018** Returns

**Columbus Tax Rate 2.5%**

### What's New?

**Columbus will no longer administer for other municipalities.** Effective January 1, 2019, the City of Columbus will no longer administer income tax for the municipalities listed below. Please visit the new administering agencies' websites provided below to file tax returns, make payments, or find more information after this date.

[Regional Income Tax Agency \(RITA\)](#)

- Brice
- Canal Winchester
- Groveport
- Harrisburg

[Central Collection Agency \(CCA\)](#)

- Marble Cliff
- Obetz
- Prairie-Obetz JEDZ

Please note: the City of Columbus will still administer income taxes for the North Pickaway County and Prairie Township Joint Economic Development Districts (JEDDs).

### How are local taxes determined?

Businesses conducting activities within Columbus are liable for the income tax. These instructions are applicable to Columbus only.

If you have any questions about completing any of our forms, please call (614) 645-7370. All forms, instructions, and applicable tax codes for Columbus are available for download at [www.columbustax.net](http://www.columbustax.net).

### Who Must File

All taxpayers engaged in the following business enterprises must file an annual return on form BR-25 and a Declaration of Estimated Tax for the current year on form BR-21:

1. **Associations (including Partnerships, Joint Ventures, etc.)** deriving income from work done or

services performed or rendered and business conducted in Columbus.

2. **Corporations (including S-Corporations) and Fiduciaries (Estates and Trusts)** deriving income or losses from work done or services performed or rendered and business conducted in Columbus.

All business enterprises must file an annual return on form BR-25 and a Declaration of Estimated City Income Tax on Form BR-21 even if a loss is claimed on the business.



*Form BR-25 is NOT appropriate for Schedule C filers. Schedule C is reportable on Form IR-25 for individuals.*

### When a Return is not Required

Nonprofit businesses (as defined in I.R.C. §501(c)) are not required to file an annual city tax return if a copy of the organization's approved I.R.S. determination letter is on file with the City. However, should such a business have unrelated business income (as defined in I.R.C. §512), said business is required to file a city income tax return and pay tax thereon.

Tax exempt activities: if the entity is in an exempt status per O.R.C. §715.013 (such as banks, trucking, or insurance companies) please provide documentation designating the exempt status.



*Associations whose only activity is as an investment club must file a city income tax return, even though profits earned from this kind of enterprise are non-taxable.*

### When to File

This return must be filed on or before the fifteenth day of the fourth month following the close of the tax year. For calendar year taxpayers, this means the return is due April 15th.

Any business that has duly requested an automatic six-month extension for filing the business's federal income tax return shall automatically receive an extension for the filing of the city income tax return. The extended due date of the city income tax return shall be the fifteenth day of the tenth month after the last day of the taxable year to which the return relates.

Any business that has not requested or received a six-month extension for filing the business's federal income tax return may request that the income tax division grant a six-month extension of the date for filing the businesses city income tax return by using Form BR-42, Application for Filing Extension. The request for an extension will be granted if the request is received on or before the original due date of the BR-25 annual return.

Payment due with the extension request should be made using Form BR-42. Any business that is unable to pay taxes owed should still file form BR-25 or request an

extension using form BR-42 timely to avoid late filing charges.

**NO Payment Enclosed:**

Mail to: Columbus Income Tax Division  
PO Box 182437  
Columbus, Ohio 43218-2437

**Payment Enclosed:**

Make payable to: CITY TREASURER  
Mail to: Columbus Income Tax Division  
PO Box 182158  
Columbus, Ohio 43218-2158

## Payment and Refunds

If the full amount of the business tax liability as reported on Form BR-25 has not been paid by remittance of estimated City income tax payments, the unpaid balance should be filed and paid by the due date unless the balance due is \$10.00 or less.

Refunds due to an overpayment of estimated tax may be requested, providing any overpayment is greater than \$10.00. To request a refund, check the refund box in the upper right section of Form BR-25 and record the refund amount properly on Line 6B.

No refund or carryforwards of overpayment to subsequent years shall be allowed unless a written request is presented to the Administrator of the Columbus Income Tax Division within three (3) years after the tax was due or paid, whichever is later, as defined in C.C.C. §362.096(B)(1)

Mail refunds to: Columbus Income Tax Division  
PO Box 182437  
Columbus, Ohio 43218-2437

## Penalties and Interest

Penalties are provided by ordinance for failure to file and pay tax due on a required return, for filing late, and for filing a false or fraudulent return.



*Corporations, associations, trusts and estates located within or doing business within Columbus will incur a penalty of \$25.00 per month up to a maximum of \$150.00 for failing to file this return in a timely fashion.*

Taxes remaining unpaid to Columbus after they become due shall bear interest at the rate of 7%. In addition to any interest charged, a penalty of 15% of the amount of the unpaid tax shall also be assessed.

## Period Covered by This Return

Form BR-25 returns are required to cover the same period covered by the business's Federal income tax return.

## What is Taxable Income?

Columbus imposes a tax only on the portion of the allocated net profits from business or professional activities conducted within its boundaries.

Net operating loss carrybacks are not permitted. In addition, the following applies:

**A. For resident and non-resident Associations (including Partnerships, Limited Partnerships, and Limited Liability Corporations (LLCs) treated as partnerships for Federal income tax purposes):**

Columbus requires that the partnership (or LLC) pay all tax due on behalf of all affected partners. Guaranteed payments to partners must be included in net profits.

**B. For Corporations (including S-Corporations and Limited Liability Companies (LLCs) treated as corporations for Federal income tax purposes) and Fiduciaries (Estates and Trusts):**

Columbus requires that the corporation or fiduciary pay all tax due on their taxable income. Sub-Chapter S Corporations are taxed as regular C Corporations for city tax purposes, and must adjust their income accordingly.

## Consolidated Returns (Corporations Only)

An affiliated group of corporations may file a consolidated income tax return using Form BR-25 if that affiliated group filed a consolidated return for federal income tax purposes for the same tax reporting period. Form BR-25 is required to be completed based on the common parent federal income tax return of the affiliated group as filed with the Internal Revenue Service. "Affiliated Group of Corporations" means an affiliated group as defined in section 1504 of the Internal Revenue Code. "Consolidated Federal Income Tax Return" means a consolidated return for federal income tax purposes pursuant to section 1501 of the Internal Revenue Code.

## Form BR-25 Attachments

**Partnerships/Associations** should attach Pages 1 through 5 of their Federal Form 1065, and copies of all K-1s.



*Preparers should note each partner's share of city income and city tax paid on each partner's behalf on their respective K-1s.*

**Corporations** should attach copies of Pages 1 through 5 of their Federal Form 1120 or Pages 1 through 4 of their Federal Form 1120S and copies of all K-1s.

**Fiduciaries/Trusts/Estates** should attach a copy of Page 1 of their Federal Form 1041.

Per Columbus City Code §362.091(F)(6), any other documentation, including schedules, other municipal income tax returns, or other supporting documentation necessary to verify credits, income, losses, or other pertinent factors on the return shall also be included to avoid delay in processing, or disallowance by the Tax Administrator of undocumented credits or losses.

All taxpayers should attach a list of disregarded entities covered by their BR-25 annual return. Additionally, all taxpayers should attach complete copies of the following if they are attached to their federal tax return: 1) schedule of other income; 2) schedule of other deductions; 3) schedule of Federal Form 1125-A other costs; 4) Federal Form 8825; 5) Federal Form 4797; 6) Federal Schedule E; 7) Federal Schedule D; 8) Federal Form 1125-A; 9) Federal Schedule M-3; 10) Federal Form 8949; and 11) copies of all 1099-MISC forms issued to central Ohio residents.

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## Completing Form BR-25

Indicate year of tax return with beginning and ending dates in top right corner of return. Fiscal year taxpayers, use beginning year of the fiscal period as the tax year reported on the business's attached Federal return.

1. Enter the information for business name, current mailing address and EIN/FID number in the spaces provided.
2. Check the appropriate box that corresponds to the filing status of the business. This form is NOT appropriate for Schedule C filers. Schedule C is reportable on Form IR-25 for individuals.
3. Any business requesting a refund with this return must place an "X" in the box marked **REFUND** located in the upper right section. The requested amount of the refund must appear on line 6B.

Any business which is amending a return must place an "X" in the box marked **AMENDED** located in the upper right section. Indicate the tax year being amended in the space provided. Businesses that are amending the City return based upon an amended return filed with the I.R.S. must include a copy of the Amended Federal Return, including any applicable schedules that pertain to the amendment. Businesses that are filing an amended City return based upon an audit that the I.R.S. conducted must include documentation identifying when the I.R.S. audit was concluded. Note any changes that were made by the I.R.S. to reduce or increase taxable income.

4. Complete the box that pertains to the filing of a city return in the previous year, the consolidated corporate return question and whether or not the account should be inactivated. If the account should

be inactivated, provide an explanation. If this is a final return, give the reason why. If the business has been sold, provide the name, address, and phone number of the purchaser on a separate attachment. Also, indicate if the sale was a sale of assets or of stock.

5. List the city or cities of income where business is being conducted.
6. If the address of the business operation is different from the mailing address, provide the complete local business address.



*Mailing addresses, used for postal purposes, cannot be used to determine taxing jurisdictions. Mailing addresses of Columbus, Ohio can fall in another taxing jurisdiction as well as in non-taxing areas (townships). If you are unsure where a local address is actually located, please call our office at (614) 645-7370.*

## Part A: Tax Calculation

Please complete Page 2 and Schedule E (if applicable) before proceeding to this section.

Column B - Enter total net taxable income from net profits of corporations, associations (partnerships, joint ventures, etc.) and fiduciaries (from Schedule X and/or Schedule Y). Entry in Column B cannot be less than zero.



*Unincorporated losses cannot offset corporate income. Corporate losses cannot offset unincorporated income.*

Column C - Enter the tax due - Column B multiplied by the Columbus tax rate.

Column D - Enter applicable City of Columbus Jobs Tax Credit. Entry in this column cannot reduce column E to less than zero.

Column E - Enter net tax due - Column C minus Column D.

Line 1 - Enter total net tax due amount from Column E.

Line 2 - Enter all declaration and extension payments made for this tax year and any overpayment carried forward from the prior year's return.

Line 3 - Subtract Line 2 from Line 1 to arrive at the net tax due. If the result is an overpayment, indicate amount in parentheses and carry to Line 6.

- Line 4 - Enter penalty, interest and late filing fee, if applicable. All taxes unpaid after April 15<sup>th</sup> are subject to a 15% penalty. Taxes remaining unpaid to Columbus after they become due shall bear interest at the rate of 7%. A late filing fee of \$25.00 per month up to a maximum of \$150.00 may apply.
- Line 5 - Enter total amount due - Line 3 plus Line 4.
- Line 6 - Enter overpayment, if applicable, from Line 5 as a positive number (do not use parentheses).
- Line 6A - Enter amount of the overpayment from Line 6 to be **credited** to next year's tax estimate.
- Line 6B - Enter the amount of the overpayment from Line 6 to be **refunded**.

## Part B: Required Questions

All questions in this section regarding the business entity must be answered.

## Part C: Signature

**Paid Preparer Authorization:** If the corporation wants to allow the City of Columbus to discuss its tax return with the paid preparer who signed it, check the "YES" box in the signature area of the return. This authorization applies only to the individual whose signature appears in the "Paid Preparer's Use Only" section of the return. It does not apply to the firm, if any, shown in that section. If the "YES" box is checked, the corporation is authorizing the City of Columbus to call the paid preparer to answer any questions that may arise during the processing of its return. The corporation is also authorizing the paid preparer to:

- Give the City of Columbus any information that is missing from the return,
- Call the City of Columbus for information about the processing of the return or the status of any refund or payment(s), and
- Respond to certain City of Columbus notices about math errors, offsets, and return preparation.

The corporation is not authorizing the paid preparer to receive any refund check, bind the corporation to anything (including any additional tax liability), or otherwise represent the corporation before the City of Columbus.

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## Schedule X: Reconciliation with Federal Income Tax Return Per CCC §362

Enter in this section all those items shown on the business entity's Federal tax return (Forms 990T, 1041, 1065, 1120, 1120REIT or 1120S) which are non-taxable or non-deductible for city tax purposes. Associations reconciling from Line 1 of the "Analysis of Net Income

(Loss)" section of Schedule K of Form 1065 should complete all lines as applicable except Line 4D. Taxes paid by associations on this return are considered to be paid on behalf of the members of the association and should not be deducted on Line 14 of Federal Form 1065 or Line 11 of Federal Form 8825.

- Line 1- Income per attached Federal tax return per C.C.C. §362.03(A).
- Line 2 A- Items not deductible (from 4J below).
- Line 2 B- Items not taxable (from Line 5F below).
- Line 2 C- Record excess of Line 2A or 2B.
- Line 2 D- Partnership income or loss adjustment (add back a partnership loss or deduct a gain).
- Line 2 E- Suspended §179 expense from prior years allowed in this tax year.
- Line 2 F- Suspended charitable contributions from prior years allowed in this tax year.
- Line 2 G- Other City taxable income not in Line 1 (such as I.R.C. §291 recalculation of §1250 gain for S corporations, partnerships or trusts treated as C corporations per C.C.C. §362.03(A)(12).
- Line 2 H - Net operating loss calculated per C.C.C. §362.03(A)(8), per §362.03(A)(8)(e) a schedule detailing the calculation and application of the net operating loss carryforward must be submitted with the return.
- Line 3 - - City net taxable income after applying the net operating loss allowed by C.C.C. §362.03(A)(8)

### Items not deductible are added to taxable income. They should be entered as follows:

- Line 4A - Non-deductible losses incurred from the sale or exchange of capital or other assets per C.C.C. §362.03(A)(3).
- Line 4B - Amount equal to 5% of intangible income not attributable to the sale, exchange or other disposition of I.R.S. §1221 property.
- Line 4C - Taxes based on net income - includes any state or municipal tax deducted.
- Line 4D - Guaranteed payments to partners - applies only if guaranteed payments to partners/members has not been included within net profits under C.C.C. §362.03(W)(1).
- Line 4E - Charitable contributions – All business entities should report any contributions over the 10% corporate limitations in accordance

with C.C.C. §362.03(A)(12). Non-C corporate businesses may carry forward any unused contributions as if they were C corporations. A schedule should be provided to show how your deduction was calculated and identify any portion that was carried forward from prior years. **(Deduction is limited to 10% of city taxable income before consideration for any charitable contribution deduction).**

- Line 4F - In accordance with C.C.C. §362.03(A)(12) Non-corporate business entities may be limited to the corporate limitations for I.R.S. §179 expense deduction.
- Line 4G- Qualified retirement, health insurance and life insurance plans on behalf of owners/owner employees must be added back as non-deductible under C.C.C. §362.03(A)(12).
- Line 4H- Add any deduction for a pass-through entity not allowed as a deduction for a C-Corporation under the Internal Revenue Code. i.e. 754 Basis Adjustments from 1065 Line 13d (applies to associations only).
- Line 4I - Other expenses not deductible (with explanation). Do not include expenses on income earned in other taxing districts (see Line 5E instructions).
- Line 4J - Total Additions - add Lines 4A through 4I - carry result to Line 2A.

**Items not taxable are deducted from taxable income. They should be entered as follows:**

- Line 5A - Non-taxable gains from sale or exchange of capital or other assets per C.C.C. §362.03(A)(4).
- Line 5B - Interest Income.
- Line 5C - Dividend Income.
- Line 5D - Income from patents, trademarks, copyrights and royalties related to intangible sources. Do not include royalty income derived from land (timber rights, grazing rights, etc.) which is fully taxable for city tax purposes.
- Line 5E - Other exempt income (with explanation). The changes in municipal taxation mandated by HB5 do not include any adjustments for Federal credits such as the FICA tip credit, Work Opportunity credit, Welfare to Work credit, Indian Employment Tax credit, Empowerment Zone credit, etc. Therefore, the City of Columbus will no longer allow these deductions against Adjusted Federal Taxable Income on Schedule X.

Line 5F - Total Deductions - add Lines 5A through 5E - carry result to Line 2B.

Distributions from investment partnerships cannot be apportioned. These distributions must be deducted on Line 2D.

Calculate adjusted net income (Line 3) and carry result: 1) to Part A, Page 1; 2) to adjusted net income column of Schedule Y if allocation of net profits is required.

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## Schedule Y: Required Calculation of Net Profit for Multi-City Allocation

Schedule Y is used to properly allocate city taxable income. In order to promote uniformity and consistency in the calculation of net profits, it is the City of Columbus' policy to strictly interpret Ohio Revised Code §718.02. Commencing with tax year 2004, the use of Separate Accounting in the calculation of Net Profits is no longer an available option.

**Column A, Line a-** List the average original cost of all real and tangible personal property owned or used by the taxpayer that was situated within the city limits. Include on each line the annual rental on rented and leased real property situated within the city limits multiplied by 8.

**Column A, Line b-** Divide Column A, Line a by the amount of Line 3. If the amount of Line 3 is zero, enter "n/a" on this line.

**Column B, Line a-** List the gross receipts from sales made, rentals made or services performed within the city limits.

**Column B, Line b-** Divide Column B, Line a by the amount of Line 4. If the amount of Line 4 is zero, enter "n/a" on this line.

**Column C, Line a-** List the wages, salaries and other compensation paid to W-2 employees for services performed within the city limits except compensation exempt from municipal taxation under C.C.C. §362.03(K)(17).

**Column C, Line b-** Divide Column C, Line a by the amount of Line 5. If the amount of Line 5 is zero, enter "n/a" on this line.

**Column D,** Divide the sum of line b for Columns A-C by the number of factors used.

**Example 1:** Line 5 shows no wages companywide. If Line b for Columbus shows 30%, 60%, and n/a for Columns A-C respectively, divide 90% (30% + 60%) by 2 (since only two columns had numbers).

**Example 2:** Line 5 reports wages companywide. None of those wages are earned in Columbus. Thus, if Line b for Columbus shows 30%, 60%,

and 0% for columns A-C respectively, divide 90% (30% + 60% + 0%) by 3 (since all three columns had numbers, even though Column C's number was zero).

**Column E**, Multiply the amount shown on Schedule X, Line 3 by the percentage shown in Column D. If the amount is zero or less, enter zero on Form BR-25, Page 1, Part A, Column B. If Column E is more than zero, enter the amount on Form BR-25, Page 1, Part A, Column B.

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## Schedule E: Partnership K-1 Income (or Loss)

Use this section to determine the income or loss resulting from investments in partnerships. The offsetting of local partnership income with local partnership losses is not allowed for corporations, associations (partnerships, joint ventures, etc.), and fiduciaries.

Column 4 - Enter total income/loss incurred by each activity listed in Column 1.

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## Instructions for Filing Forms BR-21 and BR-18

All business enterprises shall file a declaration estimating annual income and the amount of tax due thereon using Form BR-21. The taxpayer's annual estimated tax liability shall be divided by four (4) to determine the amount of tax which should be paid quarterly on an estimated basis.

### Filing and Paying

The declaration (Form BR-21) should be filed by the 15th day of the fourth month of the business's tax year. For calendar year taxpayers, this is April 15<sup>th</sup>. The first quarter payment should be submitted with the declaration. No extensions of time to file or pay will be granted.

Each subsequent quarterly payment should be filed using the form BR-18 vouchers. The second, third, and fourth payments are due the 15<sup>th</sup> day of the sixth, ninth and twelfth month of the business's year. For calendar year taxpayers, the payments are due on the 15<sup>th</sup> day of June, September, and December. Each estimated tax payment made using form BR-18 must be accompanied by a payment of at least one-fourth (1/4) of the total estimated tax shown on the business's BR-21 declaration of estimated income tax.



*For additional payment vouchers, please visit our website at [www.columbusax.net](http://www.columbusax.net) and download form BR-18.*

### NO Payment Enclosed:

Mail to: Columbus Income Tax Division  
PO Box 182437  
Columbus, Ohio 43218-2437

### Payment Enclosed -

Make payable to: CITY TREASURER  
Mail to: Columbus Income Tax Division  
PO Box 182158  
Columbus, Ohio 43218-2158

## Calculation of Estimate

To be considered as filed in good faith and not subject to penalty and interest charges, timely estimated tax payments must not be less than 90% of the total tax liability shown in Column C on the business's final return. We will also consider timely estimated tax payments equal to the previous year's tax liability as filed in good faith, and thus not subject to penalty and interest.

Failure to make timely estimated tax payments will result in penalty and interest assessments. A penalty of 15% and interest (rates may vary annually) will be assessed on all estimated tax payments which are underpaid and/or not timely received.

## Amended Declaration

An Amended Declaration may be filed by each quarterly due date to increase or decrease the original declaration as deemed necessary. To file an Amended Declaration, use Form BR-21 and mark the box at the top right portion of the form designated as "AMENDED". If an amended declaration is filed, the amended balance of estimated tax should be paid in equal installments on or before the remaining payment dates. If no amended declarations are filed, it shall be assumed that estimated income in the amount shown on the original declaration is earned ratably throughout the year. Documentation may be requested to verify the date and nature of unanticipated income resulting in the filing of an Amended BR-21.

## Payment Voucher - Form BR-18

### Line 1

Select Calendar or Fiscal Year filing. If filing fiscally, indicate fiscal year begin and end date (MM/DD/YYYY).

### Line 2

Indicate amount of quarterly payment installment.

## Prior Year's Credit

Credit for overpayment of prior year return may be applied entirely to the first installment or apportioned to each installment. Any balance due on each installment must be paid with the installment payment voucher.