

## **OBETZ INCOME TAX CODES**

### **CHAPTER 181**

#### **Income Tax**

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#### **CROSS REFERENCES**

Payroll deductions – see Ohio R. C. 9.42  
Municipal income taxes – see Ohio R. C. 718  
State income tax – see Ohio R. C. Ch. 5747  
Admissions tax – see ADM. Ch. 183

## **181.01 DEFINITIONS.**

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

- (a) "Annual Return Due Date" means the 15th day of the fourth month following the end of the Applicable Taxable Year.
- (b) "Applicable Taxable Year" means the tax year (Calendar Year or Fiscal Year) used by a Taxpayer for federal income tax purposes.
- (c) "Association" means a partnership, limited partnership, limited liability partnership, limited liability company or any other form of unincorporated enterprise other than one that has elected to be treated for the Applicable Taxable Year as a Corporation for federal income tax purposes.
- (d) "Business" means an enterprise, venture, activity, profession or undertaking of any nature conducted for profit or ordinarily conducted for profit, including, but not limited to, the renting or leasing of property, real or personal or mixed; whether by an individual, partnership, fiduciary, trust, Association, Corporation or any Other Entity.
- (e) "Calendar Year" means an accounting period of twelve (12) months or less ending on December 31.
- (f) "Corporation" means a corporation or joint stock association organized under the laws of the United States, State of Ohio, or any other state, territory or foreign country or dependency, or a partnership electing to be treated for the Applicable Taxable Year as a corporation for federal income tax purposes.
- (g) "Employee" means one who works for Salary, Wages, Commission or Other Compensation in the service of an Employer.
- (h) "Employer" means an individual, Association, Corporation, governmental body, unit or agency or Other Entity, whether or not organized for profit, that employs one or more Persons on a Salary, Wage, Commission or Other Compensation basis.
- (i) "Farm" means stock, dairy, poultry, fruit, furbearing animal, and truck farms, plantations, ranches, nurseries, ranges, greenhouses or other similar structures used primarily for the raising of agricultural or horticultural commodities, and orchards and woodlands.

- (j) "Farming" or "Farming Purpose" means the cultivation of land or the raising or harvesting of any agricultural or horticultural commodity including the raising, shearing, feeding, caring for, training, and management of animals on a Farm as well as handling, drying, packing, grading, or storing on a Farm any agricultural or horticultural commodity in its un-manufactured state, so long as the owner, tenant, or operator of the Farm regularly produces more than one-half of the commodity so treated, and the planting, cultivating, caring for, or cutting of trees, or the preparation (other than milling) of trees for market. For purposes of this section, only trees bearing fruit or nuts or ornamental trees will be treated as agricultural or horticultural commodities.
- (k) "Farming Business" means the trade or business of Farming.
- (l) "Fiscal Year" means an accounting period of twelve (12) months or less ending on any day other than December 31.
- (m) "Generic Form" means an electronic or paper form designed for reporting estimated Municipal income taxes and accrued municipal income tax liability that is not prescribed by a particular municipality for the reporting of that municipality's income tax.
- (n) "Gross Receipts" means the total income from any source whatsoever.
- (o) "Income from a Pass-Through Entity" means partnership income of partners, distributive shares of shareholders of an S corporation, membership interests of members of a limited liability company, or other distributive or proportionate ownership shares of any other Pass-Through Entity.
- (p) "Income Tax Administrator" means the Income Tax Administrator referred to in Section 181.21 of this Chapter.
- (q) "Intangible Income" means income of any of the following types: income yield, interest, dividends, or other income arising from the ownership, sale, exchange, or other disposition of intangible property including, but not limited to, investments, deposits, money, or credits as those terms are defined in Chapter 5701 of the Revised Code.
- (r) "Internal Revenue Code" means the Internal Revenue Code of 1986, 100 Stat. 2085, 26 U.S.C. 1, as amended.
- (s) "Joint Economic Development District" means a district created under Section 715.72 of the Revised Code.
- (t) "Joint Economic Development Zone" means a district created under Section 715.691 of the Revised Code.

- (u) "Municipality" or "Village" means the municipality of Obetz, Ohio.
- (v) "Net Profits" means the net gain from the operation of a Business, whether or not such Business is conducted for profit or is ordinarily conducted for profit, after provision is made for all ordinary and necessary expenses either paid or accrued in accordance with the accounting system used by the Taxpayer for federal income tax purposes without deduction of taxes imposed by this Chapter, federal, State or other taxes based on income, and in the case of an Association or Other Entity, without deduction of Compensation paid to Owners and otherwise adjusted to the requirements of this Chapter.
- (w) "Nonresident" means an individual, Association, Corporation or Other Entity that is not a Resident.
- (x) "Other Entity" means any Person or unincorporated body not otherwise defined, including, *inter alia*, fiduciaries.
- (y) "Owner" means a partner of a partnership, a shareholder of an S corporation, a member of a limited liability company, or other Person with an ownership interest in a Pass-Through Entity.
- (z) "Owner's Proportionate Share" means, with respect to each Owner of a Pass-Through Entity, the ratio of (i) the Owner's income from the Pass-Through Entity that is subject to taxation by the Municipality, to (ii) the total income from that entity of all Owners whose income from the entity is subject to taxation by that Municipality.
- (aa) "Pass-Through Entity" means a partnership, S corporation (i.e., a corporation that has made an election under subchapter S of Chapter 1 of Subtitle A of the Internal Revenue Code for the Applicable Taxable Year), limited liability company (i.e., a limited liability company formed under Chapter 1705 of the Revised Code or under the laws of another state), or any other class of entity the income or profits from which are given pass-through treatment under the Internal Revenue Code.
- (bb) "Person" means every individual, partnership, fiduciary, Association, Corporation or Other Entity. Whenever used in any clause prescribing and imposing a penalty, the term "Person," as applied to an Association or Other Entity shall mean the partners or members thereof and as applied to a Corporation, the officers thereof.
- (cc) "Place of Business" means any bona fide office (other than a mere statutory office), factory, warehouse or other space that is occupied and used by the Taxpayer in carrying on any business activity individually or through any one or more Employees.

- (dd) "Resident" means an individual domiciled in the Municipality or an Association, Corporation or Other Entity whose principal Place of Business is in the Municipality. An Individual who lives in the Municipality during any period in which she performs work or renders services for Compensation or who conducts a Business for profit will be considered a Resident of the Municipality for purposes of this Chapter during such period; the place where the work is performed, the services rendered, or the Business conducted is immaterial.
- (ee) "Resident Unincorporated Business Entity" means an unincorporated business entity having an office or Place of Business within the Municipality.
- (ff) "Return Preparer" means any person other than a Taxpayer that is authorized by a Taxpayer to complete or file an income tax return, report or other document for or on behalf of the Taxpayer.
- (gg) "Salaries, Wages, Commissions and Other Compensation" means all earnings, salaries, wages, commissions and other compensation, including but not limited to bonuses, fees, severance pay, sick pay, vacation pay, tips and all income earned but deferred under Sections 401(k), 403(b), 408(k), 414(h), 457 and 501 of the Internal Revenue Code of 1986, as amended from time to time, or other deferred compensation-type plans.
- (hh) "Taxable Year" means the Calendar year or Fiscal Year on the basis of which the Net Profits are to be computed under this Chapter, and in the case of a return for a fractional part of a year, the period for which such return is required to be made. In the case of an individual, the Taxable Year will be a Calendar Year.
- (ii) "Taxable Income" means Salaries, Wages, Commissions and Other Compensation paid by an Employer before any deductions and/or the Net Profits from the operation of a Business, or Other Entity adjusted in accordance with the requirements of this Chapter.
- (jj) "Taxpayer" means a Person, whether an individual, Association, Corporation or Other Entity subject to the tax imposed by this Chapter.
- (kk) "Unincorporated Business Entity" means an unincorporated business entity having an office or Place of Business within the Municipality.

## **181.02 IMPOSITION OF TAX.**

To provide for the purposes of general Municipal operations, maintenance, new equipment and capital improvements of the Village, there is hereby levied a tax at the rate of two percent (2%) per annum upon the following:

- (a) All Salaries, Wages, Commissions and Other Compensation earned, received or accrued by Resident individuals, Associations or Other Entities.
- (b) All Salaries, Wages, Commissions and Other Compensation earned, received or accrued by Nonresident individuals, Associations or Other Entities for work done or services performed or rendered in the Village.
- (c) The Net Profits of all Resident individuals, Associations or Other Entities derived from sales made, work done or services performed or rendered, or Business or other activities conducted in the Village. The tax imposed on Resident Associations or Other Entities is upon the entities rather than the individual owners or members thereof.
- (d) The share of Net Profits earned by a Resident partner, member or owner of a Resident Association or Other Entity not attributable to operations within the Village and not levied against such Association or Other Entity.
- (e) The Net Profits of all Nonresident Associations or Other Entities derived from sales made, work done or services performed or rendered or Business or other activities conducted in the Village, whether or not such Association or Other Entity has an office or Place of Business in the Village. The tax imposed on Nonresident Associations or Other Entities owned by two or more Persons is upon the entities rather than the individual owners or members thereof.
- (f) The share of Net Profits earned by a Resident partner, member or owner of a Nonresident Association or Other Entity not attributable to operation within the Village and not levied against such Association or Other Entity.
- (g) The Net Profits of all Corporations derived from sales made, work done or services performed or rendered and Businesses or other activities conducted in the Village, whether or not such Corporations have an office or Place of Business in the Village.
- (h) The payments made to current and former Employees by an Employer as accrued benefits and/or vacation wages; the payments made to current or former Employees by an Employer under a wage continuation plan during periods of disability or sickness; the payments made to current and former employees by an Employer as severance pay, separation pay, retirement bonus or incentive pay, and similar types of final payment, all to the extent attributable to work done or services performed or rendered in the Municipality in the case of Nonresident individuals, and to the extent thereof in the case of Resident individuals.

The tax upon all of the income specified in subsections (a), (b), (c), (d), (e), (f), (g) and (h) hereof, shall remain in effect for the purpose of filing returns and collection of the tax at a rate of one percent (1%) with regard to all income

earned prior to July 1, 1995, and the income earned or received for July 1, 1995 will be levied at a two percent (2%) rate.

**181.03 ALLOCATION OF NET PROFITS.**

- (a) If the books and records of a Taxpayer conducting a Business both within and without the boundaries of the Municipality shall disclose with reasonable accuracy what portion of its Net Profit is attributable to the conduct of Business within the boundaries of the Municipality, then only such portion shall be considered as having a taxable situs within the Municipality for purposes of the tax. In the absence of such records, Net Profits from a Business conducted both within and without the boundaries of the Municipality shall be considered as having a taxable situs within the Municipality for the purpose of the tax in the same proportion as the average ratio of:
- (1) The average net book value of the real and tangible personal property owned or used by the Taxpayer in the Business in the Municipality during the taxable period to the average net book value of all of the real and tangible personal property owned or used by the Taxpayer in the Business during the same period, wherever situated;
  - (2) As used in subsection (a)(1) hereof, real property shall include property rented or leased by the Taxpayer and the value of such property shall be determined by multiplying the annual rental thereon by eight (8);
  - (3) Salaries, Wages, Commissions and Other Compensation paid by the Taxpayer during the taxable period to Persons employed in the Business for services performed in the Municipality to Salaries, Wages, Commissions and Other Compensation paid during the same period to Persons employed in the Business wherever their services are performed, excluding compensation that is not taxable by the Municipality under Section 718.011 of the Revised Code;
  - (4) As used in subsection (a)(3), Persons employed does not include any subcontractor or independent contractor;
  - (5) Gross Receipts of the Taxpayer's Business from sales made and services performed during the taxable period in the Municipality to Gross Receipts of the Taxpayer's Business during the same period from sales and services wherever made or performed.
- (b) In the event that the foregoing allocation formula does not produce an equitable result, another basis may, under uniform regulations, be substituted by the Clerk-Treasurer or his delegate so as to produce an equitable result.

- (c) As used in this Chapter, "sales made in the Municipality" means:
- (1) All sales of tangible personal property that is delivered within the Municipality regardless of where title passes if shipped or delivered from a stock of goods within the Municipality;
  - (2) All sales of tangible personal property that is delivered within the Municipality regardless of where title passes even though transported from a point outside of the Municipality if the Taxpayer is regularly engaged through its own Employees in the solicitation or promotion of sales within the Municipality and the sales result from such solicitation or promotion;
  - (3) All sales of tangible personal property that is shipped from a place within the Municipality to purchasers outside the Municipality regardless of where title passes if the Taxpayer is not, through its own Employees, regularly engaged in the solicitation or promotion of sales at the place where delivery is made.
- (d) Subsections (a), (b) and (c) of Section 181.03 do not apply to electric companies or combined companies, or to electric light companies for which an election has been made under section 5745.031 of the Revised Code is in effect.
- (e) An affiliated group of Corporations that files a consolidated Municipal income tax return pursuant to Section 181.06(g) of this Chapter shall determine the Municipal income tax liability of each member of the group properly included in the combined filing in accordance with the following steps:
- Step 1: Determine the Net Profits of the affiliated group attributable to each member by applying the allocation factors set forth in Section 181.03 of this Chapter to the consolidated income of the affiliated group. For this purpose, the numerator of each of the factors shall consist of information pertaining solely to the individual member as if the numerator of each of the factors did not contain the phrase "in the Municipality" and the denominator of each of the factors shall consist of the information pertaining to all members of the group properly included in the combined return filed with the Village. The result is the Net Profits of each member of the affiliated group included in the consolidated Municipal income tax return.
- Step 2: Determine the Net Profits of each member of the affiliated group attributable to the Municipality by applying the allocation factors set forth in Section 181.03 of this Chapter to the Net Profits of each member as determined in Step 1.

Step 3: Apply the Municipal income tax rate to the Net Profits of each member of the affiliated group attributable to the Municipality as determined in Step 2.

#### **181.04 NET OPERATING LOSSES**

- (a) Any net operating loss sustained by a Taxpayer in any Taxable Year may not be carried forward or back to any other Taxable Year, regardless of whether or not such net operating loss or any portion thereof is allocable to the Municipality.
- (b) Except for an affiliated group of Corporations filing a consolidated Municipal income tax return pursuant to 181.06(g) of this Chapter, a net operating loss sustained by one Taxpayer may not be used to offset the Net Profits or Salaries, Wages, Commissions and Other Compensation of any other Taxpayer.

#### **181.05 LEVY OF TAX.**

- (a) The tax shall be levied, collected and paid with respect to the Salaries, Wages, Commissions and Other Compensation earned on and after January 1, 1976, and with respect to the Net Profits of Business earned on and after January 1, 1976. Provided however, that where the Fiscal Year of the Business differs from the Calendar Year the tax shall be applied to that part of the Net Profits for the Fiscal Year as shall be earned, received or accrued on and after January 1, 1976, to the close of the Taxpayer's Fiscal Year. Thereafter, the Taxpayer shall report on its Fiscal Year basis.
- (b) Where the Fiscal Year of a Business is other than a Calendar Year, in computing the initial tax the profits of such Taxpayer shall be determined by dividing the annual profits by twelve and multiplying the quotient by the number of months within the period commencing January 1, 1976, and ending at the conclusion of such Fiscal Year.

#### **181.06 RETURN AND PAYMENT OF TAX.**

- (a) Each Taxpayer who engages in Business or whose Salaries, Wages, Commissions and Other Compensation are subject to the tax imposed by this Chapter shall, whether or not a tax be due thereon, make and file a return on or before The Annual Return Due Date of each year with the Clerk-Treasurer or his delegate on a form furnished by or obtainable from the Clerk-Treasurer or his delegate, setting forth the aggregate amount of Salaries, Wages, Commissions and Other Compensation earned and/or Net Profits earned and/or Gross Receipts from such Business less allowable expenses in the acquisition of such Gross Receipts earned during the preceding year and subject to the tax, together with

such other pertinent information as the Clerk-Treasurer or his delegate may require. The Municipality shall also accept for filing a Generic Form of such return and related documents if the Generic Form once completed and filed, contains all of the information required to be submitted with the Municipality's prescribed form and if the Taxpayer or Return Preparer filing the Generic Form otherwise complies with the rules and ordinances of the Municipality governing the filing of returns. When the return is made for a Fiscal Year or other period different from the Calendar Year, the return shall be made on or before the fifteenth day of the fourth month after the close of such Fiscal Year or other period.

- (b) Each Taxpayer whose Salaries, Wages, Commissions and Other Compensation are subject to the tax imposed by this Chapter may offset losses from any Business when conducted in this Municipality or in any municipality that does not levy an income tax on Net Profits therefrom.
- (c) Commencing with taxable years beginning subsequent to December 31, 1981, the net loss from an unincorporated business activity may not be used to offset Salaries, Wages, Commissions and Other Compensation. However, if a Taxpayer is engaged in two or more taxable business activities to be included in the same return, the net loss of one unincorporated business activity, except any portion of a loss separately reportable for Municipal tax purposes to another taxing entity, may be used to offset the profits of another for purposes of arriving at overall Net Profits. A husband and wife, in any Taxable Year, may elect to file separate or joint returns.
- (d) If a net operating loss has been sustained in any Taxable Year, such loss may not be carried forward or backward to any other Taxable Year.
- (e) The Taxpayer making a return shall at the time of the filing thereof, pay to the Municipality 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, or where any portion of such tax has been paid by the Taxpayer, or where an income tax has been paid to another municipality, credit for the amount so paid shall be deducted from the amount shown to be due and only the balance, if any, shall be due and payable at the time of filing the return.
- (f) A Taxpayer who has overpaid his income tax in any Taxable Year may request a refund provided, however, there is no other tax liability and provided, further, that no amount of less than one dollar (\$1.00) will be refunded or collected.
- (g) Consolidated income tax returns for an Applicable Taxable Year shall be accepted from any affiliated group of Corporations each of which is subject to Municipal income tax if that affiliated group filed a consolidated return for federal income tax purposes pursuant to Section 1501 of the Internal Revenue Code for the Applicable Taxable Year. The Municipal income tax liability of each member

of the affiliated group, however, shall be determined separately for each member of the affiliated group as provided in Section 181.03 of this Chapter;

- (h) Any tax imposed by this Ordinance shown to be due on a return shall be paid to the Administrator on or before the Annual Return Due Date.
- (i) Each individual earning or receiving Salaries, Wages, Commissions and Other Compensation shall file with her tax return a copy of all Form W-2's, federal schedules or other such similar documentation as is required by instructions to the return to verify earnings and any Municipal income tax withheld.
- (j) An individual may not claim federal Form 2106 deductions for municipal income tax purposes unless that individual has claimed the same deduction for federal income tax purposes and attaches to her annual return a copy of the federal Form 2106 filed with the Internal Revenue Service.
- (k) Each individual earning or receiving income from Business or from rental property shall file with her tax return a copy of Schedule C, Schedule E or other similar form that was filed with her federal income tax return for the Applicable Taxable Year regardless of whether such form shows a profit or loss.

#### **181.07        AMENDED RETURNS, REFUNDS AND EXTENSION REQUESTS.**

- (a) Where an amended return must be filed in order to report additional income and pay any additional tax due or claim a refund of tax overpaid, the amended return shall be on a form furnished by or obtainable from the Clerk-Treasurer or his delegate. The Municipality shall also accept for filing a generic form of such amended return and related documents if the generic form, once completed and filed, contains all of the information required to be submitted with the Municipality's prescribed form and if the Taxpayer or return preparer filing the generic form otherwise complies with the rules and ordinances of the Municipality governing the filing of amended returns. A Taxpayer may not change the method of accounting or apportionment of Net Profits after the date for filing the original return.
- (b) Within three months from the final determination of any federal tax liability affecting the Taxpayer's Municipal tax liability, the Taxpayer shall make and file an amended Municipal return showing income subject to the Municipal tax based upon such final determination of federal, tax liability, and pay any additional tax shown due thereon.
- (c) No refund shall be allowed unless a written request is presented to the Clerk-Treasurer or his delegate within the time limitation specified in Section 718.12(A) of the Revised Code.

- (d) Should it appear that any Taxpayer has paid more than the amount of the tax to which the Municipality is entitled under the provisions of this Chapter or should it be found that the tax paid or withheld was done so in error, a refund of the amount so overpaid shall be made, provided that a timely claim for refund has been filed by the Taxpayer. No interest shall be paid by the Municipality on any overpayment by a Taxpayer except as provided in Section 718.12 of the Revised Code.
- (e) The Clerk-Treasurer or his delegate shall extend the time for filing of the Annual Return of the Taxpayer for a period equivalent to any extension granted by the Internal Revenue Service for the filing of the federal income tax return for the Applicable Taxable Year provided such request for extension is filed not later than the Annual Return Due Date for the Applicable Taxable Year.
- (f) A copy of the federal extension request must be included with the Municipal income tax return, and payment of Municipal income tax shown to be due thereon must nevertheless be paid by the Annual Return Due Date for the Applicable Taxable Year.
- (g) The Municipality may deny the Taxpayer's request for an extension if the Taxpayer fails to timely file the request, fails to file a copy of the request for the federal extension, owes the Municipality any delinquent income tax or any penalty, interest, assessment, or other charge for the late payment or nonpayment of income tax, or has failed to file any required income tax return, report, or other related document for a prior tax period.

**181.08 COLLECTION AT SOURCE.**

- (a) Each Employer doing Business within the Municipality who employs one or more Employees shall deduct and withhold at the time of payment of such Salaries, Wages, Commissions or Other Compensation, the tax of two percent of the gross Salaries, Wages, Commissions or Other Compensation due by the Employer to the Employee and shall on or before the last day of the month following the close of each calendar quarter, make a return showing the amount of taxes so deducted and withheld and a record of payment showing that all taxes deducted and withheld during the quarter have been paid to the Municipality in accordance with the payment schedule prescribed by subsections (b)(1), (b)(2) and (b)(3), hereof. Such Employer shall be liable for the payment of the tax required to be deducted and withheld, whether or not such taxes have in fact been withheld.

Every Employer, officer of a Corporation, or partner or member of an Association or Other Entity, is deemed to be a trustee for this Municipality in collecting and holding the Municipal income tax required under this Section to be deducted and withheld, and the funds so collected by such withholding are deemed to be trust funds.

- (b) Employers shall pay to the Municipality all Municipal income taxes deducted and withheld or required to be deducted and withheld on either a semi-monthly, monthly or quarterly basis depending on the amount of taxes deducted and withheld according to the following payment schedule:
- (1) Semi-monthly payments of taxes withheld or deducted shall be made by an Employer if the total taxes withheld or deducted in the prior Calendar Year were twelve thousand dollars (\$12,000) or more or the amount of taxes withheld or deducted during any month in the preceding quarter exceeded one thousand dollars (\$1,000). Such payments shall be paid to the Municipality within five (5) banking days after the fifteenth and the last day of each calendar month.
  - (2) Monthly payments of taxes withheld or deducted shall be made by an Employer if the total taxes withheld or deducted in the prior Calendar Year were less than twelve thousand dollars (\$12,000) but more than one thousand one hundred and ninety-nine dollars (\$1,199) or if the taxes withheld or deducted during any month in the preceding quarter exceeded one hundred dollars (\$100.00). Such payments shall be paid to the Municipality within five (5) banking days after the last day of each calendar month. However, those taxes accumulated for the third month of the calendar quarter need not be paid until the last day of the calendar month following the end of each calendar quarter.
  - (3) All Employers not required to make semi-monthly or monthly payments of taxes withheld under subsections (1) and (2) above shall make quarterly payments no later than the last day of the calendar month following the end of each calendar quarter.
- (c) Each Employer who maintains a place of Business in the Municipality and another branch within the metropolitan area of the Municipality, shall also deduct or withhold the tax from the Employees residing in the Municipality but working at the Employer's metropolitan area branch, even though the payroll records and place of payment are outside the Municipality.
- (d) The Employer shall make and file a return on a form furnished by or obtainable from the Clerk-Treasurer or his delegate, showing the amount of tax deducted by the Employer from the Salaries, Wages, Commissions or Other Compensation of any Employee and paid by the Employer to the Municipality. The Municipality shall also accept for filing a generic form of such Employer return and related documents if the generic form, once completed and filed, contains all of the information required to be submitted with the Municipality's prescribed form and if the Taxpayer or return preparer filing the generic form otherwise complies with the rules and ordinances of the Municipality governing Employer returns. Such Employer's return shall be accepted as the return required of an Employee

whose sole income subject to the tax under this Chapter is the Salaries, Wages, Commissions and Other Compensation returned by the Employer.

- (e) Each Employer, on or before the thirty-first day of January of each Calendar year, unless a written request for a thirty-day extension is made to and granted by the Clerk-Treasurer or his delegate, following any Calendar Year in which such withholdings or deductions as required by this section have been made or should have been made by such Employer, shall make and file with the Clerk-Treasurer or his delegate an information return on a form furnished by or obtainable from the Clerk-Treasurer or his delegate, specifically, the Obez Withholding Statement of Wages Paid and Obez Income Tax Withheld, for each Employee from whom income tax has been or should have been deducted or withheld, show the name and address of the Employee, the total amount of Salaries, Wages, Commissions and Other Compensation paid such Employee during the year and the amount of Municipal income tax deducted or withheld from each Employee. The Municipality shall also accept for filing a generic form of such information return and related documents if the generic form, once completed and filed, contains all of the information required to be submitted with the Municipality's prescribed form and if the Taxpayer or return preparer filing the generic form otherwise complies with the rules and ordinances of the Municipality governing the filing of information returns. In addition, each Employer, on or before January 31 of each Calendar year, shall provide each Employee a Form W-2 showing the name, address and social security number of the Employee, the total amount of Salaries, Wages, Commissions and Other Compensation paid to the Employee during the prior Calendar Year and the amount of Municipal income tax deducted or withheld from such Employee. An alternative method of reporting in lieu of submitting Form W-2 must be approved by the Clerk-Treasurer or his delegate. The Clerk-Treasurer may provide by uniform rule or regulation for the use of electronic media by Employers for reporting annual wage and tax data.
- (f) Where a Resident of the Municipality performs a service for his Employer in another municipality, which services are subject to withholding in the other municipality, the Employer shall have the authority to reduce the withholding to the Municipality to the extent of the tax liability in the other municipality.
- (g) The officer or the Employee having control or supervision of or charged with the responsibility of filing the return and making payment shall be personally liable for failure to file the return or pay the tax due as required by this section as well as any related interest and penalties. The dissolution or liquidation of a Corporation, Association or Other Entity does not discharge an officer's or Employee's liability for a prior failure of the Corporation, Association or Other Entity to file returns or pay tax due as required by this section.
- (h) Failure to file any required documentation in a timely manner is subject to assessment of a late filing penalty.

(i) As used in this Section, "Other Payer" means any Person that pays an individual any item included in the taxable income of the individual, other than the individual's Employer or that Employer's agent.

(1) Any Nonresident Employer, agent of such an Employer, or Other Payer that is not situated in the Municipality is not required to deduct and withhold taxes from the taxable income of an individual unless the total amount of tax required to be deducted and withheld for the Municipality on account of all of the Employer's Employees or all of the Other Payer's payees exceeds one hundred fifty dollars for a Calendar Year.

If the total amount of tax required to be deducted and withheld on account of all of the Nonresident Employer's Employees or all of the Other Payer's payees exceeds one hundred fifty dollars for a Calendar Year , the Municipality may require the Employer, agent, or Other Payer to deduct and withhold taxes in each ensuing year even if the amount required to be deducted and withheld in each of those ensuing years is one hundred fifty dollars or less, except as otherwise provided in Subsection (2) of this Section.

(2) If a Nonresident Employer, agent of such an Employer, or Other Payer that is not situated in the Municipality is required to deduct and withhold taxes for an ensuing year under Subsection (1) of this Section, and the total amount of tax required to be deducted and withheld under that Division in each of three consecutive ensuing years is one hundred fifty dollars or less, the Municipality shall not require the Employer, agent, or Other Payer to deduct and withhold taxes in any year following the last of those consecutive years unless the amount required to be deducted and withheld in any such following year exceeds one hundred fifty dollars.

## **181.09        DECLARATIONS.**

(a) Every Person who anticipates earning, receiving or accruing any taxable income which is not subject to Village withholding under Section 181.08, or who engages in any Business subject to the tax imposed by Section 181.03(a)(3) and (a)(4) shall file a declaration setting forth such estimated income or the estimated profit or loss from such business activity together with the estimated tax due thereon, if any, provided however, if a Person' s income is wholly from Salaries, Wages, Commissions or Other Compensation from which the tax will be withheld and remitted to the Municipality in accordance with Section 181.08 of this chapter, such Person need not file a declaration.

- (b) The declaration shall be filed on or before The Annual Return Due Date of each year during the life of this Chapter, or on or before the fifteenth day of the fourth month the Taxpayer becomes subject to tax for the first time.
- (c) Those Taxpayers reporting on a Fiscal Year basis shall file a declaration on or before the fifteenth day of the fourth month after the beginning of each fiscal year or period.
- (d) The declaration shall be filed upon a form furnished by or obtainable from the Clerk-Treasurer or his delegate, provided, however, credit shall be taken for the Municipal tax to be withheld from any portion of such income. The Municipality shall also accept for filing a generic form of such declaration and related documents if the generic form, once completed and filed, contains all of the information required to be submitted with the Municipality's prescribed form and if the Taxpayer or return preparer filing the generic form otherwise complies with the rules and ordinances of the Municipality governing the filing of declarations. In accordance with the provisions of Section 181.08(f), credit may be taken for tax to be paid to or to be withheld and remitted to another taxing municipality.
- (e) The original declaration or any subsequent amendment thereof may be increased or decreased on or before any subsequent quarterly payment day as provided for herein.
- (f) Such declarations of estimated tax to be paid the Municipality shall be accompanied by a payment of at least one-fourth of the estimated annual tax and at least a similar amount shall be paid on or before the fifteenth day of the sixth, ninth and twelfth months after the beginning of the taxable year. Provided, however, that in case an amended declaration has been filed, the unpaid balance shown due thereon shall be paid in equal installments on or before the remaining payment dates. On and after January 1, 2003, such declarations of estimated tax to be paid the Municipality shall be paid according to the schedule set out in Section 718.08 of the Revised Code, as amended.
- (g) On or before the fifteenth day of the fourth month of the year following that for which such declaration or amended declaration was filed, an annual return shall be filed and any balance which may be due the Municipality shall be paid therewith in accordance with the provisions of Section 181.02.
- (h) A declaration of estimated tax which is less than eighty percent of the tax shown on the final return shall not be considered filed in good faith. The difference shall be subject to penalties and interest as provided for in Section 181.99.

**181.10            POWERS AND DUTIES OF THE CLERK- TREASURER AND HIS DELEGATE.**

- (a)    The Clerk-Treasurer shall collect and receive the tax imposed by this Chapter in the manner prescribed by this Chapter. It shall also be his duty to keep an accurate record showing the amount of tax received by him from each Taxpayer and the date of such payment.
- (b)    The Clerk-Treasurer shall have the power to appoint a delegate to assist in the administration of this Chapter and such delegate shall be responsible to the Clerk-Treasurer.
- (c)    The Clerk-Treasurer and his delegate are hereby charged with the administration and enforcement of the provisions of this Chapter and they are hereby empowered to adopt, promulgate, and enforce rules and regulations relating to any matter or thing pertaining to the administration and enforcement of the provisions of this Chapter, including provisions for the reexamination and correction of returns and payments and to prescribe all forms necessary or useful in the administration of this Chapter.
- (d)    In any case where a Taxpayer has failed to file a return or failed to pay the tax due on a return or has filed a return which does not show the proper amount of tax due, the Clerk-Treasurer or his delegate may determine the amount of tax appearing to be due the Municipality from the Taxpayer based on any information in his possession and shall send to such Taxpayer a written statement showing the amount of tax so determined, together with interest and penalties thereon, if any.

**181.11            INVESTIGATIVE POWERS OF THE CLERK- TREASURER OR HIS DELEGATE.**

- (a)    The Clerk-Treasurer or his delegate, or any authorized employee, is hereby authorized to examine the books, papers, records and federal income tax returns of any Employer, Taxpayer or Person subject to, or who the Clerk-Treasurer or his delegate believes is subject to the provisions of this Chapter for the purpose of verifying the accuracy of any return made, or, if no return was made, to ascertain the tax due under this Chapter. Every such Employer, supposed Employer, Taxpayer or supposed Taxpayer is hereby directed and required to furnish upon written request by the Clerk-Treasurer or his delegate or his duly authorized agent or Employee, the means, facilities and opportunity for making such examinations and investigations as are hereby authorized.
- (b)    The Clerk-Treasurer and his delegates are each hereby authorized to order any Person resumed to have knowledge of the facts to appear before him and may examine such Person, under oath, concerning any income that was or should

have been returned for taxation or any transaction tending to affect such income and for this purpose may compel the production of books, papers, records and Federal income tax returns and the attendance of all Persons before him, whether as parties or witnesses, whenever he believes such Persons have knowledge of such income or information pertinent to such inquiry.

- (c) The refusal to submit to such examination by any Employer or Person subject, or presumed to be subject, to Municipal income tax or required to deduct and withhold Municipal income tax will be deemed a violation of this Chapter for purposes of Section 181.99. Tax returns and all audit paper; and information in connection therewith are confidential and will be carefully preserved by the Clerk-Treasurer, his delegate or another authorized agent so that they will not be available for inspection by anyone other than the proper agents of the Clerk-Treasurer or his delegate for official purposes.

**181.12 TAX INFORMATION CONFIDENTIAL.**

- (a) Any information gained as the result of any returns, investigations, hearings or verifications required or authorized by this Chapter shall be confidential, except for official purposes, or except in accordance with proper judicial order or except as hereinafter provided. The Clerk-Treasurer or his delegate may furnish the Internal Revenue Service and the Tax Commissioner of Ohio with copies of the returns filed. Any person divulging such information, except as hereinbefore authorized, shall be subject to the penalty provided in 181.99(b).

**181.13 BOARD OF REVIEW.**

- (a) A Board of Review, hereafter called the Board, is hereby created. The Board shall be composed of the Village Solicitor, the Village Administrator, and the Mayor. All rules, regulations, and amendments or changes to this Chapter that are adopted by the Clerk-Treasurer or his delegate under the authority conferred by this Ordinance must be approved by the Board before the same become effective. After approval, such rules, regulations, and amendments or changes must be filed with the Clerk-Treasurer and are open to public inspection.
- (b) Whenever the Clerk-Treasurer issues a decision regarding a Municipal income tax obligation that is subject to appeal, the Clerk-Treasurer shall notify the Taxpayer at the same time of the Taxpayer's right to appeal the decision and the manner of such appeal.
- (c) Any Person dissatisfied with any determination or ruling of the Clerk-Treasurer made under the authority conferred by this Chapter may appeal to the Board in writing within thirty (30) days from the announcement of such ruling or decision stating why the decision should be deemed incorrect or unlawful.

- (d) The Board shall schedule a hearing within forty-five (45) days after receiving an appeal pursuant to this section, unless the Person appealing waives a hearing. If the Person does not waive the hearing, the Person may appear before the Board and may be represented by an attorney, a certified public accountant, or other representative.
- (e) The Board may affirm, reverse, or modify any determination or ruling appealed and shall issue a decision on the appeal within ninety (90) days after the final hearing on the appeal, and send notice of its decision by ordinary mail to the Taxpayer within fifteen (15) days after the date of its decision.
- (f) A majority of the members of the Board will constitute a quorum. The Board shall adopt its own procedural rules and shall keep a record of its transactions. Such records are not public records available for inspection under Section 149.43 of the Revised Code.
- (g) Hearings before the Board are not meetings of a public body subject to Section 121.22 of the Revised Code and may be conducted privately. The provisions of Section 181.12 with reference to the confidential character of information required to be disclosed by this Chapter shall apply to all such matters as may be heard by the Board on appeal.

**181.14 COLLECTION OF UNPAID TAXES.**

- (a) All taxes imposed by this Chapter shall be collectible together with any interest and penalties thereon, by suit, as other debts of like amount are recoverable.
- (b) The Clerk-Treasurer or his delegate is authorized to institute civil law suits to collect delinquent taxes due and owing the Municipality by virtue of the provisions of this Chapter. The Clerk-Treasurer or his delegate is authorized to waive penalties and interest, compromise tax liability and the right to accept waiver of the State statutes of limitation.

**181.15 CREDIT FOR OTHER MUNICIPAL TAXES.**

- (a) A Resident individual who receives Salaries, Wages, Commissions and Other Compensation for work done, services performed, or Business transacted outside the Municipality, or is an Owner of a Pass-Through Entity that has paid a municipal income tax to another municipal corporation in this State and does not conduct business in the Municipality, upon production of satisfactory evidence that such individual has paid an income tax to another municipality, to a Joint Economic Development District or to a Joint Economic Development Zone or that such Pass-Through Entity has paid an income tax to another municipal

corporation in this State may claim a credit for the amount of tax paid to such other municipal corporation, Joint Economic Development District or Joint Economic Development Zone, as applicable, equal to the lesser of the following amounts:

- (1) The Owner's Proportionate Share of the amount, if any, of tax, paid by the Pass-Through Entity to another municipal corporation in this State; or
- (2) The Owner's Proportionate Share of the amount of tax that would be imposed on the Pass-Through Entity by the municipality in which the Taxpayer is domiciled if the Pass-Through Entity conducted business in the municipality.

**181.16 EXEMPTIONS.**

- (a) The provisions of this Chapter shall not be construed as levying a tax upon the following:
  - (1) The military pay or allowances of members of the armed forces of the United States and of members of their reserve components, including the Ohio national guard;
  - (2) The income of religious, fraternal, charitable, scientific, literary or educational institutions to the extent that such income is derived from tax-exempt real estate, tax-exempt tangible or intangible property, or tax-exempt activities;
  - (3) Intangible income;
  - (4) Compensation paid under Sections 3501.28 or 3501.36 of the Revised Code to a Person serving as a precinct election official, to the extent that such Compensation does not exceed one thousand dollars (\$1,000) annually. Such Compensation in excess of one thousand dollars (\$1,000) shall be subject to taxation under this Chapter. Payers of such compensation are not required to withhold any tax from that compensation;
  - (5) Compensation paid to an Employee of a transit authority, regional transit authority, or regional transit commission created under Chapter 306 of the Revised Code for operating a transit bus or other motor vehicle for the authority or commission in or through the municipal corporation, unless the bus or vehicle is operated on a regularly scheduled route, the operator is subject to such a tax by reason of residence or domicile in the Municipality, or the headquarters of the authority or commission is located within the Municipality;

- (6) The income of a public utility when that public utility is subject to the tax levied under Section 5727.24 or Section 5727.30 of the Revised Code, except starting January 1, 2002, the income of an electric company or combined company, as defined in section 5727.01 of the Revised Code, may be taxed by a municipal corporation subject to Chapter 5745 of the Revised Code;
- (7) Effective January 1, 2003, items excluded from federal gross income pursuant to Section 107 of the Internal Revenue Code;
- (8) Compensation paid to an individual for personal services performed within the Municipality, if the individual does not reside in the Municipality, performs such personal services in the Municipality on twelve (12) or fewer days in the Calendar Year and, if the individual is an Employee, the principal Place of Business of the individual's Employer is located outside that Municipality, and the individual pays tax on the Compensation paid to the individual for services performed on those days to the Municipality , if any, in which the Employer's principal Place of Business is located. This exemption does not apply to professional entertainers or professional athletes or to promoters of professional entertainment or sports events and their Employees;
- (9) Loss of income assistance, such as welfare benefits, including permanent disability benefits received from local, State or federal governments, or charitable, religious or educational organizations;
- (10) Stock dividends, interest on savings and interest-bearing notes and other intangibles, old age benefits, retirement pay, pensions, social security benefits, unemployment benefits, insurance proceeds, annuities and compensation for damages;
- (11) Dues, contributions and similar payments received by charitable, religious or educational organizations, or labor unions, trade associations or lodges;
- (12) Personal earnings of any individuals under eighteen (18) years of age during the entire Applicable Taxable Year;
- (13) 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 limiting the power of the Municipality to impose net income taxes;
- (14) Salaries, Wages, Commissions and Other Compensation and Net Profits, the taxation of which is prohibited by the United States Constitution or any act of Congress limiting the power of the states or their political

subdivisions to impose net income taxes of income derived from interstate commerce.

**181.17 DEDUCTIONS.**

A Resident may deduct from the taxes imposed by this Chapter income derived by a farming business.

**181.18 CONTRACT PROVISIONS.**

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

"Such hereby further agrees to withhold all Municipal income taxes due or payable under the provisions of Chapter 181 of the Codified Ordinances of Obetz for Salaries, Wages, Commissions and Other Compensation paid to its Employees and further agrees that any of its subcontractors shall be required to agree to withhold any such Municipal income taxes due under such Chapter for services performed under this contract."

**181.19 INTEREST AND PENALTIES.**

- (a) All taxes imposed by this Chapter and remaining unpaid after they become due shall bear interest, in addition to the amount of the unpaid tax, at the rate of eighteen percent (18%) per year and the Taxpayers upon whom such taxes are imposed by this Chapter, shall be liable, in addition thereto, to a penalty often percent (10%) of the amount of the unpaid tax.
- (b) A penalty shall not be assessed on an additional tax assessment made by the Clerk-Treasurer when a return has been filed in good faith and the tax paid thereon within the time prescribed by the Clerk-Treasurer; and provided further, that in the absence of fraud, neither penalty nor interest shall be assessed on any additional tax assessment resulting from a federal audit, providing an amended return is filed and the additional tax is paid within three months after final determination of the federal tax liability.
- (c) All taxes deducted by an Employer or required to be deducted and withheld by an Employer and remaining unpaid after they become due pursuant to Section 181.08(b)(1), (2) or (3) shall bear interest on the amount of such unpaid taxes at the rate of eighteen percent (18%) per year and in addition a penalty often percent (10%) of the amount of the unpaid taxes.

- (d) A penalty shall not be assessed against a Taxpayer for the late payment or nonpayment of estimated tax liability in either of the following circumstances:
  - (1) The Taxpayer who is an individual who resides in the Municipality but who was not domiciled in the Municipality on the first day of January of the current Calendar Year.
  - (2) The Taxpayer has remitted to the Municipality an amount at least equal to one hundred percent of the Taxpayer's tax liability for the preceding year as shown on the return filed by the Taxpayer for the preceding year, provided that the return filed for the preceding year reflected a twelve-month period and the Taxpayer filed a return for the preceding year.

**181.20 ALLOCATION OF FUNDS.**

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

- (a) Such part thereof as shall be necessary to defray all costs of collecting the taxes levied by this Chapter and enforcing the provisions hereof.
- (b) Such part thereof as Council may appropriate to the General Fund for the purpose of paying the cost of general municipal operations.
- (c) Such part thereof as Council may appropriate for the purpose of paying the cost of maintenance of and the purchase of new equipment, motorized or other.
- (d) Such part thereof as Council may appropriate for the purpose of paying the cost of the acquisition, construction, repair and/or maintenance of streets and/or other permanent improvements.

**181.21 OFFICE OF INCOME TAX ADMINISTRATOR.**

There is hereby established the position of Income Tax Administrator.

**181.22 REPORTS AND INFORMATIONAL RETURNS.**

- (a) The Clerk-Treasurer or his delegate may request a roster of the names, addresses and social security numbers of Persons residing in rental units or mobile home parks.
- (b) Every owner of three (3) or more rental units and every owner of a mobile home park must submit such a listing upon request.

- (c) All contractors or Employers engaged in work in the Village are required to provide the Clerk-Treasurer with a list of all subcontractors and Employees working within the Village and their employer identification numbers or social security numbers.

**181.23 SEVERABILITY.**

- (a) If any sentence, clause, section, or part of this Chapter is found to be unconstitutional, illegal or invalid, only those portions determined to be unconstitutional, illegal or invalid shall be affected. Such determination shall not affect nor impair any of the remaining provisions of this Chapter.

**181.24 DUTY TO RETAIN RECORDS.**

- (a) Every Taxpayer shall retain all records necessary to compute Village income tax liability for a period office (5) years from the date the return was filed, or the taxes required to be deducted and withheld or submitted to the Village are paid.
- (b) The Clerk-Treasurer shall retain electronic records of each Taxpayer, whether individual or Business, for not less than seven (7) years from the date of original activity.

**181.25 EFFECTIVE DATE OF TAXATION.**

- (a) This Ordinance shall continue in effect from the date of adoption and approval by Village Council in perpetuity until such time as it is amended or repealed.

**181.99 PENALTIES.**

- (a) Any Person subject to the provisions of this Chapter who fails, neglects or refuses to make any return or declaration or any Employer who fails, neglects or refuses to deduct and withhold the taxes or pay the taxes imposed by this Chapter, or any Taxpayer who fails, neglects or refuses to pay the tax, interest and penalties imposed by this Chapter or any Person who refuses to permit the Clerk-Treasurer or his delegate, or his duly authorized agent or employee, to examine the books, records and papers of a Taxpayer, or any Person who knowingly makes an incomplete, false or fraudulent return, or who attempts to do anything whatever to avoid payment of the whole or any part of the tax under this Chapter, shall be fined not more than two hundred fifty dollars (\$250.00) for the first offense and shall be fined not more than five hundred dollars (\$500.00) or imprisoned for not more than ninety days, or both, for a second and subsequent offense. The failure of an Employer or Taxpayer to receive or procure a return or

declaration form shall not excuse him from making a return or declaration or paying the tax levied under this Chapter.

- (b) Whoever violates Section 181.12 shall be fined not more than five hundred dollars (\$500.00) or imprisoned not more than six months or both. Each disclosure shall constitute a separate offense.
- (c) Nothing in this Chapter shall be deemed to prevent the exercise of any of the powers and duties imposed on any officer or division of the Municipality by any person or agency, including another municipal corporation, with which the Municipality may contract for the administration and/or enforcement of the provisions of this Chapter, it being the intent hereof that all enforcement powers granted to any officer or division of the Municipality may be exercised by such contracting party.