

EXHIBIT "A"
TO ORDINANCE NO. 41-18

CHAPTER 881 – EARNED INCOME TAX

881.02 DEFINITIONS.

Section 881.02(c)(1)H **which currently reads** as follows:

H. 1. Except as limited by divisions (c)(1)H.2., 3., and 4. of this section, deduct any net operating loss incurred by the person in a taxable year beginning on or after January 1, 2017.

The amount of such net operating loss shall be deducted from net profit that is reduced by exempt income to the extent necessary to reduce municipal taxable income to zero, with any remaining unused portion of the net operating loss carried forward to not more than five consecutive taxable years following the taxable year in which the loss was incurred, but in no case for more years than necessary for the deduction to be fully utilized.

2. No person shall use the deduction allowed by division (c)(1)H. of this section to offset qualifying wages.

3. a. For taxable years beginning in 2018, 2019, 2020, 2021, or 2022, a person may not deduct, for purposes of an income tax levied by a municipal corporation that levies an income tax before January 1, 2016, more than fifty percent (50%) of the amount of the deduction otherwise allowed by division (c)(1)H.1. of this section.

b. For taxable years beginning in 2023 or thereafter, a person may deduct, for purposes of an income tax levied by a municipal corporation that levies an income tax before January 1, 2016, the full amount allowed by (c)(1)H.1. of this section.

4. Any pre-2017 net operating loss carry-forward deduction that is available must be utilized before a taxpayer may deduct any amount pursuant to (c)(1)H. of this section.

5. Nothing in division (c)(1)H.3.a. of this section precludes a person from carrying forward, use with respect to any return filed for a taxable year beginning after 2018, any amount of net operating loss that was not fully utilized by operation of division (c)(1)H.3.a. of this section. To the extent that an amount of net operating loss that was not fully utilized in one or more taxable years by operation of division (c)(1)H.3.a. of this section is carried forward for use with respect to a return filed for a taxable year beginning in 2019, 2020, 2021, or 2022, the limitation described in division (c)(1)H.3.a. of this section shall apply to the amount carried forward.

Shall be amended as follows: (New language in bold print; deleted text stricken)

Section 881.02(c)(1)(H):

~~H. 1. Except as limited by divisions (c)(1)H.2., 3., and 4. of this section, deduct any net operating loss incurred by the person in a taxable year beginning on or after January 1, 2017.~~

~~—————The amount of such net operating loss shall be deducted from net profit that is reduced by exempt income to the extent necessary to reduce municipal taxable income to zero, with any remaining unused portion of the net operating loss carried forward to not more than five consecutive taxable years following the taxable year in which the loss was incurred, but in no case for more years than necessary for the deduction to be fully utilized.~~

~~—————2. No person shall use the deduction allowed by division (c)(1)H. of this section to offset qualifying wages.~~

~~—————3 .a. For taxable years beginning in 2018, 2019, 2020, 2021, or 2022, a person may not deduct, for purposes of an income tax levied by a municipal corporation that levies an income tax before January 1, 2016, more than fifty percent (50%) of the amount of the deduction otherwise allowed by division (c)(1)H.1. of this section.~~

~~—————b. For taxable years beginning in 2023 or thereafter, a person may deduct, for purposes of an income tax levied by a municipal corporation that levies an income tax before January 1, 2016, the full amount allowed by (c)(1)H.1. of this section.~~

~~—————4. Any pre 2017 net operating loss carry forward deduction that is available must be utilized before a taxpayer may deduct any amount pursuant to (c)(1)H. of this section.~~

~~—————5. Nothing in division (c)(1)H.3.a. of this section precludes a person from carrying forward, use with respect to any return filed for a taxable year beginning after 2018, any amount of net operating loss that was not fully utilized by operation of division (c)(1)H.3.a. of this section. To the extent that an amount of net operating loss that was not fully utilized in one or more taxable years by operation of division (c)(1)H.3.a. of this section is carried forward for use with respect to a return filed for a taxable year beginning in 2019, 2020, 2021, or 2022, the limitation described in division (c)(1)H.3.a. of this section shall apply to the amount carried forward. **Deduct exempt income to the extent not otherwise deducted or excluded in computing adjusted federal taxable income.**~~

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Section 881.02(c)(21)(A) **which currently reads** as follows:

(21) A. "Municipal taxable income" means the following:

1. For a person other than an individual, income reduced by exempt income to the extent otherwise included in income and then, as applicable, apportioned or sitused to City under Section 881.03, and further reduced by any pre-2017 net operating loss carry-forward available to the person for City.

Shall be amended as follows: (New language in bold print; deleted text stricken)

(21) A. "Municipal taxable income" means the following:

1. For a person other than an individual, income ~~reduced by exempt income to the extent otherwise included in income and then, as applicable,~~ apportioned or sitused to City under Section 881.03, ~~and further~~ **as applicable** reduced by any pre-2017 net operating loss carry-forward available to the person for City.

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Section 881.02(c)(24) **which currently reads** as follows:

(24) A. "Net profit" for a person other than an individual means adjusted Federal taxable income.

B. "Net profit" for a person who is an individual means the individual's net profit required to be reported on Schedule C, Schedule E, or Schedule F reduced by any net operating loss carried forward. For the purposes of division (c)(24)B. of this section, the net operating loss carried forward shall be calculated and deducted in the same manner as provided in division (c)(1)H. of this section.

C. For the purposes of this chapter, and notwithstanding division (c)(24)A. of this section, net profit of a disregarded entity shall not be taxable as against that disregarded entity, but shall instead be included in the net profit of the owner of the disregarded entity.

D. A publicly traded partnership that is treated as a partnership for Federal income tax purposes, and that is subject to tax on its net profits by City, may elect to be treated as a C corporation for City. The election shall be made on the annual return for City. City will treat the publicly traded partnership as a C corporation if the election is so made

Shall be amended as follows: (New language in bold print; deleted text stricken)

(24) A. ~~"Net profit" for a person other than an individual means adjusted Federal taxable income.~~ **"Net Profit" for a person other than an individual means adjusted federal taxable income reduced by any net operating loss incurred by the person in a taxable year beginning on or after January 1, 2017, subject to the limitations of division (C)24(c) of this section.**

B. "Net profit" for a person who is an individual means the individual's net profit required to be reported on Schedule C, Schedule E, or Schedule F reduced by any net operating

loss carried forward. For the purposes of division (c)(24)A. of this section, the net operating loss carried forward shall be calculated and deducted in the same manner as provided in division (c)(424)HC of this section.

C. (1) The amount of such operating loss shall be deducted from net profit to the extent necessary to reduce municipal taxable income to zero, with any remaining unused portion of the net operating loss carried forward to not more than five (5) consecutive taxable years following the taxable year in which the loss was incurred, but in no case for more years than necessary for the deduction to be fully utilized.

(2) No person shall use the deduction allowed by division (c)(24)(C) of this section to offset qualifying wages.

(3) a. For taxable years beginning in 2018, 2019, 2020, 2021, or 2022, a person may not deduct more than fifty percent (50%) of the amount of the deduction otherwise allowed by division (c)(24)(C) of this section.

b. For taxable years beginning in 2023 or thereafter, a person may deduct the full amount allowed by (c)(24)(C) of this section without regard to the limitation of (c)(24)(C)(3) a. of this section.

(4) Any pre-2017 net operating loss carry forward deduction that is available may be utilized before a taxpayer may deduct any amount pursuant to (c)(24)(C) of this section.

(5) Nothing in division (c)(24)(C)(3) a. of this section precludes a person from carrying forward, for use with respect to any return filed for a taxable year beginning after 2018, any amount of net operating loss that was not fully utilized by operation of division (c)(24)(C)(3) a. of this section. To the extent that an amount of net operating loss that was not fully utilized in one or more taxable years by operation of division (c)(24)(C)(3) a. of this section is carried forward for use with respect to a return filed for a taxable year beginning in 2019, 2020, 2021, or 2022, the limitation described in division (c)(24)(C)(3) a. of this section shall apply to the amount carried forward.

ED. For the purposes of this chapter, and notwithstanding division (c)(24)B. of this section, net profit of a disregarded entity shall not be taxable as against that disregarded entity, but shall instead be included in the net profit of the owner of the disregarded entity.

DE. A publicly traded partnership that is treated as a partnership for Federal income tax purposes, and that is subject to tax on its net profits by City, may elect to be treated as a C corporation for City. The election shall be made on the annual return for City. City will treat the publicly traded partnership as a C corporation if the election is so made.

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Section 881.02(c)(45) **which currently reads** as follows:

(45)"Tax Administrator" means the individual charged with direct responsibility for administration of an income tax levied by City in accordance with this chapter.

Shall be amended as follows: (New language in bold print; deleted text stricken)

(45) A. "Tax Administrator" means the individual charged with direct responsibility for administration of an income tax levied by City in accordance with this chapter. **Tax Administrator does not include the state tax commissioner.**

B. "Tax Commissioner" means the tax commissioner appointed under Section 121.03 of the Revised Code.

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881.03 IMPOSITION OF TAX.

Section 881.03(d) **which currently reads** as follows:

(d) Businesses.

(1) This division applies to any taxpayer engaged in a business or profession in City, unless the taxpayer is an individual who resides in City or the taxpayer is an electric company, combined company, or telephone company that is subject to and required to file reports under Ohio R.C. Chapter 5745.

A. Except as otherwise provided in division (d)(1)B. of this section, net profit from a business or profession conducted both within and without the boundaries of City shall be considered as having a taxable situs in City for purposes of municipal income taxation in the same proportion as the average ratio of the following:

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

As used in the preceding paragraph, tangible personal or real property shall include property rented or leased by the taxpayer and the value of such property shall be determined by multiplying the annual rental thereon by eight;

2. Wages, salaries, and other compensation paid during the taxable period to individuals employed in the business or profession for services performed in City to wages, salaries, and other compensation paid during the same period to individuals employed in the business or profession, wherever the individual's services are performed, excluding compensation from which taxes are not required to be withheld under Section [881.04\(b\)\(1\)](#);

3. Total gross receipts of the business or profession from sales and rentals made and services performed during the taxable period in City to total gross receipts of the business or profession during the same period from sales, rentals, and services, wherever made or performed.

B.1. If the apportionment factors described in division (d)(1)A. of this section do not fairly represent the extent of a taxpayer's business activity in City, the taxpayer may request, or the Tax Administrator of City may require, that the taxpayer use, with respect to all or any portion of the income of the taxpayer, an alternative apportionment method involving one or more of the following:

- a. Separate accounting;
- b. The exclusion of one or more of the factors;
- c. The inclusion of one or more additional factors that would provide for a more fair apportionment of the income of the taxpayer to the municipal corporation;
- d. A modification of one or more of the factors.

2. A taxpayer request to use an alternative apportionment method shall be in writing and shall accompany a tax return, timely filed appeal of an assessment, or timely filed amended tax return. The taxpayer may use the requested alternative method unless the Tax Administrator denies the request in an assessment issued within the period prescribed by Section [881.12\(a\)](#).

3. The Tax Administrator may require a taxpayer to use an alternative apportionment method as described in division (d)(1)B.1. of this section, but only by issuing an assessment to the taxpayer within the period prescribed by Section [881.12\(a\)](#).

4. Nothing in division (d)(1)B. of this section nullifies or otherwise affects any alternative apportionment arrangement approved by the Tax Administrator or otherwise agreed upon by both the Tax Administrator and taxpayer before January 1, 2016.

C. As used in division (d)(1)A.2. of this section, "wages, salaries, and other compensation" includes only wages, salaries, or other compensation paid to an employee for services performed at any of the following locations:

1. A location that is owned, controlled, or used by, rented to, or under the possession of one of the following:

- a. The employer;
- b. A vendor, customer, client, or patient of the employer, or a related member of such a vendor, customer, client, or patient;

3. A vendor, customer, client, or patient of a person described in division (d)(1)C.1.b. of this section, or a related member of such a vendor, customer, client, or patient.

2. Any location at which a trial, appeal, hearing, investigation, inquiry, review, court-martial, or similar administrative, judicial, or legislative matter or proceeding is being conducted, provided that the compensation is paid for services performed for, or on behalf of, the employer or that the employee's presence at the location directly or indirectly benefits the employer;

3. Any other location, if the Tax Administrator determines that the employer directed the employee to perform the services at the other location in lieu of a location described in division (d)(1)C.1. or 2. of this section solely in order to avoid or reduce the employer's municipal income tax liability. If the Tax Administrator makes such a determination, the employer may dispute the determination by establishing, by a preponderance of the evidence, that the Tax Administrator's determination was unreasonable.

D. For the purposes of division (d)(1)A.3. of this section, receipts from sales and rentals made and services performed shall be situated to a municipal corporation as follows:

1. Gross receipts from the sale of tangible personal property shall be situated to the municipal corporation in which the sale originated. For the purposes of this division, a sale of property originates in City if, regardless of where title passes, the property meets any of the following criteria:

a. The property is shipped to or delivered within City from a stock of goods located within City.

b. The property is delivered within City from a location outside City, provided the taxpayer is regularly engaged through its own employees in the solicitation or promotion of sales within City and the sales result from such solicitation or promotion.

c. The property is shipped from a place within City to purchasers outside the municipal corporation, provided that the taxpayer is not, through its own employees, regularly engaged in the solicitation or promotion of sales at the place where delivery is made.

2. Gross receipts from the sale of services shall be situated to City to the extent that such services are performed in City.

3. To the extent included in income, gross receipts from the sale of real property located in City shall be situated to City.

4. To the extent included in income, gross receipts from rents and royalties from real property located in City shall be situated to City.

5. Gross receipts from rents and royalties from tangible personal property shall be situated to City based upon the extent to which the tangible personal property is used in City.

E. The net profit received by an individual taxpayer from the rental of real estate owned directly by the individual, or by a disregarded entity owned by the individual, shall be

subject to City's tax only if the property generating the net profit is located in City or if the individual taxpayer that receives the net profit is a resident of City. City shall allow such taxpayers to elect to use separate accounting for the purpose of calculating net profit situated under this division to the municipal corporation in which the property is located.

F.1. Commissions received by a real estate agent or broker relating to the sale, purchase, or lease of real estate shall be situated to the municipal corporation in which the real estate is located. Net profit reported by the real estate agent or broker shall be allocated to City, if applicable, based upon the ratio of the commissions the agent or broker received from the sale, purchase, or lease of real estate located in City to the commissions received from the sale, purchase, or lease of real estate everywhere in the taxable year.

2. An individual who is a resident of City shall report the individual's net profit from all real estate activity on the individual's annual tax return for City. The individual may claim a credit for taxes the individual paid on such net profit to another municipal corporation to the extent that such a credit is allowed under City's income tax ordinance.

G. When calculating the ratios described in division (d)(1)A. of this section for the purposes of that division or division (d)(1)B. of this section, the owner of a disregarded entity shall include in the owner's ratios the property, payroll, and gross receipts of such disregarded entity.

H. Intentionally left blank.

I. Intentionally left blank.

(Ord. 145-15. Passed 11-9-15.)

Shall be amended as follows: (New language in bold print; deleted text stricken)

(d) Businesses.

(1) This division applies to any taxpayer engaged in a business or profession in City, unless the taxpayer is an individual who resides in City or the taxpayer is an electric company, combined company, or telephone company that is subject to and required to file reports under Ohio R.C. Chapter 5745.

A. Except as otherwise provided in division (d)(1)B. of this section, net profit from a business or profession conducted both within and without the boundaries of City shall be considered as having a taxable situs in City for purposes of municipal income taxation in the same proportion as the average ratio of the following:

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

As used in the preceding paragraph, tangible personal or real property shall include property rented or leased by the taxpayer and the value of such property shall be determined by multiplying the annual rental thereon by eight;

2. Wages, salaries, and other compensation paid during the taxable period to individuals employed in the business or profession for services performed in City to wages, salaries, and other compensation paid during the same period to individuals employed in the business or profession, wherever the individual's services are performed, excluding compensation from which taxes are not required to be withheld under Section [881.04\(b\)\(1\)](#);

3. Total gross receipts of the business or profession from sales and rentals made and services performed during the taxable period in City to total gross receipts of the business or profession during the same period from sales, rentals, and services, wherever made or performed.

B.1. If the apportionment factors described in division (d)(1)A. of this section do not fairly represent the extent of a taxpayer's business activity in City, the taxpayer may request, or the Tax Administrator of City may require, that the taxpayer use, with respect to all or any portion of the income of the taxpayer, an alternative apportionment method involving one or more of the following:

- a. Separate accounting;
- b. The exclusion of one or more of the factors;
- c. The inclusion of one or more additional factors that would provide for a more fair apportionment of the income of the taxpayer to the municipal corporation;
- d. A modification of one or more of the factors.

2. A taxpayer request to use an alternative apportionment method shall be in writing and shall accompany a tax return, timely filed appeal of an assessment, or timely filed amended tax return. The taxpayer may use the requested alternative method unless the Tax Administrator denies the request in an assessment issued within the period prescribed by Section [881.12\(a\)](#).

3. The Tax Administrator may require a taxpayer to use an alternative apportionment method as described in division (d)(1)B.1. of this section, but only by issuing an assessment to the taxpayer within the period prescribed by Section [881.12\(a\)](#).

4. Nothing in division (d)(1)B. of this section nullifies or otherwise affects any alternative apportionment arrangement approved by the Tax Administrator or otherwise agreed upon by both the Tax Administrator and taxpayer before January 1, 2016.

C. As used in division (d)(1)A.2. of this section, "wages, salaries, and other compensation" includes only wages, salaries, or other compensation paid to an employee for services performed at any of the following locations:

1. A location that is owned, controlled, or used by, rented to, or under the possession of one of the following:

a. The employer;

b. A vendor, customer, client, or patient of the employer, or a related member of such a vendor, customer, client, or patient;

~~3~~ c. A vendor, customer, client, or patient of a person described in division (d)(1)C.1.b. of this section, or a related member of such a vendor, customer, client, or patient.

2. Any location at which a trial, appeal, hearing, investigation, inquiry, review, court-martial, or similar administrative, judicial, or legislative matter or proceeding is being conducted, provided that the compensation is paid for services performed for, or on behalf of, the employer or that the employee's presence at the location directly or indirectly benefits the employer;

3. Any other location, if the Tax Administrator determines that the employer directed the employee to perform the services at the other location in lieu of a location described in division (d)(1)C.1. or 2. of this section solely in order to avoid or reduce the employer's municipal income tax liability. If the Tax Administrator makes such a determination, the employer may dispute the determination by establishing, by a preponderance of the evidence, that the Tax Administrator's determination was unreasonable.

D. For the purposes of division (d)(1)A.3. of this section, receipts from sales and rentals made and services performed shall be situated to a municipal corporation as follows:

1. Gross receipts from the sale of tangible personal property shall be situated to the municipal corporation in ~~which the sale originated. For the purposes of this division, a sale of property originates in City~~ **only** if, regardless of where title passes, the property meets ~~any~~ **either** of the following criteria:

a. The property is shipped to or delivered within City from a stock of goods located within City.

b. The property is delivered within City from a location outside City, provided the taxpayer is regularly engaged through its own employees in the solicitation or promotion of sales within City and the sales result from such solicitation or promotion.

~~c. The property is shipped from a place within City to purchasers outside the municipal corporation, provided that the taxpayer is not, through its own employees, regularly engaged in the solicitation or promotion of sales at the place where delivery is made.~~

2. Gross receipts from the sale of services shall be situated to City to the extent that such services are performed in City.

3. To the extent included in income, gross receipts from the sale of real property located in City shall be sitused to City.

4. To the extent included in income, gross receipts from rents and royalties from real property located in City shall be sitused to City.

5. Gross receipts from rents and royalties from tangible personal property shall be sitused to City based upon the extent to which the tangible personal property is used in City.

E. The net profit received by an individual taxpayer from the rental of real estate owned directly by the individual, or by a disregarded entity owned by the individual, shall be subject to City's tax only if the property generating the net profit is located in City or if the individual taxpayer that receives the net profit is a resident of City. City shall allow such taxpayers to elect to use separate accounting for the purpose of calculating net profit sitused under this division to the municipal corporation in which the property is located.

F.1. Commissions received by a real estate agent or broker relating to the sale, purchase, or lease of real estate shall be sitused to the municipal corporation in which the real estate is located. Net profit reported by the real estate agent or broker shall be allocated to City, if applicable, based upon the ratio of the commissions the agent or broker received from the sale, purchase, or lease of real estate located in City to the commissions received from the sale, purchase, or lease of real estate everywhere in the taxable year.

2. An individual who is a resident of City shall report the individual's net profit from all real estate activity on the individual's annual tax return for City. The individual may claim a credit for taxes the individual paid on such net profit to another municipal corporation to the extent that such a credit is allowed under City's income tax ordinance.

G. When calculating the ratios described in division (d)(1)A. of this section for the purposes of that division or division (d)(1)B. of this section, the owner of a disregarded entity shall include in the owner's ratios the property, payroll, and gross receipts of such disregarded entity.

H. Intentionally left blank.

I. Intentionally left blank.

(Ord. 145-15. Passed 11-9-15.)

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Section 881.04(a)(2)(A) **which currently reads** as follows:

881.04 COLLECTION AT SOURCE.

(a) Withholding Provisions.

(2) A. Except as provided in division (a)(2)B. of this section, an employer, agent of an employer, or other payer shall remit to the Tax Administrator of City the greater of the income taxes deducted and withheld or the income taxes required to be deducted and withheld by the employer, agent, or other payer according to the following schedule:

1. Taxes required to be deducted and withheld shall be remitted monthly to the Tax Administrator if the total taxes deducted and withheld or required to be deducted and withheld by the employer, agent, or other payer on behalf of City in the preceding calendar year exceeded two thousand three hundred ninety-nine dollars (\$2,399), or if the total amount of taxes deducted and withheld or required to be deducted and withheld on behalf of City in any month of the preceding calendar quarter exceeded two hundred dollars (\$200.00).

Payment under division (a)(2)A.1. of this section shall be made so that the payment is received by the Tax Administrator not later than 15 days after the last day of each month for which the tax was withheld.

2. Any employer, agent of an employer, or other payer not required to make payments under division (a)(1)A.1. of this section of taxes required to be deducted and withheld shall make quarterly payments to the Tax Administrator not later than the fifteenth day of the month following the end of each calendar quarter.

Shall be amended as follows: (New language in bold print; deleted text stricken)

881.04 COLLECTION AT SOURCE.

(a) Withholding Provisions.

(2) A. Except as provided in division (a)(2)B. of this section, an employer, agent of an employer, or other payer shall remit to the Tax Administrator of City the greater of the income taxes deducted and withheld or the income taxes required to be deducted and withheld by the employer, agent, or other payer according to the following schedule:

1. Taxes required to be deducted and withheld shall be remitted monthly to the Tax Administrator if the total taxes deducted and withheld or required to be deducted and withheld by the employer, agent, or other payer on behalf of City in the preceding calendar year exceeded two thousand three hundred ninety-nine dollars (\$2,399), or if the total amount of taxes deducted and withheld or required to be deducted and withheld on behalf of City in any month of the preceding calendar quarter exceeded two hundred dollars (\$200.00).

Payment under division (a)(2)A.1 of this section shall be made ~~so that the payment is received by~~ to the Tax Administrator not later than 15 days after the last day of each month for which the tax was withheld.

2. Any employer, agent of an employer, or other payer not required to make payments under division (a)(2)A.1. of this section of taxes required to be deducted and withheld shall make quarterly payments to the Tax Administrator not later than the ~~fifteenth~~ **last** day of the month following the ~~end~~ **last** day of each calendar quarter.

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Section 881.05(a)(6)(B) **which currently reads** as follows:

881.05 ANNUAL RETURN; FILING.

B. The Tax Administrator shall require a taxpayer who is an individual to include, with each annual return, and amended return, copies of the following documents: all of the taxpayer's Internal Revenue Service Form W-2, "Wage and Tax Statements," including all information reported on the taxpayer's Federal W-2, as well as taxable wages reported or withheld for any municipal corporation; the taxpayer's Internal Revenue Service Form 1040; and, with respect to an amended tax return, any other documentation necessary to support the adjustments made in the amended return. An individual taxpayer who files the annual return required by this section electronically is not required to provide paper copies of any of the foregoing to the Tax Administrator unless the Tax Administrator requests such copies after the return has been filed.

Shall be amended as follows: (New language in bold print; deleted text stricken)

881.05 ANNUAL RETURN; FILING.

B. The Tax Administrator shall require a taxpayer who is an individual to include, with each annual return, and amended return, copies of the following documents: all of the taxpayer's Internal Revenue Service Form W-2, "Wage and Tax Statements," including all information reported on the taxpayer's Federal W-2, as well as taxable wages reported or withheld for any municipal corporation; the taxpayer's Internal Revenue Service Form 1040; **or, in the case of a return or request required by a qualified municipal corporation, Ohio form IT-1040**; and, with respect to an amended tax return, any other documentation necessary to support the adjustments made in the amended return. An individual taxpayer who files the annual return required by this section electronically is not required to provide paper copies of any of the foregoing to the Tax Administrator unless the Tax Administrator requests such copies after the return has been filed.

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Section 881.05(a)(7)(A) & (B) **which currently reads** as follows:

881.05 ANNUAL RETURN; FILING.

(7) A. Except as otherwise provided in this chapter, each return required to be filed under this section shall be completed and filed as required by the Tax Administrator on or before the date prescribed for the filing of State individual income tax returns under Ohio R.C. 5747.08(G). The taxpayer shall complete and file the return or notice on forms prescribed by the Tax Administrator or on generic forms, together with remittance made payable to City. No remittance is required if the net amount due is ten dollars (\$10.00) or less.

B. Any taxpayer that has duly requested an automatic six-month extension for filing the taxpayer's Federal income tax return shall automatically receive an extension for the filing of City's income tax return. The extended due date of City's 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. An extension of time to file under this division is not an extension of the time to pay any tax due unless the Tax Administrator grants an extension of that date.

1. A copy of the Federal extension request shall be included with the filing of City's income tax return.

2. A taxpayer that has not requested or received a six-month extension for filing the taxpayer's Federal income tax return may request that the Tax Administrator grant the taxpayer a six-month extension of the date for filing the taxpayer's City income tax return. If the request is received by the Tax Administrator on or before the date the City income tax return is due, the Tax Administrator shall grant the taxpayer's requested extension.

Shall be amended as follows: (New language in bold print; deleted text stricken)

(7) A. **1)** Except as otherwise provided in this chapter, each **individual income** tax return required to be filed under this section shall be completed and filed as required by the Tax Administrator on or before the date prescribed for the filing of State individual income tax returns under Ohio R.C. 5747.08(G). The taxpayer shall complete and file the return or notice on forms prescribed by the Tax Administrator or on generic forms, together with remittance made payable to City. No remittance is required if the net amount due is ten dollars (\$10.00) or less.

2) **Except as otherwise provided in this chapter, each annual net profit return required to be filed under this section by a taxpayer that is not an individual shall be completed and filed as required by the Tax Administrator on or before the fifteenth day (15th) of the fourth month following the end of the taxpayer's taxable year. The taxpayer shall complete and file the return or notice on forms prescribed by the Tax Administrator or on generic forms, together with remittance made payable to the City. No remittance is required if the next amount due is ten dollars (\$10.00) or less.**

B. Any taxpayer that has duly requested an automatic six-month extension for filing the taxpayer's Federal income tax return shall automatically receive an extension for the

filing of City's income tax return. The extended due date of City's 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. An extension of time to file under this division is not an extension of the time to pay any tax due unless the Tax Administrator grants an extension of that date.

1.) A copy of the Federal extension request shall be included with the filing of City's income tax return.

2.) A taxpayer that has not requested or received a six-month extension for filing the taxpayer's Federal income tax return may **submit a written** request that the Tax Administrator grant the taxpayer a six-month extension of the date for filing the taxpayer's City income tax return. If the request is received by the Tax Administrator on or before the date the City income tax return is due, the Tax Administrator shall grant the taxpayer's requested extension.

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Section 881.05(a)(8) **which currently reads** as follows:

881.05 ANNUAL RETURN; FILING.

(8) A. For taxable years beginning after 2015, City shall not require a taxpayer to remit tax with respect to net profits if the net amount due is ten dollars (\$10.00) or less.

B. Any taxpayer not required to remit tax to City for a taxable year pursuant to division (a)(8)A. of this section shall file with City an annual net profit return under division (a)(6)C. of this section.

Shall be amended as follows: (New language in bold print; deleted text stricken)

881.05 ANNUAL RETURN; FILING.

(8) A. For taxable years beginning after 2015, City shall not require a taxpayer to remit tax with respect to net profits if the net amount due is ten dollars (\$10.00) or less.

B. Any taxpayer not required to remit tax to City for a taxable year pursuant to division (a)(8)(A) of this section shall file with City an annual net profit return under division (a)(6)C. of this section, **unless the provisions of division (8)(C) apply.**

C. 1) A person may notify the Tax Administrator that the person does not expect to be a taxpayer subject to City income tax ordinance for a taxable year if both the following apply:

a. The person was required to file a tax return with City for the immediately preceding taxable year because the person performed services at a worksite location (as defined in Section .04(b)(1)(A)(7) within City.

b. The person no longer provides services in City and does not expect to be subject to City income tax for the taxable year.

2) The person shall provide the notice in a signed affidavit that briefly explains the person's circumstances, including the location of the previous worksite location and the last date on which the person performed services or made any sales within City. The affidavit shall also include the following statement: "The affiant has no plans to perform any services within City, make any sales in City, or otherwise become subject to the tax levied by City during the taxable year. If the affiant does become subject to the tax levied by City for the taxable year, the affiant agrees to be considered a taxpayer and to properly comply as a taxpayer with City income tax ordinance and rules and regulations." The person shall sign the affidavit under penalty of perjury.

3) If a person submits an affidavit described in division .05(a)(8)(C)(2) the Tax Administrator shall not require the person to file and tax return for the taxable year unless the Tax Administrator possesses information that conflicts with the affidavit or if the circumstances described in the affidavit change.

4) Nothing in division .05(a)(8)(C) of this section prohibits the Tax Administrator from performing an audit of the person.

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Section 881.05(a)(9) **which currently reads** as follows:

881.05 ANNUAL RETURN; FILING.

(9) If a payment is required to be made by electronic funds transfer, the payment is considered to be made when the payment is credited to an account designated by the Tax Administrator for the receipt of tax payments, except that, when a payment made by electronic funds transfer is delayed due to circumstances not under the control of the taxpayer, the payment is considered to be made when the taxpayer submitted the payment. This division shall not apply to payments required to be made under division Section 881.04(a)(2)A.1. or provisions for semi-monthly withholding.

Shall be amended as follows: (New language in bold print; deleted text stricken)

881.05 ANNUAL RETURN; FILING.

(9) If a payment **under this Chapter** ~~is required to be~~ made by electronic funds transfer, the payment **shall be** considered to be made ~~when the payment is credited to an account designated by the Tax Administrator for the receipt of tax payments, except that, when a payment made by electronic funds transfer is delayed due to circumstances not under the control of the taxpayer, the payment is considered to be made when the taxpayer submitted the payment.~~ **on the date of the timestamp assigned by the first electronic system receiving that payment.**

~~This division shall not apply to payments required to be made under division Section 881.04(a)(2)A.1. or provisions for semi-monthly withholding.~~

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881.05 ANNUAL RETURN; FILING.

Section 881.05(d)(2) which currently reads as follows:

(d) Consolidated Municipal Income Tax Return.

(2) A. For taxable years beginning on or after January 1, 2016, a taxpayer that is a member of an affiliated group of corporations may elect to file a consolidated municipal income tax return for a taxable year if at least one member of the affiliated group of corporations is subject to City's income tax in that taxable year, and if the affiliated group of corporations filed a consolidated Federal income tax return with respect to that taxable year. The election is binding for a five-year period beginning with the first taxable year of the initial election unless a change in the reporting method is required under Federal law. The election continues to be binding for each subsequent five-year period unless the taxpayer elects to discontinue filing consolidated municipal income tax returns under division (d)(2)B. of this section or a taxpayer receives permission from the Tax Administrator. The Tax Administrator shall approve such a request for good cause shown.

B. An election to discontinue filing consolidated municipal income tax returns under this section must be made in the first year following the last year of a five-year consolidated municipal income tax return election period in effect under division (d)(2)A. of this section. The election to discontinue filing a consolidated municipal income tax return is binding for a five-year period beginning with the first taxable year of the election.

C. An election made under division (d)(2)A. or B. of this section is binding on all members of the affiliated group of corporations subject to a municipal income tax.

Shall be amended as follows: (New language in bold print; deleted text stricken)

881.05 ANNUAL RETURN; FILING.

(d) Consolidated Municipal Income Tax Return.

(2) A. For taxable years beginning on or after January 1, 2016, a taxpayer that is a member of an affiliated group of corporations may elect to file a consolidated municipal income tax return for a taxable year if at least one member of the affiliated group of corporations is subject to City's income tax in that taxable year, and if the affiliated group of corporations filed a consolidated Federal income tax return with respect to that taxable year. The election is binding for a five-year period beginning with the first taxable year of the initial election unless a change in the reporting method is required under Federal law. The election continues to be binding for each subsequent five-year period unless the taxpayer elects to discontinue filing

consolidated municipal income tax returns under division (d)(2)B. of this section or a taxpayer receives permission from the Tax Administrator. The Tax Administrator shall approve such a request for good cause shown.

B. An election to discontinue filing consolidated municipal income tax returns under this section must be made in the first year following the last year of a five-year consolidated municipal income tax return election period in effect under division (d)(2)A. of this section. The election to discontinue filing a consolidated municipal income tax return is binding for a five-year period beginning with the first taxable year of the election.

C. An election made under division (d)(2)A. or B. of this section is binding on all members of the affiliated group of corporations subject to a municipal income tax.

D. When a taxpayer makes the election allowed under section 718.80 of the Revised Code, a valid election made by a taxpayer under division (d)(1) or (2) of this section is binding upon the tax commissioner for the remainder of the five-year period.

E. When an election is made under section 718.80 of the Revised Code is terminated, a valid election made under section 718.86 of the Revised Code is binding upon the tax administrator for the remainder of the five-year period.

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Section 881.07 (c)(1)(D) **which currently reads** as follows:

881.07 ESTIMATED TAXES

D. On or before the fifteenth (15th) day of the twelfth month of the taxable year, ninety percent (90%) of the tax liability for the taxable year.

Shall be amended as follows: (New language in bold print; deleted text stricken)

881.07 ESTIMATED TAXES

D. ~~On~~ For an individual, on or before the fifteenth (15th) day of the first month of the following taxable year, ninety percent (90%) of the tax liability for the taxable year. For a person other than an individual, on or before the fifteenth (15th) day of the twelfth month of the taxable year, ninety percent (90%) of the tax liability for the taxable year.

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Section 881.18 (c)(2)(B) **which currently reads** as follows:

881.18 INTEREST AND PENALTIES.

(c) Should any taxpayer, employer, agent of the employer, or other payer for any reason fail, in whole or in part, to make timely and full payment or remittance of income tax, estimated income tax, or withholding tax or to file timely with the City any return required to be filed, the following penalties and interest shall apply:

(1) Interest shall be imposed at the rate described in division (a) of this section, per annum, on all unpaid income tax, unpaid estimated income tax, and unpaid withholding tax.

(2) A. With respect to unpaid income tax and unpaid estimated income tax, City may impose a penalty equal to fifteen percent (15%) of the amount not timely paid.

B. With respect to any unpaid withholding tax, City may impose a penalty equal to fifty percent (50%) of the amount not timely paid.

Shall be amended as follows: (New language in bold print; deleted text stricken)

881.18 INTEREST AND PENALTIES.

(c) Should any taxpayer, employer, agent of the employer, or other payer for any reason fail, in whole or in part, to make timely and full payment or remittance of income tax, estimated income tax, or withholding tax or to file timely with the City any return required to be filed, the following penalties and interest shall apply:

(1) Interest shall be imposed at the rate described in division (a) of this section, per annum, on all unpaid income tax, unpaid estimated income tax, and unpaid withholding tax.

(2) A. With respect to unpaid income tax and unpaid estimated income tax, City may impose a penalty equal to fifteen percent (15%) of the amount not timely paid.

B. With respect to any unpaid withholding tax, City may impose a penalty ~~equal to~~ **not exceeding** fifty percent (50%) of the amount not timely paid.

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The following section "**881.27 - ELECTION TO BE SUBJECT TO R.C. 718.80 TO 718.95**" shall be added to Chapter 881

881.27 ELECTION TO BE SUBJECT TO R.C. 718.80 TO 718.95

(a) City hereby adopts and incorporates herein by reference Sections 718.80 to 718.95 of the Ohio Revised Code for tax years beginning on or after January 1, 2018.

(b) A taxpayer, as defined in division (c) of this section, may elect to be subject to Sections 718.80 to 718.95 of the Revised Code in lieu of the provisions of this Chapter.

(c) "Taxpayer" has the same meaning as in section 718.01 of the Revised Code, except that "taxpayer" does not include natural persons or entities subject to the tax imposed under Chapter 5745 of the Revised Code. "Taxpayer" may include receivers, assignees, or trustees in bankruptcy when such persons are required to assume the role of a taxpayer.