

VILLAGE OF FORT LORAMIE, OHIO

**2001
INCOME TAX
ORDINANCE**

**AMENDING ORDINANCE
NO. 1975-477**

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VILLAGE OF FORT LORAMIE, OHIO

ORDINANCE NO. 01- 916

**AN ORDINANCE AMENDING VILLAGE OF
FORT LORAMIE, OHIO INCOME TAX ORDINANCE
NO. 1975-477, AND DECLARING AN EMERGENCY**

WHEREAS, this Village on the 27th Day of October, 1975 duly enacted an Ordinance for the taxation of certain income, effective January 1, 1976 and thereafter;

AND WHEREAS, recent amendments to Ohio Revised Code Chapter 718 (Municipal Income Taxes) mandate the inclusion, deletion and modification of certain provisions of law contained or to be contained in said Ordinance;

AND WHEREAS, it is accordingly necessary to amend said Ordinance to comply with the provisions of House Bill 477, the legislation providing for such amendments;

AND WHEREAS, a review of the language of said Ordinance discloses a need for certain typographical corrections, taxation of certain additional income items and modification of certain administrative provisions:

AND WHEREAS, it is found and determined that all formal actions of this Council concerning and relating to the adoption of this Ordinance were taken in an open meeting of this Council, and that all deliberations of this Council and of any of its committees that resulted in such formal action were made in meetings open to the public and in compliance with all legal requirements, including Revised Code Section 121.22;

NOW THEREFORE, be it Ordained by the Council of the Village of Fort Loramie, Ohio, as follows:

Section One: Fort Loramie Village Ordinance 1975-477 is hereby amended to read as follows:

ORDINANCE NO. 1975-477, Effective January 1, 1976, as amended by ORDINANCE NO. 01- 916, Effective February 5, 2001, TO PROVIDE FUNDS FOR THE PURPOSES OF CONSTRUCTING, ACQUIRING, MAINTAINING AND OPERATING CAPITAL IMPROVEMENTS; AND FOR GENERAL MUNICIPAL OPERATIONS; BY LEVYING A TAX ON ALL SALARIES, WAGES, COMMISSIONS AND OTHER COMPENSATION EARNED BY RESIDENTS OF THE VILLAGE OF FORT LORAMIE; BY NON-RESIDENTS OF SAID VILLAGE FOR WORK DONE OR SERVICES PERFORMED OR RENDERED IN

THE VILLAGE OF FORT LORAMIE; ON THE NET PROFITS EARNED BY ALL BUSINESS, PROFESSIONAL OR OTHER ACTIVITIES CONDUCTED BY RESIDENTS OF THE VILLAGE OF FORT LORAMIE; OR CONDUCTED IN SAID VILLAGE BY NON-RESIDENTS; AND ON THE NET PROFITS EARNED BY ALL CORPORATIONS AND OTHER LEGAL ENTITIES DOING BUSINESS IN THE VILLAGE OF FORT LORAMIE; REQUIRING THE FILING OF INCOME TAX RETURNS AND THE FURNISHING OF INFORMATION BY EMPLOYERS AND ALL OTHERS SUBJECT TO SAID TAX; IMPOSING ON EMPLOYERS THE DUTY OF COLLECTING THE TAX AT THE SOURCE AND PAYING THE SAME TO THE VILLAGE OF FORT LORAMIE; PROVIDING FOR THE ADMINISTRATION, COLLECTION AND ENFORCEMENT OF SAID TAX; DECLARING VIOLATION OF SAID TAX ORDINANCE TO BE A MISDEMEANOR, AND IMPOSING PENALTIES THEREFOR.

BE IT ORDAINED BY THIS COUNCIL FOR THE VILLAGE OF FORT LORAMIE, STATE OF OHIO:

SECTION 1 PURPOSE

To provide funds for the purposes of constructing, acquiring, maintaining and operating capital improvements, and for general municipal operations in the Village, there shall be and hereby is levied a tax on salaries, wages, commissions and other compensation and on net profits as hereinafter provided.

SECTION 2 DEFINITIONS

Words and phrases defined in the Rules and Regulations applicable to this Ordinance shall have the same meaning herein, except as and if the context clearly indicates or requires a different meaning. The singular shall include the plural, and the masculine shall include the feminine and the neuter:

BOARD OF REVIEW - The Board created by and constituted as provided in Section 13 of this Ordinance.

INCOME TAX COMMISSIONER - The Commissioner of the Income Tax Department of the Village, or the person executing the duties of the aforesaid Commissioner.

[THE] ESTIMATED TAX - Unless otherwise clearly indicated by text or context, the estimated taxes required to be deducted, withheld or paid under the provisions of this Ordinance.

INCOME TAX DEPARTMENT - The office or agency responsible for the collection of taxes and the administration of the Ordinances, Rules and Regulations of the Village pertaining to taxes. The Village may authorize a private agency or a tax collection division of another municipality to perform all or any part of such services.

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 Ohio Revised Code.

TAX ADMINISTRATOR - The Income Tax Commissioner.

[THE] TAX - Unless otherwise clearly indicated by text or context, the tax required to be deducted, withheld or paid under the provisions of this Ordinance.

TAXPAYER - An association, business, corporation, employer, person or other entity required by this Ordinance to file a return on earnings or net profits or to pay a tax thereon.

VILLAGE - The Village of Fort Loramie, Ohio

SECTION 3 IMPOSITION OF THE TAX

A. Subject to the provisions of Section 16 of this Ordinance an annual tax for the purpose specified in Section 1 hereof, shall be levied on and after January 1, 2001, at the rate of **one and one-half percent (1.5%)** per annum upon the following:

1. On all salaries, wages, commissions, rentals and other compensation earned on and after January 1, 2001, by residents of the Village.
2. On all salaries, wages, commissions, rentals and other compensation earned on and after January 1, 2001, by non-residents for work done or services performed or rendered in the Village.
3. (A) On the portion attributable to the Village of the net profits earned on and after January 1, 2001, of all resident associations, unincorporated businesses, professions, or other activities conducted in the Village.

(B) On a resident partner's or owner's share of the net profits of a resident association or other unincorporated business entity not attributable to the Village and not levied against such association or other incorporated business entity.
4. (A) On the portion attributable to the Village of the net profits earned

on and after January 1, 2001, of all non-resident associations, unincorporated businesses, professions or other activities, 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 unincorporated business entity has an office or place of business in the Village.

(B) On a resident partner's or owner's share of the net profits of a non-resident association or other unincorporated business entity not attributable to the Village and not levied against such association or other unincorporated business entity.

5. On the portion attributable to the Village of the net profits earned on and after January 1, 2001, of all corporations derived from sales made, work done or services rendered or performed and business or other activities conducted in the Village, whether or not such corporations have an office or place of business in the Village.

B. An employee who pays his business expenses from his commission or other compensation, without reimbursement from his employer, may deduct from his gross commissions or other compensation business expenses allowed by the Internal Revenue Service for federal income tax purposes, but only to the extent said expenses are incurred in earning commissions or other compensation subject to the tax imposed by this Ordinance.

C. In allocating of net profits, where a person conducts a business both within and outside the Village, the portion of the entire net profits of such business to be allocated as having been made within the Village may be determined from the records of such business, if such business has bona-fide records which disclose with reasonable accuracy what portion of its net profits is attributable to that part of its activities conducted within the Village; or, at the option of the taxpayer, may be determined by the following formula, which shall be used if taxpayer has no bona-fide records showing net profit from the Village business activities (subject, however, to the provisions of sub-paragraph C. 2 hereof):

1. Multiply the entire net profits of the business by a business allocation percentage to be determined by:

(A) Ascertaining the percentage which the average net book value of the real and tangible personal property owned or used in the business and situated within the Village during the period covered by the return is of the average net book value of all the real and tangible personal property owned or used in the business, wherever situated, during such period. 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.

(B) Ascertaining the percentage which the gross receipts of the business from sales made and services performed in the Village during the period covered by the return is of the total gross receipts from all sales and services, wherever made or performed during such period.

(1) Sales made within the Village shall be deemed to include all sales of tangible personal property which is delivered within the Village, regardless of where title passes, if shipped or delivered from a stock of goods within the Village.

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

(3) All sales of tangible personal property which is shipped from a place within the Village to purchasers outside the Village, regardless of where title passes, if the taxpayer is not regularly engaged in the solicitation or promotion of sales at the place where delivery is made.

(C) Ascertaining the percentage which the total wages, salaries, and other compensation paid during the period covered by the return to employees for services performed in the Village is of the total wages, salaries, commissions and other compensation paid during such period, to all employees within and outside the Village.

(D) Adding together the percentages determined in accordance with subparagraphs (A), (B) and (C) above or such of the aforesaid percentages as are applicable to the particular taxpayer, and dividing the total so obtained by the number of percentages used in deriving said total. A factor is applicable even though it may be allocable entirely in or outside the Village.

2. In the event a just and equitable result cannot be obtained under the formula provided for herein, the Board of Review, upon application of the taxpayer or the Tax Commissioner shall under uniform regulations adopted by the Board, have the authority to substitute other factors or methods calculated to effect a fair and proper allocation.

D. Net Operating Loss Carry Forward

1. The portion of a net operating loss allocable to the Village in any taxable year ending after January 1, 1976, may be applied against the portion of the profit of succeeding year(s) allocable to the Village, until exhausted, but in no event for more than five (5) taxable years. No portion of a net operating loss shall be carried back against net profits of any prior year.
2. The portion of a net operating loss sustained shall be allocated to the Village in the same manner as provided herein for allocating net profits to the Village.
3. The Tax Commissioner shall provide by Rules and Regulations the manner in which such net operating loss carry-forward shall be determined.

E. Exclusions from Tax

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

1. Funds received from local, state or federal governments because of service in the Armed Forces of the United States, including its reserve forces and the National Guard of any state, by the person rendering such service, or as a result of another person rendering such service.
2. Poor relief; unemployment compensation or insurance benefits; Social Security or similar payments, including disability and pension benefits received from private industry or local, state or federal governments or from charitable, religious or educational organizations; workers' compensation benefits; insurance proceeds or other compensation for personal injury or property damage, excluding damages for loss of income or profits.
3. Alimony, spousal support or child support received.
4. Income, dues, contributions, receipts from casual entertainment, amusements, sports events and health and welfare activities received by religious, fraternal, charitable, scientific, literary, educational institutions or organizations.
5. Earnings of any association, organization, corporation, club or trust which is exempt from federal taxes or income by reason of its charitable, religious, educational, literary or scientific purposes.
6. Gains from involuntary conversion, cancellation of indebtedness, interest on federal obligations, and income of a decedent's estate

during the period of administration (except such income from the operation of a business).

7. Earnings and income of all persons under seventeen (17) years of age, whether residents or non-residents.
8. The compensation of an individual if all of the following apply:
 - (A) The individual does not reside in the Village;
 - (B) The compensation is paid for personal services performed by the individual in the Village on twelve (12) or fewer days annually;
 - (C) If the individual is an employee, his employer's principal place of business is outside the Village, he pays tax on the personal services performed in the Village to the taxing district in which such employer's principal place of business is located, and no portion of that tax is refunded to the individual.;
 - (D) The individual is not a professional entertainer, a professional athlete, the promoter of a professional entertainment or sports event, or an employee of such a promoter.
9. Intangible Income, as defined in this Ordinance or its Regulations.
10. Payments not exceeding One Thousand Dollars annually to Precinct workers for voting precinct services performed.
11. Compensation paid a transit authority or commission employee for operating a bus or other mass transit vehicle within the corporate limits of the Village unless such employee is a resident of, or such authority or commission is headquartered, within the corporate limits of the Village.
12. A housing allowance for or use of a parsonage or similar facility by a minister, rabbi or other religious leader by the membership of such leader's organization in partial compensation for such leader's services.
13. Income of a public utility subject to a tax levied pursuant to the provisions of Revised Code §§5727.24 or 5727.30.

SECTION 4 EFFECTIVE DATE

Said tax shall be levied, collected and paid on salaries, wages, commissions and other

compensation, and on net profits of businesses, professions, or other entities earned on and after January 1, 1976. Provided, however, that where the fiscal year of the business, profession, or other activity 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 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.

SECTION 5 RETURN AND PAYMENT OF TAX

A. Each person who engages in business or whose salary, wages, commissions and other compensation are subject to the tax imposed by this Ordinance shall, whether or not a tax be due thereon, make and file on or before April 30th of each year a Return with the Village on forms furnished by and obtainable on request from the Income Tax Department, setting forth:

1. The aggregate amount of salaries, wages, commission, and other compensation earned and income from such business, less allowable expenses incurred in the acquisition of such gross income, during the preceding year and subject to said tax.
2. The amount of the tax imposed by this Ordinance, and
3. Such other pertinent statements, returns or information as the Tax Commissioner requires, including a statement of taxable income as determined for federal income tax purposes, adjusted to set forth only such income as is taxable under the provisions of this Ordinance.

B. A taxpayer on a fiscal year accounting basis for federal tax purposes shall, beginning with the first fiscal year any part of which falls within the tax period, pay the tax on the basis of that fiscal year and shall file annual returns within four (4) months from the end of such fiscal year.

C. The Tax Commissioner, upon the written request of the taxpayer, will extend the time for filing of an annual return for a period not to exceed six (6) months, or one (1) month beyond any extension requested of and granted by the Internal Revenue Service for the filing of the federal income tax return, whichever is later. The filing with the Village of a copy of the taxpayer's request for a federal filing extension will constitute such a request. Such request must be filed no later than the last day on which the return for which such extension is sought must be filed. Such request may be denied if not timely filed, or if the taxpayer is delinquent on other taxes or interest or penalties owed the Village, or if the taxpayer has failed to file any report or return for a prior tax period. An additional extension may be granted, subject to approval of the Board of Review. Interest as hereinafter provided shall be charged on taxes not paid when due. No penalty shall be assessed in those cases in which the return is filed and the final tax paid within the period as extended.

D. The taxpayer making such return shall, at the time of the filing thereof, pay to the Village the amount of taxes shown as due thereon; provided, however, that where any portion of the tax so due shall have been deducted at the source, pursuant to the provisions of Section 6 of this Ordinance, or where any portion of said tax shall have been paid by the taxpayer, pursuant to the provisions of Section 7 of this Ordinance, or where an income tax has been paid to another municipality, credit for the amount so paid in accordance with Section 15 hereof shall be deducted from the amount shown to be due and only the balance, if any, shall be due and payable at the time of filing said return.

E. Upon determination by the Income Tax Commissioner that taxpayer has paid more than the amount of tax to which the Village of Fort Loramie is entitled under the provisions of this Ordinance, such overpayment shall be refunded, or at the option of the taxpayer, credited to the next year's tax liability; but no additional tax or tax refund of less than One Dollar shall be collected or refunded. Interest shall be paid according to the provisions of Revised Code §5703.47 from the due date for the filing of the tax return disclosing such overpayment, excluding any extensions of time for the filing of such return, to the date such overpayment is refunded; provided, however, that no interest shall be allowed on an overpayment refunded within ninety (90) days of the filing of such return.

F. Within three (3) months from the final determination of any federal tax liability affecting the taxpayer's Village tax liability, such taxpayer shall make and file an amended Village return showing income subject to the Village tax based upon such final determination for federal tax liability and pay any additional tax shown due thereon or make claim for refund of any overpayment.

G. The Tax Commissioner is hereby authorized to accept the return of an employer showing the total amount of tax deducted by from the salaries, wages, commissions or other compensations of its employees and paid to the Village Income Tax Department as the return required of any employee whose sole income, subject to the tax or taxes under this Ordinance, is such salary, wages, commissions or other compensation.

H. Filing of consolidated returns may be permitted, required or denied in accordance with Rules and Regulations prescribed by the Tax Commissioner. In the case of a corporation that carries on transactions with its stockholders or with other corporations related by stock ownership, interlocking directorates or other method, the Tax Commissioner shall require such additional information as may be necessary to ascertain whether net profits allocable to the Village are being distorted by the shifting of income, apportionment of expenses, or other devices available to a common control. If the Tax Commissioner finds that a corporation's net profits allocable to the Village are distorted by reason of such transactions, the Commissioner shall adjust said transactions so as to produce a fair and proper allocation of net profits to the Village, and, if necessary, the Tax Commissioner may require the filing of a consolidated return.

I. When 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, such amended return shall be

on a form obtainable on request from the Tax Commissioner. A taxpayer may not change the method of accounting or apportionment of net profits after the due date for filing the original return.

J. The Village will accept a generic form of any return, report, or other document required to be filed if such form when completed and filed contains all of the information required to be submitted with the Village's prescribed returns, reports or other documents, and if the taxpayer or return preparer filing the generic form otherwise complies with the ordinances and rules of the Village governing the filing of such forms.

SECTION 6 COLLECTION AT SOURCE

A. Each employer within or doing business with the Village who employs one or more persons for a salary, wage, commission or other compensation shall deduct at the time of the payment of such salary, wage, commission or other compensation the tax of **one and one-half percent (1.5%)** of the gross salaries, wages, commissions, or other compensation due by said employer to said employee and shall on or before the last day of April, July, October and January of each year, file a return and pay to the Village Income Tax Department, the amount of taxes so deducted during the preceding calendar quarter. Said return shall be on a form or forms prescribed by or acceptable to the Income Tax Department and shall be subject to the rules and regulations prescribed therefor by the Village. The Tax Commissioner is authorized to enter into an agreement with any employer outside the Village, provided it has the written consent of the employees affected, to collect such taxes at the source in the same manner as provided above.

B. Any employer collecting said tax shall be deemed to hold the same as a Trustee for the benefit of the Village, and any such tax collected by such employer shall, until the same is paid to the Village, be deemed a trust fund in the hands of such employer.

C. No person shall be required to withhold the tax on wages, or other compensation paid domestic servants employed exclusively in or about such person's residence.

D. A nonresident employer or other payer shall not be required to deduct and withhold the tax from the compensation of employees who perform services within the Village for twelve (12) or fewer days in the calendar year for which such tax would be withheld.

E. A nonresident employer or other payer shall not be required to deduct and withhold the tax from the compensation of employees unless and until the total tax to be deducted from the total compensation of all such employees exceeds the sum of One Hundred Fifty Dollars (\$150). However, a nonresident employer or other payer, upon being required to so deduct and withhold the tax, must continue to make such deductions and withholdings until the tax required to be so deducted and withheld is One Hundred Fifty

Dollars (\$150) or less for three consecutive years.

SECTION 7 DECLARATIONS OF ESTIMATED TAX

A. Every person who anticipates any taxable income which is not subject to the provisions of Section 6 hereof, or who engages in any business, shall file a declaration setting forth such estimated income or the estimated profit or less from such business during the year covered by the declaration, together with the estimated tax due thereon.

B. Such declaration shall be filed on or before April 30th of each year, or, for persons filing fiscal returns, within four (4) months of the end of such year. In the case of a person starting in business, such declaration shall be filed within four (4) months of the date of commencement of such business.

C. Such declaration shall be filed on forms furnished by and obtainable on request from the Income Tax Department, which may contain a statement that the figures used in making such declaration are the figures used in making the declaration of the estimate for federal income tax, adjusted to set forth only such income as is taxable under the provisions of this Ordinance.

D. Such declaration shall be accompanied by a payment of at least twenty-two and one-half percent (22.5%) of the estimated tax. An additional payment of at least the same minimum amount shall be paid on or before each calendar or fiscal quarter thereafter. Such estimate may be amended at any time. Notwithstanding the provisions of this Section, a taxpayer may make such payments to the Village at the same times that payments of federal estimated taxes are required of said taxpayer by the Internal Revenue Service.

E. On or before April 30th of the year following that for which a declaration was filed, or in the case of a fiscal year taxpayer, on or before the last day of the fourth month after the close of the fiscal year for which a declaration was filed, an annual return shall be filed, and any tax which may be due shall be paid in accordance with the provisions of Section 5 herein.

F. Amounts deducted and withheld for the tax from the compensation of an individual shall be deemed as estimated taxes timely paid in equal installments during the calendar year in which they were made.

SECTION 8 DUTIES OF THE TAX COMMISSIONER

A. The Tax Commissioner shall enforce the provisions of this Ordinance and is hereby empowered, subject to the approval of the Board of Review, to adopt, promulgate and enforce rules and regulations relating to any matter or thing pertaining to the collection of taxes and the administration and enforcement of the provisions of this Ordinance. The

Commissioner is authorized to arrange for the payment of unpaid taxes, interest and penalties on a schedule of installment payments when the taxpayer has proven to the Commissioner that, due to hardship conditions not of his own making, he is unable to pay the full amount of tax due. Such authorization shall not be granted until all proper returns have been filed by the taxpayer. Failure to make deferred payments when due shall cause all unpaid amounts, including penalties and interest, to become payable on demand.

B. It shall be the duty of the Tax Commissioner to prescribe the form and method of keeping accounts and reports to be rendered to his office, and he shall maintain accurate records of the amount received from each taxpayer and the date of said receipt. The Tax Commissioner is hereby charged with the internal audit of all accounts and returns, including their re-examination and correction. The Tax Commissioner shall further fix the amount of tax due from a taxpayer who fails to file a return or whose tax has been established by audit or examination of the taxpayer's income, and shall send to the taxpayer by certified mail a written statement showing the amount of tax so fixed, together with the interest and penalties, if any, thereon.

C. The Tax Commissioner shall demand and receive all taxes due the Village and shall make a written report to Council each month of all monies collected during the preceding month.

D. The Tax Commissioner shall be the administrative head of the Income Tax Department, under the supervision of the Mayor and subject to approval of the Council.

E. Subject to the consent of the Board of Review or pursuant to regulation approved by said Board, the Commissioner shall have the power to compromise any interest or penalty imposed by this Ordinance.

SECTION 9 EXAMINATION OF BOOKS AND RECORDS: CONFIDENTIALITY OF INFORMATION

A. The Tax Commissioner and any duly authorized agent is hereby authorized to examine the books, papers and records of any employer, or of any taxpayer or person subject to the tax, for the purposes of verifying the accuracy of any return made, or if no return was made, to ascertain the tax due. Every such employer, supposed employer, taxpayer or supposed taxpayer is hereby directed and required to furnish to the Tax Commissioner or his duly authorized agent the means, facilities and opportunity for making such examination and investigation as are hereby authorized.

B. The Tax Commissioner or his duly authorized agent is hereby authorized to examine any person, employer or employee under oath concerning any income which was or should have been returned for taxation and for this purpose may compel the production of tax returns, books, papers and records, including computer-stored or generated records, and the attendance of all persons before him, whether as parties or witnesses, whenever he

believes such persons have knowledge of such income.

C. The refusal to produce tax returns, books, papers and records, including computer-stored or generated records, or the refusal to submit to such examination by any employer or person subject to tax or required to withhold tax, or the failure of any person to comply with the provisions of this section or with an order of subpoena of the Commissioner authorized hereby, shall be deemed a violation of this Ordinance punishable as hereinafter prescribed.

D. Any information gained as a result of the filing of any return or the conducting of any examination, investigation, hearing or verification required or authorized by this Ordinance shall be confidential and no disclosure thereof shall be made except to municipal, county, state or federal taxing agencies or unless ordered by a court of competent jurisdiction or unless disclosure is necessary to the conduct of a hearing before the Board of Review. Any person divulging such information in violation of this Section shall upon conviction thereof be deemed guilty of a misdemeanor and shall be subject to a fine or penalty of not more than Five Hundred Dollars (\$500.00) or imprisoned not more than six (6) months or both. Each disclosure shall constitute a separate offense.

E. Every taxpayer shall retain all records necessary to compute the tax liability under this Ordinance for a period of five (5) years from the date such person's return is filed or the withholding taxes for such person are paid.

SECTION 10 INTEREST AND PENALTIES

A. All taxes imposed and all monies withheld or required to be withheld by employers under the provisions of this Ordinance and remaining unpaid after they become due shall bear interest at the rate of **one percent (1%)** per month or any fraction thereof.

B. In addition to interest as provided in paragraph A above, penalties based on the unpaid tax are hereby imposed as follows: The taxpayer upon whom said taxes are imposed, and any employer required by this Ordinance to deduct, withhold and pay taxes imposed by this Ordinance, shall be liable to a penalty of **five percent (5%)** of the amount of the tax unpaid during the first calendar month after the tax becomes due, **ten percent (10%)** of the tax unpaid during the second calendar month after the tax becomes due, and **fifteen percent (15%)** thereafter. Penalties are not applicable to taxes paid within the time allowed upon any proper application for extension of time to file such taxes.

C. A penalty shall not be assessed on an additional tax assessment made by the Commissioner when a return has been filed in good faith and the tax paid thereon within the time prescribed by the Commissioner; and, 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 (3) months

after final determination of the federal tax liability.

D. A penalty shall not be assessed for late payment or nonpayment of estimated taxes by:

1. An individual then residing in the Village but who was not domiciled there as of the first day of January of the calendar year to which such requirement to pay estimated would apply.
2. A taxpayer, the total of whose payments of estimated taxes for a given year equals or exceeds the total tax liability shown on the return and paid by that taxpayer for the preceding year, if such return covers an entire year.

E. Upon recommendation of the Tax Commissioner, the Board of Review may abate penalties, interest, or both, and upon an appeal from the refusal of the Tax Commissioner to recommend abatement of penalties or interest, the Board of Review may nevertheless make such abatements.

SECTION 11 COLLECTION OF UNPAID TAXES

A. All taxes imposed by this Ordinance shall be collectible, together with any interest and penalties thereon, by suit as other debts of like amount are recoverable. No additional assessment shall be made after three years from the time of payment of any tax due hereunder; provided however, that there shall be no period of limitation on an additional assessment of a return that omits gross income in excess of twenty-five percent (25%) of that required to be reported, or of a false or fraudulent return made with intent to evade the tax, or for failure to file a return. In those cases in which the Director of Internal Revenue and the taxpayer have executed a waiver of the federal statute of limitations, the period within which an additional assessment may be made by the Tax Commissioner shall be extended three (3) years from the time of the final determination of the federal tax liability.

B. All taxes erroneously paid shall not be refunded unless a claim for refund is made within three (3) years from the time of payment thereof or within three (3) years after determination of the federal tax liability for the income so taxed, whichever sooner occurs.

SECTION 12 VIOLATIONS AND PENALTIES

A. Any person who shall:

1. Fail, neglect or refuse to make any return or declaration required by this Ordinance; or

2. Knowingly make any incomplete, false or fraudulent tax return; or
3. Fail, neglect or refuse to pay the taxes, penalties or interest imposed by this Ordinance; or
4. Fail, neglect or refuse to withhold the tax from employees or remit such withholding to the Commissioner; or
5. Refuse to permit the Commissioner or any duly authorized agent to examine tax returns, books, papers and records, including computer-stored or generated records, relating to the income or net profits of a taxpayer; or
6. Fail to appear before the Commissioner and to produce books, papers and records, including computer-stored or generated records, relating to the income or net profits of a taxpayer upon order or subpoena of the Commissioner; or
7. Refuse to disclose to the Commissioner any information with respect to the income or net profits of a taxpayer; or
8. Fail to comply with the provisions of the Ordinance or any order or subpoena of the Commissioner authorized hereby; or
9. Give to an employer false information as to his or her true name, correct social security number and residence address, or fail to promptly notify an employer of any change in residence address and the date thereof; or
10. Fail to use ordinary diligence in maintaining proper records of employee addresses, total wages paid and Village tax withheld, or to knowingly give the Commissioner false information; or
11. Attempt to do anything whatever to avoid the payment of the whole or any part of the tax, penalties, or interest imposed by this Ordinance;

Shall be guilty of a misdemeanor and shall be fined not more than Five Hundred Dollars (\$500.00) or imprisoned not more than six (6) months or both, for each offense.

B. Prosecutions for an offense made punishable under this Section or any other provisions of this Ordinance shall be commenced within three (3) years after the commission of the offense, provided that in the case of fraud, failure to file a return, or the omission of twenty-five percent (25%) or more of income required to be reported, prosecutions may be commenced within six (6) years after the commission of the offense.

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

SECTION 13 BOARD OF REVIEW

A. A Board of Review, consisting of a Chairperson and two other individuals to be appointed by the Mayor, is hereby created. A majority of the members of the Board shall constitute a quorum. The Board shall adopt its own procedural rules and shall keep a record of its transactions. Records kept by the Board are not public records available for inspection under Revised Code § 149.43, and hearings requested by a taxpayer before the Board are not meetings of a public body subject to Revised Code § 121.22. Any hearing by the Board may be conducted privately, and the provisions herein with reference to the confidential character of information required to be disclosed by the Ordinance shall apply to such matters as may be heard before the Board on Appeal.

B. All rules and regulations and amendments or changes thereto, which are adopted by the Commissioner under the authority conferred by this Ordinance must be approved by the Board of Review before the same become effective. The Board shall hear and pass on appeals from any ruling or decision of the Commissioner, and, at the request of the taxpayer or Commissioner, is empowered to substitute alternate methods of allocation.

C. Any person dissatisfied with any ruling or decision of the Tax Commissioner made under the authority conferred by this Ordinance may appeal therefrom to the Board of Review within thirty (30) days from the announcement of such ruling or decision by the Commissioner, and the Board shall, on hearing, have jurisdiction to affirm, reverse or modify any such ruling or decision, or any part thereof. The Commissioner upon issuing such decision shall notify such person of such right of appeal and the manner in which it may be taken. The appeal must be made in writing and shall state with particularity why the ruling or decision should be deemed incorrect or unlawful.

D. The Board of Review shall schedule a hearing on such appeal, unless waived by the appellant, within forty-five (45) days of the filing of the appeal. The appellant may appear in person and with counsel, and may bring to such hearing a certified public accountant other authorized representative. A decision shall issue within ninety (90) days of the conclusion of such hearing, and notice of such decision shall be sent within fifteen (15) days of its issuance by ordinary mail to the appellant at the address provided in the appeal.

SECTION 14 ALLOCATION OF FUNDS

The funds collected under the provisions of this Ordinance shall be applied for the following purposes, and in the following order, to-wit:

A. Such part thereof as shall be necessary to defray all costs and expenses of collecting the taxes levied by this Ordinance and the cost of administering and enforcing the provisions hereof.

B. The remaining revenue shall be paid into the Capital Improvement Fund for the purposes of constructing, acquiring, maintaining and operating capital improvements and costs incidental thereto, or into the General Fund of the Village for general municipal operations, the allocation of funds to be determined by the Council of the Village.

SECTION 15 CREDIT FOR TAX PAID TO OTHER MUNICIPALITIES

Resident individuals of the Village who are required to pay and do pay tax to another municipality on salaries, wages, commissions, and other compensation for work done or services performed or on net profits from businesses, professions or other activities performed or conducted outside the Village may claim a credit of the amount of the tax paid by them or on their behalf to such other municipality to the extent of the tax imposed by this Ordinance on such income, such credit being limited to one and one-half percent (1.5%) of the amount of income tax claimed by both the Village and such other municipality. A return must be filed for the purpose of claiming such credit or allowance, together with such evidence of the payment of similar tax to the municipality in which such resident has a source of income as the Tax Commissioner may require.

SECTION 16 SAVING CLAUSE

This Ordinance shall not apply to any person, firm, or corporation or to any property as to whom or which it is beyond the power of Council to impose the tax herein provided for. If any sentence, clause, section or part of this Ordinance, or any tax against or exemption granted any individual or any of the several groups of persons, or forms of income specified herein is found to be unconstitutional or illegal or invalid, such unconstitutionality, illegality or invalidity shall affect only such clause sentence section or part of this Ordinance and shall not affect or impair any of the remaining provisions, sentences, clauses, sections, or other parts of this Ordinance. Should the interpretation or application of any sentence, clause, section or part of any amendment to this Ordinance be deemed unconstitutional, illegal or invalid, then such amendment to such extent shall be deemed not made, and the language of the original ordinance shall to such extent be deemed not amended. It is hereby declared to be the intention of the Council of the Village that this Ordinance and any amendments thereto would have been adopted had such unconstitutional, illegal, or invalid sentence, clause, section or part thereof not been included therein.

SECTION 17 DATE OF ENACTMENT

This Ordinance as herein amended, shall upon its passage, be effective to the extent

allowed by law on January 1, 2001, and otherwise immediately upon its passage, and shall remain in full force and effect until amended or repealed by the Council of the Village of Fort Loramie.

Section Two: Pursuant to an Agreement made with the City of St. Marys, Ohio, on December 13, 1999, by Ordinance No. 99-898, all taxes imposed by the within Ordinance shall be collected by said City.

Section Three: There shall be printed a sufficient number of copies of this Ordinance as necessary to meet the needs of concerned members of the public subject to such tax, a quantity of which shall be disseminated to the City of St. Marys, Ohio, for its use in the collection of such tax.

Section Four: Certain provisions of House Bill 477 having become effective as of January 1, 2001, this Ordinance is hereby declared to be an emergency measure necessary to the immediate preservation of the public safety and welfare, and accordingly shall be in full force and effect immediately upon its passage.

Dated: February 26, 2001

Ed Hasselman, Mayor
Village of Fort Loramie

Deborah Kremer

Attest:

D
Clerk-Treasurer

VILLAGE OF FORT LORAMIE, OHIO

**2001
INCOME TAX
RULES
AND
REGULATIONS**

**AMENDING ORDINANCE
NO. 1975-477**

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VILLAGE OF FORT LORAMIE, OHIO

ORDINANCE NO. 01- 917

**AN ORDINANCE AMENDING THE RULES
AND REGULATIONS SUPPLEMENTING
THE VILLAGE OF FORT LORAMIE, OHIO
INCOME TAX ORDINANCE NO. 1975-477,
AND DECLARING AN EMERGENCY**

WHEREAS, this Village on the 27th Day of October, 1975 duly enacted Rules and Regulations for the taxation of certain income, effective January 1, 1976 and thereafter;

AND WHEREAS, recent amendments to Ohio Revised Code Chapter 718 (Municipal Income Taxes) mandate the inclusion, deletion and modification of certain provisions of law contained or to be contained in said Rules and Regulations;

AND WHEREAS, it is accordingly necessary to amend said Rules and Regulations to comply with the provisions of House Bill 477, the legislation providing for such amendments;

AND WHEREAS, a review of the language of said Rules and Regulations discloses a need for certain typographical corrections, taxation of certain additional income items and modification of certain administrative provisions:

AND WHEREAS, it is found and determined that all formal actions of this Council concerning and relating to the adoption of these Rules and Regulations were taken in an open meeting of this Council, and that all deliberations of this Council and of any of its committees that resulted in such formal action were made in meetings open to the public and in compliance with all legal requirements, including Revised Code Section 121.22;

NOW THEREFORE, be it Ordained by the Council of the Village of Fort Loramie, Ohio, as follows:

Section One: The Rules and Regulations implementing Fort Loramie Village Ordinance 1975-477 are hereby amended to read as follows:

RULES AND REGULATIONS TO COMPLEMENT THE
FORT LORAMIE INCOME TAX

ORDINANCE NO. 1975-477, effective
01/01/76, as revised by ORDINANCE
01- 917 , EFFECTIVE 02/26/0

RULE I

DEFINITIONS

As used in these rules and regulations, the following words shall have the meaning ascribed to them herein, except as and if the context clearly indicates or requires a different meaning. The singular shall include the plural, and the masculine shall include the feminine and the neuter: No definition shall be construed so as to conflict with the meaning of any definition provided in the Ordinance.

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

[THE] BOARD means the Board of Review provided for by Section 13 of the Ordinance.

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

BUSINESS ALLOCATION as used in these regulations means the portion of net profits to be allocated to the Village as having been made in the Village, either under separate accounting method, or under factor formulas of property, payroll and sales as provided for in the Ordinance.

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

EMPLOYEE means one who works for wages, salary, commission or other type of compensation in the service of an employer. Any person for whom an employer is required to withhold either federal income or social security taxes or on whose account payments are made under the Ohio Workers' Compensation Law shall *prima facie* be an employee..

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

ENTITY means a person, corporation, partnership or unincorporated body treated as a legal entity under the laws of the State of Ohio or the tax laws of the United States, including but not limited to fiduciaries.

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

FORM 2106 means Internal Revenue Service Form 2106 filed by a taxpayer pursuant to the Internal Revenue Code.

GENERIC FORM means an electronic or paper form designed for reporting estimated municipal income taxes and annual municipal income tax liability that is not prescribed by a particular municipal corporation for the reporting of that municipal corporation's tax on income.

GROSS RECEIPTS means total income from any source whatsoever.

INTERNAL REVENUE CODE means the Internal Revenue Code of 1986, 100 Stat. 2085, 26 U.S.C. 1, as amended.

INTERNET means the international computer network of both federal and nonfederal interoperable packet switched data networks, including the graphical subnetwork known as the World Wide Web.

NET PROFITS means the net gain from the operation of a business, profession, enterprise or other activity, including any rental activity, after provision for all ordinary and necessary costs and expenses incurred in the conduct thereof and either paid or accrued in accordance with the accounting system used by the taxpayer for federal income tax purposes, including reasonable allowance for depreciation, depletion, amortization and reasonable additions to reserves for bad debts, either paid or accrued in accordance with recognized principles of accounting applicable to the method of accounting regularly

employed by the taxpayer for federal income tax purposes; but without deduction of taxes imposed by this Ordinance, and federal, state, and other taxes based on income; and in the case of an association, without deduction of salaries paid to partners, and other owners; and otherwise adjusted to the requirements of this Ordinance.

NONRESIDENT means a person, whether an individual, association, corporation or other entity, not domiciled or having an office or place of business within the corporate limits of the Village.

[THE] ORDINANCE means Ordinance No. 1975-477 enacted by the Council of the Village of Fort Loramie and any amendments and supplements thereto.

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.

PERSON means every natural person, partner, partnership, fiduciary, association, corporation or other entity. Whenever used in any clause prescribing or imposing a penalty, the term PERSON as applied to any unincorporated entity shall mean the partners, members or proprietor thereof, and as applied to corporation the officers thereof. In the case of any unincorporated entity or corporation not having any partner, member or officer within the Village, any employee or agent of such unincorporated entity or corporation who can be found within the corporate limits of the Village is a PERSON.

PLACE OF BUSINESS means any *bona fide* office (other than a mere statutory office), factory, warehouse, or other space which is occupied and used by the taxpayer in carrying on any business activity individually or through one or more employees regularly in attendance. A taxpayer does not have a regular place of business outside the Village solely by consigning goods to an independent factor or other contractor outside the Village for sale.

RESIDENT means a person, whether an individual, association, corporation or other entity, domiciled or having an office or place of business within the corporate limits of the Village.

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.

SCHEDULE C means Internal Revenue Service Schedule C filed by a taxpayer pursuant to the Internal Revenue Code.

TAX COMMISSIONER means the Commissioner of the Department of Taxation of the Village of Fort Loramie, or any person lawfully executing the duties of said Commissioner.

TAXABLE YEAR means the calendar year, or fiscal year ending during such calendar year, upon the basis of which the net profits are to be computed under this Ordinance and, in the case of a return for a fractional part of a year, the period for which such return is required to be made. Unless approved by the Income Tax Commissioner, the taxable year of an individual shall be a calendar year..

TAXABLE INCOME means wages, salaries and other compensation paid by an employer or employers before deductions of any kind, and-or the net profits from the operation of a business, profession or other enterprise or activity adjusted in accordance with the provisions of the Ordinance and these regulations.

RULE II

IMPOSITION OF TAX

A. Basis

1. Resident Employees

(A) For the purpose of determining the tax on the earnings of resident taxpayers taxed under Section 3 of the Ordinance, the source of the earnings and the place or places in or at which the services were rendered are immaterial. All such earnings wherever earned or paid are taxable.

(B) The following are items which are subject to the tax imposed by the Ordinance.

.1 Salaries, wages, bonuses and incentive payments earned by an individual, whether directly or through an agent, and whether in cash or in property for services rendered during the tax period as:

.01 An officer, director or employee of a corporation (including charitable and other non-profit organizations), joint stock association, or joint stock company;

.02 An employee (as distinguished from a partner or member) of a partnership, limited partnership, or any form of unincorporated enterprise owned by two or more persons;

.03 An employee (as distinguished from a proprietor) of a

business, trade or profession conducted by an individual owner;

- .04 An officer or employee (whether elected, appointed or commissioned) of the United States Government or of a corporation created and owned or controlled by the United States Government, or any of its agencies; or of the State of Ohio or any of its political subdivisions or agencies thereof; or any foreign country or dependency except as otherwise provided in the Ordinance;
 - .05 An employee of any other entity or person, whether based upon hourly, daily, weekly, semi-monthly, monthly, annual, unit of production or piece work rates; and whether paid by an individual, partnership, association, corporation (including charitable and other non-profit corporations), governmental administration, agency, authority, board, body, branch, bureau, department, division, subdivision, section or unit, or any other entity.
- .2 Commissions earned by a taxpayer whether directly or through an agent and whether in cash or in property for services rendered during the effective period of the Ordinance, regardless of how computed or by whom or wheresoever paid.
- .01 If amounts received as a drawing account exceed the commissions earned and the excess is not subject to the demand of the employer for repayment, the tax is payable on the amounts received as a drawing account.
 - .02 Amounts received from an employer for expenses and used as such by the individual receiving them are not deemed to be compensation if the employer deducts such expenses or advances as such from gross income for the purpose of determining net profits taxable under federal law, and the employee is not required to include such receipts as income on his or her federal income tax return.
 - .03 If commissions are included in the net earnings of the trade, business, profession, enterprise, or activity, carried on by an unincorporated entity of which the individual receiving such commission is owner or part owner and therefore subject to the tax, they shall not

be also separately taxed as commissions.

- .3 Fees, unless such fees are property includible as part of the net profits of a trade, business, profession, or enterprise regularly carried on by an unincorporated entity owned or partly owned by said individual and such net profits are subject to the tax.
 - .4 Other compensation, including tips, bonuses or gifts of any type, and including certain compensation paid to domestic servants, casual employees and other types of employees.
 - .5 Payments made to employees by an employer as vacation wages are taxable. Payments made to an employee by an employer under a wage continuation plan during periods of disability or sickness, are taxable.
- (C) Where compensation is paid or received in property, its fair market value at the time of receipts, shall be subject to the tax and to withholding. Board, lodging and similar items received by an employee in lieu of additional cash compensation shall be included in earnings at their fair market value. However, board and lodging shall not be considered as wages or compensation earned by domestics and other employees whose duties require them to live at their place of employment or assignment,

2. Non-Resident Employees

- (A) In the case of individuals who are not residents of the Village of Fort Loramie, there is imposed under the Ordinance a tax on all salaries, wages, commissions, and other compensation earned during the effective period of the Ordinance for work done or services performed or rendered within the Village of Fort Loramie, whether such compensation or remuneration is received or earned directly or through an agent and whether paid in cash or in property. The location of the place from which payment is made is immaterial.
- (B) The items subject to tax under the Ordinance are the same as those listed and defined for resident employees.

3. Resident Unincorporated Businesses

- (A) In the case of resident unincorporated businesses, professions, enterprises, undertakings or other entities conducted, operated,

engaged in, prosecuted or carried on, irrespective of whether such taxpayer has an office or place of business in the Village of Fort Loramie, there is imposed a tax on the net profits earned, accrued or received during the effective period of the Ordinance attributable to Village of Fort Loramie, under the formula or separate accounting method provided for in the Ordinance, derived from sales made, work done or services performed or rendered, and business or other activities conducted in the Village of Fort Loramie.

- (B) The tax imposed on resident associations or other unincorporated entities owned by two or more persons is upon the entities rather than the individual members or owners thereof but the tax imposed on an unincorporated resident entity owned by one person is upon the individual owner.
- (C) The tax imposed by the Ordinance is imposed on all resident unincorporated entities having net profits attributable to the Village of Fort Loramie under the method of allocation provided for in the Ordinance, regardless of where the owner or owners of such resident unincorporated business entity reside.
- (D) Resident unincorporated entities owned by two or more persons all of whom are residents of the Village of Fort Loramie shall disregard the method of allocation provided for in the Ordinance and pay the tax on their entire net profits thereof. In such case, the tax paid by the entity shall constitute all tax due from the owners or members of the entity for their distributive share of such net profits; however, an additional return shall be required from any such owner or member having taxable income other than the distributive share of the net profits from the entity.

4. Resident's Distributive Share of Profits of a Resident Unincorporated Business Entity, Not Attributable to the Village of Fort Loramie

- (A) A resident individual who is sole owner of a resident unincorporated entity shall disregard the business allocation formula and pay the tax on the entire net profits of his resident unincorporated business entity.
- (B) In the case of a resident individual partner or part owner of a resident unincorporated entity, there is imposed a tax on such individual's distributive share of net profits earned, accrued or received during the effective period of the Ordinance not attributable to the Village of Fort Loramie, under the method of allocation provided for in the Ordinance, and not taxed against the entity.

5. Non-Resident Unincorporated Businesses

- (A) In the case of non-resident unincorporated businesses, professions, enterprises, undertakings, or other activities conducted, operated, engaged in, prosecuted or carried on, there is imposed a tax on the net profits earned, accrued or received during the effective period of the Ordinance attributable to the Village of Fort Loramie, under the formula or separate accounting method provided for in the Ordinance.
- (B) The tax imposed on non-resident unincorporated entities owned by two or more persons is upon the entities rather than the individual members or owners thereof.
- (C) Non-resident unincorporated entities owned by two or more persons all of whom are residents of the Village of Fort Loramie may elect to disregard the method of allocation provided for in the Ordinance and pay the tax on the entire net profits. In such case, the tax paid by the entity shall constitute all tax due from the owners or members of the entity for their distributive share of the net profits; However, a return shall be required from such owner or member having taxable income other than the distributive share of the net profit from the entity.

6. Resident's Share of Profits of a Non-Resident Unincorporated Business Entity Not Attributable to the Village of Fort Loramie

- (A) A resident individual who is sole owner of a non-resident unincorporated business entity shall disregard the business allocation formula and pay the tax on the entire net profits of his unincorporated entity.
- (B) In the case of a resident individual partner or part owner of a non-resident unincorporated entity, there is imposed a tax on such individual's distributive share of net profits earned, accrued or received during the effective period of the Ordinance not attributable to the Village under the method of allocation provided for in the Ordinance and not taxed against the entity.

7. Net Profits of Corporations

- (A) In the case of corporations, whether domestic or foreign and whether or not such corporations have an office or place of business in the Village of Fort Loramie, there is imposed a tax on the net profits earned, received or accrued during the effective period of the Ordinance attributable to the Village of Fort Loramie under the formula or separate accounting method provided for in the Ordinance.

- (B) In determining whether a corporation is conducting a business or other activity in the Village of Fort Loramie, the provisions of these regulations shall be applicable.
- (C) Corporations which are required by the provisions of the Revised Code of Ohio to pay an excise tax in any taxable year as defined by the Ordinance, may exclude that part of their gross receipts upon which the excise tax is paid. In such case, expenses incurred in the production of such gross receipts shall not be deducted in computing net profits subject to the tax imposed by the Ordinance.

8. Amplification

In amplification of the definitions contained in these regulations but not in limitation thereof, the following additional information respecting net business profits is furnished.

(A) NET PROFITS

- .1 Net profits as used in the Ordinance and these regulations means net profits derived from any business, profession or other activity or undertaking carried on for profit or normally carried on for profit.
- .2 Net profits as disclosed on any return filed pursuant to the provisions of the Ordinance shall be computed by the same accounting method used in reporting net income to the Federal Internal Revenue Service (providing such method does not conflict with any provisions of the Ordinance). Net profits, shown on returns filed pursuant to the Ordinance must be reconciled with the income reported to the Federal Internal Revenue Service.

(B) GROSS RECEIPTS

- .1 Gross receipts shall include but not be limited to income in the form of commissions, fees, rentals from real and tangible personal property, and other compensation for work or services performed or rendered as well as income from sales of stock in trade.
- .2 From gross receipts there shall be deducted allowable expenses to arrive at the net profit subject to tax.

(C) EXPENSES

All ordinary and necessary expenses of doing business, including reasonable compensation paid employees, shall be allowed but no deduction may be claimed for salary or withdrawal of a proprietor or of the partners, members, or other owners of an unincorporated business or enterprise.

- .1 If not claimed as part of the cost of goods sold or elsewhere in the return filed, there may be claimed and allowed a reasonable deduction for depreciation, depletion, obsolescence, losses resulting from theft or casualty, not compensated for by insurance or otherwise of property used in the trade or business, but the amount may not exceed that recognized for the purpose of the Federal Income Tax. Provided, however, that loss on the sale, exchange or other disposition of depreciable property or real estate, used in the Taxpayer's business shall not be allowed as a deductible expense.
- .2 Current amortization of emergency facilities under the provisions of the Internal Revenue Code, if recognized as such for Federal Income Tax purposes, may be included as an expense deduction hereunder.
- .3 Where depreciable property is voluntarily destroyed only the cost of such demolition and the undepreciated balance thereof will be allowed as an expense in the year of such demolition, to the extent allowable for Federal Income Tax purposes.
- .4 Bad debts in a reasonable amount may be allowed in the year ascertained worthless and charged off, or at the discretion of the Commissioner (if the reserved method is used), a reasonable addition to the reserve may be claimed, but in no event shall the amount exceed the amount allowable for Federal Income Tax purposes.
- .5 Only taxes directly connected with the business may be claimed as a deduction. If for any reason the income from property is not subject to the tax, then taxes on and other expenses of said property are not deductible. In any event, the following taxes are not deductible from income: (1) the tax under the Ordinance; (2) federal or other taxes based upon income; (3) gift, estate or inheritance taxes; and (4) taxes for local benefits or improvements to property which tend to appreciate the value thereof.

- .6 In general, non-taxable income and expenses incurred in connection therewith are not to be considered in determining net profits. Income from intangibles, by way of dividends, interest and the like, shall not be included if such income is subject to taxation under the intangible personal property laws of the State of Ohio or is specifically exempt from taxation under said law.
- .7 If the taxpayer reports income that is nontaxable under the Ordinance and such amounts are deducted in order to reconcile the Village of Fort Loramie return with the taxpayer's federal income tax return, expenses attributable to this nontaxable income shall not be allowed. In the absence of records showing the actual expenses attributable to such nontaxable income, and upon approval of the Commissioner, such amount shall be deemed to equal five percent of such nontaxable income.
- .8 With respect to certain tangible personal property used in business, the "Federal Investment Credit" for current year investments, as determined for federal income tax purposes, shall be treated as a deduction from income with respect to new or used property, (subject to federal tax limitations in the case of used property, acquired after December 31, 1961, and the remaining costs shall be depreciated in succeeding years on the same basis used for federal income tax purposes. In the event the "Federal Investment Credit" is required to be adjusted by reason of a sale or other early disposition affecting the original amount of the "Federal Investment Credit", such adjustment must be reported and treated as taxable income under the Ordinance in the year of such sale or other early disposition.)
- .9 Capital gains and losses from sale, exchange or other disposition of property shall not be taken into consideration in arriving at net profits earned. Any amount received on a sale or other disposition of tangible personal property used in business, in excess of book value, shall be treated as taxable income under the ordinance to the extent of depreciation allowable after January 1, 2001. The balance shall be treated as a capital gain.

9. Rentals from Real Property

- (A) Rentals received by the taxpayer are to be included only if and to the

extent that the rental, ownership, management or operation of the real estate from which such rentals are derived (whether so rented, managed or operated by the taxpayer individually or through agents or other representatives) constitutes a business activity of the taxpayer in whole or in part.

- (B) In determining the amount of gross monthly rental of any real property, periods during which (by reason of vacancy or any other cause) rentals are not received shall not be taken into consideration by the taxpayer.
- (C) Rentals received by a taxpayer engaged in the business of buying and selling real estate shall be considered as part of business income.
- (D) Real property, as used in this regulation, shall include commercial property, residential property, farm property, and any and all other types of real estate.
- (E) In determining the taxable income from rentals, the deductible expenses shall be of the same nature, extent and amount as are allowed by the Internal Revenue Service for federal income tax purposes.
- (F) Residents of the Village are subject to taxation upon the net income from rental (to the extent above specified), regardless of the location of the real property owned.
- (G) Non-residents of the Village are subject to such taxation only if the real property is situated within the Village of Fort Loramie.
- (H) Corporations owning or managing real estate are taxable only on that portion of income derived from property located in the Village of Fort Loramie.

10. Patents and Copyrights

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

B. Allocation of Business Profits

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

1. Separate Accounting Method

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

2. Business Allocation Percentage Method

- (A) STEP 1: Ascertain the percentage which the average net book value of real and tangible personal property, including leasehold improvements owned or used in the business and situated within the Village of Fort Loramie is of the average net book value of all real and tangible personal property, including leasehold improvements, owned or used in the business wherever situated, during the period covered by the return.
 - .1 The percentage of taxpayer's real and tangible personal property within the Village of Fort Loramie is determined by dividing the average net book value of such property within the Village of Fort Loramie (without deduction of any encumbrances) by the average net book value of all such property within and without the Village of Fort Loramie. In determining such percentage property rented to the taxpayer

as well as real and tangible personal property owned by taxpayer must be considered.

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

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

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

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

(B) STEP 2: Ascertain the percentage which the gross receipts of the taxpayer derived from sales made and service rendered in the Village of Fort Loramie is of the total gross receipts wherever derived during the period covered by the return.

.1 The following sales shall be considered the Village of Fort Loramie sales:

.01 All sales made through retail stores located within the Village of Fort Loramie to purchasers within or without the Village of Fort Loramie except such of said sales to purchasers outside the Village of Fort Loramie that are directly attributable to regular solicitations made outside the Village of Fort Loramie personally by taxpayer's employees.

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

- .03 All sales of tangible personal property delivered to purchasers within the Village of Fort Loramie even though transported from a point outside the Village of Fort Loramie if the taxpayer is regularly engaged through its own employees in the solicitation or promotion of sales within the Village of Fort Loramie and the sale is directly or indirectly the result of such solicitation.
- .04 All sales of tangible personal property shipped from an office, store, warehouse, factory or place of storage within the Village of Fort Loramie to purchasers outside the Village of Fort Loramie if the taxpayer is not, through its own employees regularly engaged in the solicitation or promotion of sales at the place of delivery.
- .05 Charges for work done or services performed incident to a sale, whether or not included in the price of the property shall be considered gross receipts from such sale.
- .2 In the application of the foregoing subparagraphs a carrier shall be considered the agent of the seller regardless of the FOB point or other conditions of the sale; and the place at which orders are accepted or contracts legally consummated shall be immaterial. Solicitation of customers outside the Village of Fort Loramie by mail or phone from an office, or place of business within the Village of Fort Loramie shall not be considered a solicitation of sales outside the Village of Fort Loramie.

(C) STEP 3: Ascertain the percentage which the total wages, salaries, commissions and other compensation of employees within the Village of Fort Loramie is of the total wages, salaries, commissions and other compensation of all the taxpayer's employees within and without the Village of Fort Loramie during the period covered by the return.

- .1 Salaries and reasonable compensation paid owners or credited to the account of owners or partners during the period covered by the return are considered wages for the purpose of this computation.
- .2 Wages, salaries, and other compensation shall be computed on the cash or accrual basis in accordance with the method of

accounting used in the computation of the entire net income of the taxpayer.

- .3 In the case of an employee who performs services both within and without the Village of Fort Loramie the amount treated as compensation for services performed within the city shall be deemed to be:

- .01 In the case of an employee whose compensation depends directly on the volume of business secured by him, such as a salesman on a commission basis, the amount received by him for the business attributable to his efforts within the Village of Fort Loramie.
- .02 In the case of an employee whose compensation depends on other results achieved, the proportion of the total compensation received which the value of his services within the Village of Fort Loramie bears to the value of all his services, and
- .03 In the case of an employee compensated on a time basis the proportion of the total amount received by him which his working time within the Village of Fort Loramie is of his total working time.

- (D) STEP 4: Add the percentages determined in accordance with Steps 1, 2 and 3 or such of the aforesaid percentages as may be applicable to the particular taxpayer's business and divide the total so obtained by the number of percentages used in ascertaining said total. The result so obtained is the business allocation percentage. In determining the average percentage, a factor shall not be excluded from the computation merely because said factor is found to be allocable entirely outside the Village of Fort Loramie. A factor is excluded only when it does not exist anywhere.
- (E) STEP 5: the business allocation percentage determined in Step 4 above shall be applied to the entire taxable net profits of the taxpayer wherever derived to determine the net profits allocable to the Village of Fort Loramie.

3. Substitute Method

- (A) In the event a just and equitable result cannot be obtained under the formula, the Board, upon application of the taxpayer or the Commissioner, may substitute other factors in the formula or

prescribe other methods of allocating net income calculated to effect a fair and proper allocation.

- (B) Application to the Board to substitute other factors in the formula or to use a different method to allocate net profits must be made in writing before the end of the taxable year and shall state the specific grounds on which the substitution of factors or use of a different method is requested and the relief sought to be obtained. A copy thereof shall be served at the time of filing upon the taxpayer or Commissioner as the case may be. No specific form need be followed in making such application. Once a taxpayer has filed under a substitute method, he must continue to so file until given permission to change by the Board of Review.

C. Operating Loss Carry Forward

1. Limits

The portion of a net operating loss, based on income taxable under the Ordinance sustained in any taxable year subsequent to January 1, 2001, allocable to the Village of Fort Loramie may be applied against the portion of the profits of succeeding years allocable to the Village of Fort Loramie until exhausted but in no event of more than five (5) taxable years. No portion of a net operating loss shall be carried back against net profits of any prior year.

2. Allocations

In the event net profits are allocable both within and without the Village of Fort Loramie, the portion of a net operating loss sustained shall be allocated to the Village of Fort Loramie in the same manner as provided herein for allocating net profits to the Village of Fort Loramie. The portion of a net operating loss to be carried forward shall be determined in the year the net operating loss is sustained, on the basis of the allocation factors applicable to that year. The same method of accounting and allocation must be used in the year to which an operating loss is carried as was used in the year in which the operating loss was sustained.

3. Fiscal Years

In the case of fiscal years beginning prior to the effective date of the Ordinance, the net operating loss deduction will be that portion of the operating loss that the number of months of the fiscal year after the effective date of the Ordinance bears to the total number of months in such fiscal year.

4. Short Year

A short fiscal year (a fiscal year of less than twelve (12) months) in cases where there has been a change in accounting period, where a new taxpayer selects a short fiscal year, or where a new taxpayer operated in the Village of Fort Loramie for less than his full accounting period, shall be considered as a full taxable fiscal year.

5. Loss Schedule

In any return in which a net operating loss deduction is claimed, a schedule should be attached showing:

- (A) Year in which net operating loss was sustained.
- (B) Method of accounting and allocation, used to determine portion of net operating loss allocable to the Village of Fort Loramie.
- (C) Amount of net operating loss used as a deduction in prior years.
- (D) Amount of net operating loss claimed as a deduction in current year.

6. Loss of Identity

The net operating loss of a business which loses its identity through merger, consolidation, etc. shall not be allowed as a carry-forward loss deduction to the surviving business entity.

D. Consolidated Returns

1. Eligibility

Consolidated returns may be filed by a group of corporations who are affiliated through stock ownership. For a subsidiary corporation to be included in a consolidated return 80% of its stock must be owned by the other members of the affiliated group. A consolidated return must include all companies which are so affiliated.

2. Continuation

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

- (A) Permission in writing is granted by the Commissioner to file separate returns.
- (B) A new corporation other than a corporation created or organized by a member of the group has become a member of the group during the taxable year.
- (C) A corporation member of the group is sold or exchanged. Liquidating a corporation or merging one of the corporations of the group into another will not qualify the group for filing separate returns.

3. Interim/Partial Duration Returns

- (A) If a corporation becomes a member of the group during the taxable year the consolidated return must include the income for the entire taxable year of the common Parent corporation and any subsidiaries which were members of the group for the entire year, plus the income of each subsidiary which becomes a member of the group during the year for the period beginning with the date it became a member of the affiliated group. For the period prior to the time any subsidiary became a member of the group, separate returns must be filed for that subsidiary. When a subsidiary ceases to be a member of the affiliated group, the consolidated return must include the income of such subsidiary for the period during which it was a member of the group, but for the period after it ceases to be a member, separate returns must be filed. If a corporation has been a member of the affiliated group for less than one month of the taxable year of the group, it may be considered as being part of the group. Similarly, a subsidiary may be considered as being a member of the affiliated group during the entire taxable year of the group if the period during which it was not a member of the group does not exceed one month.
- (B) If a subsidiary is a member of the consolidated group for only part of a taxable year, the income considered to be earned in such fractional part of the year shall be that portion of the net income for the entire year which the number of days it was a member of the group bears to the total number of days in the taxable year.

4. Apportionment

In determining the allocation fraction where a corporation becomes a member of the group or ceases to be a member of the group during the taxable year, the property fractions (Step 1 of the formula) shall be determined on the basis of the average net book value of the property during the period such corporation was a member of the group. The rental portion

of the fraction, however, shall be computed at 8 times the annual rent. The gross receipts and wage fractions shall be based on the actual figures.

5. Unanimity

All subsidiary corporations must agree in writing to the filing of the consolidated return as they will be liable for the tax as well as will be the parent corporation.

6. Consolidated Loss Carryover

The net operating loss carryover of a corporation which filed a separate return in a prior year may be carried over to the consolidated return but will be limited in amount to the amount of that same corporation's net income included in the consolidated. The net operating loss carryover from a separate year shall be deducted first before application of the allocation fraction. After application of the allocation fraction the consolidated net operating loss carryover allocated to the Village of Fort Loramie shall be allowed.

7. Consolidated Income

In consolidating the net income, the taxable income of each corporation shall be computed in accordance with the provisions governing the taxable income of separate corporations except that there shall be eliminated unrealized profits and losses in transactions between members of the affiliated group.

8. Expense Limitation

In determining expenses that are not allowable because they are allocable to non-taxable income, such calculations shall be based on the consolidated net income. As an example, inter-company dividends which are eliminated in the consolidation will not be taken into consideration in determining non-taxable income.

E. Exclusions

1. Non-Profit Defined

Any charitable, educational, fraternal or other type of non-profit association or organization enumerated in Section 718.01 of the Revised Code of Ohio which is exempt from payment of real estate taxes is exempt from payment of the tax imposed by this Ordinance.

2. Business Activities

Any association or organization falling in the category listed in the preceding paragraph not exempt from the payment of real estate taxes is required to file declarations and final returns and remit the taxes levied under this Ordinance on all business activities of a type ordinarily conducted for profit by taxpayers operating for profit.

3. Allocations

Where such non-profit association or organization conducts income producing business both within the without the corporate limits, it shall calculate its profits allocable to the Village of Fort Loramie under the method or methods provided above.

RULE III

EFFECTIVE PERIOD OF TAX

The tax imposed by the Ordinance shall be levied, collected and paid with respect to salaries, wages, bonuses, incentive payments, commissions, fees, and other compensation earned during the effective period of the Ordinance. The tax imposed by the Ordinance, with respect to net profits of trades, businesses, professions, enterprises, undertakings and other activities is on the net profits earned during the effective period of the Ordinance.

RULE IV

RETURN AND PAYMENT OF THE TAX

A. Date and Requirement for Filing:

1. Calendar Year Filers

On or before April 30th of the year following the effective date of the Ordinance and each year thereafter, every person subject to the provisions of Section 5 of the Ordinance shall, except as hereinafter provided, make and file with the Commissioner, a return on a form prescribed by and obtainable upon request from the Commissioner, or its generic equivalent, whether or not a tax be due.

2. Fiscal and Partial Year Filers

If the return is made for a fiscal year or any period less than a year, said

return shall be made within four (4) months from the end of each fiscal year or other period.

3. Contents of Return

Every person subject to the provisions of Section 5 of the Ordinance shall, except as hereinafter provided, file a return setting forth the aggregate amount of salaries, wages, commissions and other personal service compensation, net profits from business or other activities, including the rental from use of real and personal property, and other income taxable under the Ordinance, received for the period covered by the return and such other pertinent facts and information in detail as the Commissioner may require.

4. When Return Not Required

Where an employee's entire earnings for the tax period have been paid by an employer, and the tax thereon has in each instance been withheld and deducted by the employer from the gross amount of the entire earnings of such employee-taxpayer, and where the employer of such employee has filed a report or return in which such employee's entire and only earnings are reported to the Commissioner, and where such employee has no taxable income other than such earnings and the tax so withheld has been paid to the Commissioner, such employee need not file a return.

5. Employee Business Expenses

An employee who is permitted to deduct business expenses from gross wages, salaries or commissions must file a return in order to claim such deductions even though all or part of such wages, salaries, or commissions are subject to withholding.

6. Taxable Income Not Subject to Withholding

Any taxpayer who received taxable income not subject to withholding under the Ordinance must file a return.

7. Separate Returns Not Required

Any taxpayer having income, wages, or other compensation for which a return must be filed, and also having net profits from a business covering the same or a different period, is required to file only one return.

8. Trusts Must File

Trustees of active trusts are required to file returns and pay the tax on the taxable income thereof.

9. Partnerships and Associations

Except as provided for herein, the tax is imposed on a partnership or association as an entity, whether resident or non-resident, and a return is required disclosing the net profits allocable to the Village and the tax paid thereon. However, any resident partner or resident member of an unincorporated entity is required to make a return and pay the tax in accordance with these regulations.

10. Returns By Spouses

A husband and wife may in any tax year elect to file separate or joint returns.

11. Operating Losses; Limitations

Operating losses from business or professional activities, the profits of which would be taxable under the Ordinance, may be offset against salaries, wages, commissions and other personal service compensation or against net profits from other business or professional activities. To the extent that such losses are offset they shall not be allowable as operating losses carried forward under the Ordinance or these regulations.

B. Information Required and Reconciliation with Federal Returns:

1. Contents of Returns

There shall be set forth in returns filed the aggregate amount of salaries, wages, bonuses, incentive payments, commissions, fees and other compensation subject to the tax earned from each employer; taxable net profits, and other pertinent information as the Commissioner may require.

2. Adjustments to Federal Returns

Where figures of total income, total deductions, and net profits are included as shown by a federal return, any items of income as are not subject to the Village tax and any unallowable expenses shall be eliminated in determining net income. In the absence of records showing actual unallowable expenses, such expenses shall be determined in accordance with these regulations. The fact that any taxpayer is not required to file a federal tax return does not relieve him from filing a Village tax return.

3. Adjustments in Income

If a change in federal income tax liability, made by the Federal Internal Revenue Service, or by a judicial decision, results in an additional amount of tax payable to the Village of Fort Loramie, a report of such change shall be filed by the taxpayer within three (3) months after receipt of the final notice from the Federal Internal Revenue Service or final Court decision.

4. Adjustments Resulting in Refunds

If a change in federal income tax liability results in a reduction of taxes owed and paid to the Village, a claim for refund may be filed with the Commissioner.

C. Extensions:

1. Length and Number

Upon written request of the taxpayer made on or before the date for filing the return, and for good cause shown, the Commissioner may extend the time for filing such return for a period of not to exceed three (3) months, or to one (1) month beyond any extension requested of or granted by the Federal Internal Revenue Service. Whenever he deems such necessary, the Commissioner may require a tentative return accompanied by payment of the estimated tax. No penalty or interest will be assessed in those cases in which the return is filed and the final tax paid within the period as extended provided all other filing and payment requirements of the Ordinance have been met.

2. Applicability to Informational Returns

Information returns, schedules and statements needed to support tax returns are to be filed within the time limits set forth for filing the tax returns.

D. Payment with Return:

1. Amount

The taxpayer making a return shall, at the time of the filing thereof, pay to the Commissioner the amount of taxes shown as due thereon; provided, however, that where any portion of the tax so due shall have been deducted at the source pursuant to the provisions of Section 6 of the Ordinance, or where any portion of said tax shall have been paid by the taxpayer pursuant to the provisions of Section 7 of the Ordinance, or where an income tax has been paid to another municipality, credit for the amount so paid in

accordance with Section 15 thereof, shall be deducted from the amount shown to be due and only the balance, if any, shall be due and payable at the time of filing said return.

2. Overpayments

A taxpayer who has overpaid the amount of tax to which the Village is entitled under the provisions of the Ordinance may have such overpayment applied against any subsequent liability hereunder or, if the taxpayer so indicates on the return, wholly or in part refunded, provided that no additional taxes or refunds of less than one dollar (\$1.00) shall be collected or refunded.

E. Amended Returns:

1. When Required

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. Such amended return may be on a form obtainable on request from the Commissioner or a generic equivalent. A taxpayer may not change the method or accounting or apportionment of net profits after the due date for filing the original return.

2. When Filed

Within three (3) months from the final determination of any federal tax liability affecting the taxpayer's Village tax liability, such taxpayer shall make and file an amended Village return showing income subject to the Village tax based upon such final determination of federal tax liability, and pay any additional tax shown due thereon or make claim for refund of any overpayment.

RULE V

COLLECTION OF TAX AT THE SOURCE

A. Duty of withholding

1. Employer's Responsibility

Except as otherwise provided herein, it is the duty of each employer situated or doing business within the Village who employs one or more persons, whether as an employee, officer, director or otherwise, to deduct each time any compensation is paid the tax from:

(A) The gross amount of all salaries, wages, bonuses, incentive

payments, fees, commissions or other forms of compensation paid to residents of the Village regardless of the place where the services are rendered; and

- (B) All compensation paid non-residents for services rendered, work performed or other activities engaged in within the Village.

2. Location Immaterial

All employers situated or doing business within the Village are required to make the collections and deductions specified in these regulations, regardless of the fact that the services on account of which any particular deduction is required as to residents of Fort Loramie were performed outside the Village.

3. Applicability to Nonresident Employers

Employers who do not maintain a permanent office or place of business in the Village, but who are subject to tax on net profits attributable to Fort Loramie under the method of allocation provided for in the Ordinance, are considered to be employers within the Village and subject to the requirement of withholding.

4. Employee Responsibility

If the required withholding is not made, the employee shall file a return and pay the tax on the compensation paid. If the employer has withheld the tax and failed to pay the tax withheld to the Commissioner, the employee is not liable for the tax so withheld.

5. Independent Contractors

Commissions and fees paid to professional persons, brokers and others who are independent contractors, and not employees of the payer, are not subject to withholding or collection of the tax at the source. Such taxpayers must in all instances file a declaration and return and pay the tax pursuant to the provisions of the Ordinance and these regulations.

6. Apportionment

When a nonresident receives compensation for personal services rendered or performed partly within and partly without the Village, the withholding employer shall deduct, withhold and remit the tax on that portion of the compensation which is earned within the Village in accordance with the following rules of apportionment:

- (A) If the compensation depends directly on the volume of business transacted or chiefly effected by a salesperson, agent or other employee, the deducting and withholding shall attach to the portion of the entire compensation which the volume of business transacted or chiefly effected by such person within the Village bears to the total volume of business transacted by such person within and outside the Village.
- (B) The deducting and withholding of personal service compensation of other nonresident employees, including officers of corporations, shall attach to the proportion of the personal service compensation of such employee which the total number of that employee's working hours within Fort Loramie is of the total number of working hours.
- (C) The fact that nonresident employees are subject to call at any time does not permit the allocation of pay for time worked in Fort Loramie on a seven-day per week basis. The percentage of time worked in Fort Loramie will be computed on the basis of a forty hour week unless the employer notifies the Commissioner that a greater or lesser number of hours per week is worked.
- (D) The occasional entry into Fort Loramie of a nonresident employee who performs employment duties primarily outside the Village shall not be deemed to take such employee out of the class of those rendering their services entirely outside Fort Loramie.

7. Commission Advances

An employer shall withhold the tax on the full amount of any advances made to an employee on account of commissions.

8. Expenses

An employer required to withhold the tax on compensation paid to an employee shall, in determining the amount on which the tax is to be withheld, ignore any amount allowed and paid to the employee for expenses necessarily and actually incurred by the employee in the actual performance of services, provided such expenses are incurred in earning compensation, including commissions, and are not deducted as a business expense by the employee under these regulations.

9. Good Faith Residency Determination

An employer whose records disclose that an employee is a non-resident of Fort Loramie and who has no knowledge to the contrary, shall be relieved of

the responsibility of withholding the tax on personal service compensation paid to such employee for services rendered or work done outside Fort Loramie by such employee; provided, however, that such employer must withhold the tax on all personal service compensation paid such employee after the Commissioner notifies said employer in writing that such employee is a resident of the Village. All employees are required to notify the employer of any change of residence and the date thereof.

10. Credit for Payments to Other Municipalities

An employer required to withhold the tax from a Village resident for work done or services performed in another municipality, and who does so withhold and remit to such other municipality, shall be relieved from the requirement of withholding the Fort Loramie tax from such resident, except where the rate of tax for such other municipality is less than the rate of tax imposed by this Ordinance. In such case the employer shall withhold and remit the difference to the Village.

11. Domestic Servants

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

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

1. Times for Payment

An employer shall on or before the last day of the month next following each quarterly period, make a return and pay to the Commissioner the full amount of the tax so deducted or withheld with respect to compensation paid all employees subject to the tax under the Ordinance. When deemed necessary, the Commissioner may require an employer to remit withholding taxes at more frequent intervals.

2. Refund Procedures

If more than the amount of tax required to be deducted by the Ordinance is withheld from an employee's pay, such excess may be refunded by the employer or the Commissioner, depending upon the circumstances and the time when the over-withholding is determined, as follows:

(A) Current Employees:

- .1 If the over-withholding is discovered in the same quarterly

period, the employer shall make the necessary adjustment directly with the employee and the amount to be reported on the quarterly return shall be the corrected amount;

- .2 If the over-withholding is discovered in a subsequent quarter of the same calendar year the employer may make proper adjustment with the employee. In such case the return for the quarter in which the adjustment is made shall indicate the total amount actually withheld, the amount of the adjustment deducted therefrom, and the corrected amount reported on the return.
- .3 If the over-withholding is discovered in the following year, the employer should notify the Commissioner of such over-withholding and the circumstances thereof. Upon proper verification the Commissioner shall refund to the employee the amount of such excess withholding;

(B) Former Employees:

- .1 When too much has been withheld from an employee who is not longer employed by the employer, the employer shall notify the Commissioner of the amount and circumstances of such over-withholding and the Commissioner shall then refund to the employee the amount of such excess withholding; or
- .2 If the error is discovered by the employee such employee shall file a claim with the Commissioner and, upon verification thereof by the employer, the Commissioner shall refund to the employee the amount of such excess withholding.

(C) Non-Residents Employed Outside the Village:

- .1 Where an employer has withheld the tax from all wages of a non-resident of Fort Loramie and such non-resident has been employed outside of Fort Loramie for all or a part of the time, such employee shall file a claim with the Commissioner covering such erroneous withholding and the Commissioner shall, upon verification thereof by the employer, refund to the employee the amount of such excess withholding.

(D) Insufficient Withholding:

- .1 If less than the amount of tax required to be deducted is withheld from an employee, such deficiency shall be withheld

from subsequent wages. However, if the employee-employer relationship has terminated, the employer shall notify the Commissioner of such deficiency and the reason therefor.

3. Employer as Trustee

Every employer is deemed to be a Trustee for the Village of Fort Loramie in collecting and holding the tax required under the Ordinance to be withheld and the funds so collected by such withholding are deemed to be trust funds.

4. Employer Liability

Every employer required to deduct and withhold the tax at the source is liable directly to the Village for payment of such tax, whether actually collected from such employee or not.

5. Required Information

On or before the 31st day of January following any calendar year in which such deductions have been made by an employer, such employer shall file with the Commissioner, in the form prescribed by the Commissioner or otherwise authorized by the Ordinance, an information return for each employee from whom Fort Loramie Income Tax has been withheld, showing the name, address and social security number of the employee, the total amount of compensation paid during the year and the amount of tax withheld from such employee.

6. Filing Options

For the convenience of employers, the information return may be made in one of the following ways at the election of each employer, as follows:

- (A) Those employers using Form W-2 furnished commercially, may submit a copy of such commercial form W-2, providing the copy furnished the Village of Fort Loramie clearly shows the information required herein.
- (B) Those employers not using Form W-2 furnished commercially may obtain forms upon request from the Commissioner.
- (C) Legible generic or computerized forms containing the information required herein may be used

- (D) Where the furnishing of this information as above indicated will create a distinct hardship the employer upon written request to the Commissioner, may be permitted to furnish a list of all employees subject to the tax, which list shall show the employee's full name, last known address, social security number, gross amount of compensation paid during the year and the amount of Fort Loramie income tax withheld. Such list may be compiled on any mechanical equipment recently used by the employer, but provisions must be made for spacing equal to at least three lines between each name. The employer's name must be indicated on each sheet, each sheet must be numbered and the total number of sheets comprising the complete report indicated on the first page.
- (E) The gross compensation to be reported for each employee shall be for the full twelve (12) calendar months of the year or such portion thereof as such employee was employed.

7. Reconciliation Form

In addition to any required information returns, and at the time the same are filed, an employer shall file with the Commissioner Form R-3 or its generic or computerized version, so as to enable the Commissioner to reconcile the total of compensation paid with taxes withheld as disclosed by informational and prior returns and remittances made pursuant to the Ordinance.

C. Fractional Parts of Cent.

In deducting and withholding the tax at the source and in payment of any tax due under the Ordinance, a fractional part of a cent shall be disregarded unless it amounts to one-half cent ($\frac{1}{2}$ c.) or more in which case it shall be increased to one cent (1 c.)

RULE VI

DECLARATIONS

A. Requirement of Filing.

1. Estimated Tax Declaration

A declaration of estimated tax shall be filed by every taxpayer who may reasonably be expected to have taxable income, the tax on which is not or will not be withheld by an employer. Such declaration shall be filed within four (4) months after the beginning of the taxable year.

2. Determination of Estimated Taxes

A taxpayer's final return for the preceding year may be used as the basis for computing his declaration of estimated tax for the current year. In the event a taxpayer has not previously been required to file a return, a declaration of estimated tax on anticipated income shall be filed in good faith.

B. Date of Filing:

1. Initial Filing

A person or other entity conducting a business not previously subject to the tax, or whose employer does not withhold the tax, shall file a declaration within four (4) months after the date such person or entity becomes subject to the tax.

2. Fiscal Year Filing

Taxpayers having a fiscal year or period differing from the calendar year shall file a declaration within four (4) months after the start of each fiscal year or period.

C. Forms:

1. Original Forms

Such declaration shall be filed upon a form or forms furnished by, or obtainable from the Commissioner, or upon generic or computerized forms provided by the Taxpayer, so long as the required information is legibly disclosed.

2. Amended Forms

The original estimate of tax liability or any subsequent amendment thereof may be increased or decreased by filing an amended declaration on or before any required quarterly fiscal or calendar payment date. Such amendment may be made on the regular declaration form, the back of any quarterly notice form, or upon generic or computerized forms employed by the Taxpayer, so long as the required information is legibly disclosed.

D. Dates of Payments:

1. Quarterly Installments

The estimated tax may be paid in full with the declaration or in equal

installments on or before the last day of the fourth, seventh, tenth and thirteenth month after the beginning of the taxable year.

2. Minimum Payment Amounts

The declaration and each subsequent installment must be accompanied by at least twenty-two and one-half percent (22.5%) of the estimated tax shown due thereon.

3. Minimum Amended Return Amounts

In the event an amended declaration is filed, ninety percent (90%) of the unpaid balance shown due thereon shall be paid in equal installments over the remaining payment dates.

E. Final Returns Required:

The filing of a declaration does not relieve the taxpayer of the necessity of filing a final return even though there is no change in the declared tax liability. A final return must be filed to obtain a refund of any overpayment.

RULE VII

DUTIES OF THE TAX COMMISSIONER

A. Administration and Enforcement Provisions:

1. General Powers

The Commissioner has the authority to correct or adjust any return submitted, when necessary to accomplish the intent of the Ordinance.

2. Special Rulings

Any taxpayer or employer desiring a special ruling on any matter pertaining to the Ordinance or these rules and regulations should submit to the Commissioner in writing the facts involved and the ruling sought.

3. Availability of Ordinance and Regulations

The Commissioner shall maintain copies of the Village of Fort Loramie Amended Income Tax Ordinance and these regulations, together with all amendments and supplements hereto on file at the office of the Clerk of the

Village of Fort Loramie, Ohio, and at the offices of the Income Tax Division of the Village of St. Marys, Ohio, open to public inspection, and shall provide copies to the public at cost.

B. Estimation of Tax by Commissioner:

1. Imputation of Tax

The Commissioner when unable to secure information from the taxpayer as to taxable income for any year, may determine the amount of tax appearing to be due and assess the taxpayer upon the basis of such determination, together with the interest and penalties as prescribed by the Ordinance.

2. Documentation Adjustments

Such determination of tax may be adjusted upon submission by the taxpayer of actual records from which the tax may be computed.

RULE VIII

EXAMINATION OF BOOKS AND RECORDS; INFORMATION
SO OBTAINED IS CONFIDENTIAL; PENALTY

A. Compliance with Investigations by Tax Commissioner:

An employer or taxpayer shall furnish, within ten (10) days following a written request by the Commissioner, the means, facilities and opportunity for making examinations and investigations authorized by the Ordinance.

B. Subpoena of Records and Persons:

1. Location

The Commissioner's order to examine any document shall state whether the examination is to be at the office of the taxpayer or at the office of the Commissioner.

2. Order to Appear

The Commissioner may order the appearance of any party believed to have

any knowledge of a taxpayer's income or withholdings, or any information pertaining to the taxpayer under investigation, whether or not the individual so ordered has actual custody of the records of the taxpayer being investigated. The Commissioner may order the appearance of the local manager or representative of any taxpayer.

3, Notice

Persons required to attend any hearings shall be notified no less than ten (10) days prior to the time of the hearing. The notice shall show the time and place of the hearing and what books, papers, or records the witness is to make available at such hearing.

4. Service of Notice

The notice shall be served by delivering it to the person named personally, or by leaving the notice at the person's usual place of business or residence, or by mailing it to the person by registered mail, return receipt requested, addressed to the person's residence or usual place of business.

C. Confidential Nature of Examinations:

1. Penalty for Unauthorized Release

Any information gained as a result of any returns, investigations, verifications or hearings before the Commissioner or the Board, required by the Ordinance or authorized by these rules and regulations, shall be confidential, and no disclosure shall be made, except for official purposes or as ordered by a Court of competent jurisdiction. Any person divulging such information without good cause shall be guilty of a misdemeanor punishable by a maximum fine of Five Hundred Dollars (\$500.00) or imprisonment for not more than six (6) months, or both.

2. Unauthorized Release by Employee

In addition to the above penalty, any employee of the Village of Fort Loramie who violates the provisions of this section relative to the disclosure of confidential information shall be deemed to have committed an offense punishable by immediate dismissal.

D. Retention of Records:

All employers and taxpayers are required to keep such records as will enable the

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

RULE IX COLLECTION OF UNPAID TAXES AND REFUND OF OVERPAYMENTS

A. Withholding Employers

Employers who are required, under the Ordinance, to withhold and remit the taxes required to be withheld at the source, and who fail to withhold and-or remit, become liable to the Village in a civil action to enforce the payment of the debt created by such failure.

B. Refunds and Overpayments:

1. Compliance Required

No refund shall be made to any taxpayer until such taxpayer has complied with all provisions of the Ordinance and has furnished all information required by the Commissioner.

2. Application of Overpayments

Overpayments will be either refunded or credited to the taxpayer's current year's liability at the taxpayer's option. Where no election has been made by the taxpayer, overpayments of any year's taxes shall be applied as follows:

- (A) To taxes owed for any previous years in the order in which such taxes became due.
- (B) To current estimated tax liabilities.

C. Minimum Dollar Limitation

Where the total amount due or refund claimed for a tax year is less than one dollar (\$1.00) such amount shall not be collected or refunded.

RULE X BOARD OF REVIEW

A. Perfecting Notice of Appeal

A Notice of Appeal to the Board of Review shall be filed with the Clerk of the Village of Fort Loramie. A copy of such Notice must be filed with the Commissioner.

B. Private Hearings

Hearings before the Board shall be private unless the taxpayer requests a public hearing.

RULE XI

CREDIT ALLOWED FOR TAX PAID IN ANOTHER
MUNICIPALITY

A. Maximum Limitation:

A resident of Fort Loramie subject to a municipal tax on or measured by income in another municipality either located within or without the State of Ohio shall not pay a total municipal tax on the same income greater than the tax imposed at the higher rate.

B. Method of Applying for Credit:

A statement satisfactory to the Commissioner from the taxing authority of the municipality to which the taxes are paid that a Fort Loramie resident or his employer is paying the tax shall be considered as fulfilling the requirement that a taxpayer claiming such credit has filed an appropriate form and presented satisfactory evidence of such payment.

RULE XII

COLLECTION OF TAX AFTER TERMINATION
OF ORDINANCE

A. Authority to Collect after Termination of Ordinance:

Although the tax imposition of the Ordinance will expire when the Ordinance is repealed, the Ordinance remains in full force and effect for purpose of collection and payment of taxes due and payable beyond that date subject, however, to the provisions of the Ordinance with respect to the limitations of time within which an additional assessment may be made.

B. Payment of Taxes:

1. When Due

Taxes due and unpaid on account of compensation paid or received and on account of profits earned in the last effective year of the Ordinance or any part thereof which remain unpaid, are payable in full on or before the dates specified in the Ordinance and these regulations, and all final returns and withholding reports must be filed on or before such dates, unless extended by the Commissioner.

2. Collection of Delinquencies

For purposes of collection of delinquent or unpaid taxes, actions or proceedings for such collection and-or the collection of interest and penalties thereon, or enforcing any provisions of the Ordinance (including prosecutions under the criminal sections of the Ordinance and including appeals before the Board of Review), the Ordinance remains in full force and effect until such time as all taxes accruing during the term of the Ordinance shall have been fully paid, and all actions, suits, prosecutions, appeals and other judicial or administrative proceedings relative to the collection or payment of such taxes, have been finally terminated.

RULE XIII

AMENDMENTS & SUPPLEMENTS

From time to time amendments and supplements to these regulations may be issued by the Commissioner.

Section Two: Joy E. Bond, Tax Commissioner of the City of St. Marys, Ohio, 106 E. Spring Street, St. Marys, Ohio 45885-2363, (419) 934-3303, Ext. 107, Facsimile (419) 394-3303, Ext. 159, is hereby re-appointed Tax Commissioner of the Village of Fort Loramie, Ohio.

Section Three: There shall be printed a sufficient number of copies of these Rules and Regulations as necessary to meet the needs of concerned members of the public subject to such tax, a quantity of which shall be disseminated to the City of St. Marys, Ohio, for its use in the collection of such tax.

Section Four: Certain provisions of House Bill 477 having become effective as of January 1, 2001, this Ordinance is hereby declared to be an emergency measure necessary to the immediate preservation of the public safety and welfare, and accordingly shall be in full force and effect immediately upon its passage.

Dated: February 26, 2001

Ed Hasselman, Mayor
Village of Fort Loramie

Deborah Kremer
Attest: Clerk-Treasurer