



**Ontario**  
OHIO

# Income Tax Rules & Regulations

**CITY OF ONTARIO  
INCOME TAX RULES AND REGULATIONS**

The following are the Income Tax Rules and Regulations of the City of Ontario adopted by the Income Tax Administrator on \_\_\_\_\_ pursuant to Section 191.13(c) of the Codified Ordinances of this City and approved by the Income Tax Appeals Board on \_\_\_\_\_ pursuant to Section 191.14(b) of the Codified Ordinances of this City. They shall become effective on January 1, 2002.

**ARTICLE 1:00 PURPOSE**

The purpose of these Rules and Regulations is to assist in the administration of the City of Ontario Income Tax Ordinance, Chapter 191 of the Codified Ordinances.

**ARTICLE 3:00 DEFINITIONS**

3:01 As used in these Rules and Regulations the following words defined herein shall have the meaning ascribed to them herein. In all definitions contained in these Regulations, the singular shall include the plural and the masculine shall include the feminine and the neuter with regard to the terms, phrases, words and their derivatives used herein.

3:02 **Administrator** means the individual designated to administer and enforce the provisions of the Ontario Income Tax Ordinance.

3:03 **Association** means any partnership, limited partnership, limited liability corporations and limited liability partnerships, Sub Chapter S Corporations as defined in the Federal Tax Code or any other form of unincorporated business or enterprise, owned by one or more persons. The term association and unincorporated business are interchangeable terms.

3:04 **Board of Review** means the Board created by and constituted as provided for in the Ontario Income Tax Ordinance.

3:05 **Business** means an enterprise, cooperative activity, profession, trade or undertaking of any nature conducted for profit or ordinarily conducted for profit, whether by an individual, proprietorship, partnership, association, corporation or any other entity, excluding, however, all non-profit corporations or associations which are exempt from the payment of Federal Income Tax. The administration of a decedent's estate by the executor or administrator and the mere custody supervision and management of trust property under an inter vivos or testamentary trust unaccompanied by the actual operation of a business, shall not be construed as the operation of a business.

3:06 **Business Allocation** as used in these Rules and Regulations, means the portion of net profits to be allocated as having been made in the City of Ontario either under the separate accounting method or under the three-factor formula of property, payroll and sales, or under a substitute method, as provided for in the Income Tax Ordinance.

3:07 **Business Deductions** are the ordinary and necessary expenses actually incurred in the operation of the business to the same extent allowed under Federal guidelines unless specifically allowed or disallowed in these Rules and Regulations.

3:08 **City** as used herein means the City of Ontario.

3:09 **Corporation** means a corporation, joint stock company, or joint stock association organized under the laws of the United States, the State of Ohio or any other state, territory or foreign country or dependency but does not include Sub Chapter S Corporations as defined in the Federal Income Tax Code or any other entities defined as associations or unincorporated business entities.

3:10 **Dishonored Checks** means any check received in payment of taxes, penalty, interest or service charge that is returned unpaid by the bank.

3:11 **Domicile** is that place where an individual has his true, fixed and permanent home, and principle establishment, and to which whenever he is absent he has the intention of returning. Actual residence is not necessarily the domicile of a taxpayer. A taxpayer may have more than one residence but not more than one domicile. In the event of a business or association, the domicile is that place considered as the center of business affairs and the place where its functions are primarily discharged.

3:12 **Earned Income** is used in determining whether certain income is taxable within the effective date of the Ordinance. Unless specified elsewhere in the Rules and Regulations, 'Earned Income' is earned when services giving rise to the income are performed and when there is no substantial risk of forfeiture to the right to the income. Earned income includes any elective deferrals of income that the taxpayer may make, or that may be made by the employer on behalf of or for the taxpayer.

3:13 **Employee** means one who works for wages, salary, commission or other type of compensation in the service of an employer and shall include temporary, provisional, casual or part-time employment. Generally the relationship of employer and employee exists when the person for whom services are performed has the right to control and direct the individual who performs the services, not only as to the result to be accomplished but also as to the details and means by which that result is accomplished. Any person from whom an employer is required to withhold for Federal Income Tax purposes shall, prime facie, be deemed an employee.

3:14 **Employee Expenses** when required to travel, an employee may deduct travel expenses when not reimbursed for the same by their employer to the same extent allowed under Federal guidelines unless specifically allowed or disallowed in these Rules and Regulations.

3:15 **Employer** means an individual, proprietorship, association, corporation or other entity including non-profit associations or corporations that employs one or more persons on a salary, wage, commission or other compensation basis, whether or not such employer is engaged in business as herein before defined. The term employer includes the State of Ohio, its political subdivisions and its agencies, instrumentalities, boards, bureaus, departments, and any and all other governmental units as well as other governmental subdivisions, agencies, instrumentalities, boards, bureaus, departments and any and all other governmental units to the extent that any such body withholds tax on a mandatory or voluntary basis. No rights, duties or obligations are imposed with respect to any such body not otherwise authorized by law.

An individual, partnership, association, corporation or any other entity who books or contracts for individuals and/or groups to perform or entertain at their place of business or rents facilities for the purpose of providing such entertainment.

Employer does not include any person who employs only domestic help for such person's private residence.

3:16 **Final Return** means a return signed by the taxpayer, complete with the necessary schedules and attachments. For the purpose of a refund, an audit adjustment report signed by the taxpayer will be considered an amended return for these Rules and Regulations. A final return has the same meaning as a complete return.

3:17 **Fiscal Year** means an accounting period of twelve (12) months or less ending on any day other than December 31<sup>st</sup>. Only fiscal years accepted by the Internal Revenue Service for Federal Income Tax purposes may be used for Ontario Income Tax purposes.

3:18 **Gross Receipts** means total income from any source whatsoever.

3:19 **Independent Contractor** is a person who while performing services for another, is not under the direction and/or control of such other person, as to the result to be accomplished by their work and as to the details and means by which that result is accomplished.

3:20 **Intangible Property** is defined as the following:

- a) Shares of stock in corporations, associations and joint stock companies except Sub Chapter S Corporations.
- b) Interest bearing obligations, notes, corporate bonds, bonds, governmental bonds issued by Federal, State or local agencies allowed by law to issue bonds, savings accounts.
- c) Income from purchased annuities.
- d) Royalties from patents and copyrights. (See Article 5:09 (a)(3).)

3:21 **Net Profits** means the net gain from the conduct, or operation of a trade, business, profession, enterprise, or other activity after provision for all ordinary and necessary expenses used by the taxpayer for Federal Income Tax purposes without deduction for taxes imposed by the Income Tax Ordinance, Federal, State and/or other taxes based on income; and in the case of an association, without deduction of salaries and payments to partners and other owners. (See Article 5:09 (A).)

3:22 **Non-Resident** means an individual, partnership, association or other entity domiciled outside of the boundaries of the City of Ontario.

3:23 **Non-Resident Unincorporated Business Entity** means unincorporated business entity not having an office or place of business within the City of Ontario.

3:24 **Ordinance** means Chapter 191 of the Codified Ordinances of the City of Ontario.

3:25 **Pensions** means either qualified or non-qualified retirement plans, as defined under Federal Tax Regulations, designed to provide primarily for the retirement income of an employee, in which contributions to the plan are made by the employee, the employer, or both, during the period of employment. Distributions from retirement plans are generally paid to employees after retirement, either as a series of regular installment payments, or in lump sum payments, and are for past services with the employer.

All such contributions to retirement plans are taxable to the employee when deferred. No tax is to be assessed when payments are made from these plans, except to the extent the amounts were not originally taxed by the City of Ontario when deferred. The taxable amount of any payment made to an individual from a retirement plan and from any other deferral is attributable to the City.

3:26 **Person** means every natural person, partnership, fiduciary, association, corporation, S corporation or other entity. Whenever the term 'Person' is used in any clause prescribing or imposing a penalty, the term as applied to an unincorporated entity shall mean the partners or members thereof; and as applied to a corporation, the officers thereof.

3:27 **Personal Injury** means (1) the underlying cause of action giving rise to the recovery is based upon tort or tort-type rights; and (2) the compensatory damages were received on account of personal injuries or sickness. Punitive damages are subject to Ontario Income Tax.

3:28 **Place of Business** means any bona fide office (other than a mere statutory office), factory, warehouse or other space which is occupied and used by the taxpayer in carrying on any business activity individually or through one or more of his regular employees regularly in attendance. A taxpayer does not have a place of business outside of the City solely by consigning goods to an independent factor for sale outside of said City.

3:29 **Reciprocity Credit** See Section 191.11 tax credit of the Codified Ordinances of the City of Ontario.

3:30 **Rental Income** means payments received from the use or occupancy of property. Included in rental income is lease cancellation payments, advance rent, interest, expenses paid by a tenant in lieu of rent, and property or services provided in lieu of rent. The value of the property or services paid in lieu of rent should be reported as rental income. All necessary expenses, i.e., depreciation, property taxes, and repairs are deductible from rental income.

3:31 **Resident** means an individual, partnership, association or other entity domiciled in the City of Ontario.

3:32 **Resident Unincorporated Business Entity** means an unincorporated business entity having an office or place of business within the City of Ontario.

3:33 **Salaries, Wages, Commissions and other Compensation** shall include salaries, wages, commissions, bonuses, incentive payments, fees and tips or other income, including distributive share income from an unincorporated business entity or association against which Ontario Income Tax is not already levied that may accrue or be received by an individual, whether directly or through an agent and whether in cash or in property for services rendered.

3:34 **Taxable Income** means wages, salaries, and other compensation, gambling and gaming winnings, commissions, bonuses, incentive payments, fees and tips or other income, paid, accrued or deferred, by an employer or employers before deductions of any kind, and other income including distributive share income from an unincorporated business entity or association against which Ontario Income Tax is not already levied that may accrue or be received by an individual, whether directly or through an agent, and whether in cash or in property, for services rendered, any other income not explicitly exempted from the Ordinance, and/or net profits from the operation of a business, profession, and other enterprise or activity adjusted in accordance with the provisions of the Income Tax Ordinance and these Rules and Regulations.

Jury fees, contributions made by or on behalf of employees to cafeteria plans, profit sharing, income deemed taxable per Federal Code Section 89 or its substantial equivalent are taxable income. Ordinary gains reported on Federal Form 4797 or its equivalent are taxable income. The difference between the amount paid by an employee for a stock option and the fair market value of the stock option when exercised is taxable income.

3:35 **Taxable Year** means the calendar year or the fiscal year, used as the basis on which net profits or other taxable income are to be computed under the Ordinance, and in the case of a return for a fractional part of a year, the period for which such return is required to be made.

3:36 **Taxing Municipality** means any municipal corporation levying a municipal income tax on salaries, wages, commissions and other compensation earned by individuals, and on the net profits earned from the operation of business, profession or other activity.

3:37 **Taxpayer** means a person, whether an individual, partnership, association, or any other entity, required by the Ordinance to file a return of earnings or of net profit.

3:38 **Tangible Property** means all property not defined as intangible property.

3:39 **Transitional Employee** means any current or former employee who received a Federal Form W-2 from an employer for the preceding calendar year or years. Transactional employees will be taxed on early out payments, or any type of compensation including severance pay; termination pay; early retirement incentive payments; wage continuation plan payments; compensation paid or received in the form of property; to include the difference between the fair market value of stock options when exercised and the amount paid for those options by the employee, regardless of the treatment by the Internal Revenue Service; and, any other payments made to former employees or employees in transition, unless expressly exempted under Article 9:00 of these Rules and Regulations.

3:40 **Unincorporated Businesses** means all businesses not specifically incorporated as a C corporation under IRS regulations. All unincorporated businesses are taxable as partnerships for City tax purposes.

3:41 **Wage Continuation Plans** include all types of plans in displacement and/or termination of employees, voluntarily chosen by the employee and revocable by the employee, paid by installments or in a lump sum payment.

3:42 **Working Day** means a day for which an employee receives compensation whether the services are performed or not performed.

## **ARTICLE 5:00 IMPOSITION OF TAX**

### **5:01 Resident Employee**

(A) In the case of residents of the City, an annual tax of one percent (1%) is imposed on all salaries, wages, commissions, other income, and other compensation earned and received, or earned and accrued, or deferred during the effective period of the Ordinance.

For the purpose of determining the tax on earnings of resident taxpayers under the rate and income taxable section of the Ordinance, the source of earnings and the place or places in or at which the services were rendered are immaterial. All such earnings wherever earned are taxable. The location of the place from which payment is made, or where payment is received is immaterial.

(B) The following are items which are subject to the tax imposed by the rate and income taxable sections of the Ontario Income Tax 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, and whether received or deferred, for services rendered during the tax period as:
  - (a) An officer, director or employee of a corporation (including charitable and other non-profit organizations), joint stock associations, or joint stock company;
  - (b) An employee (as distinguished from a partner or member) of a Partnership, Limited Partnership, Sub Chapter S Corporation, Limited Liability Partnership and Limited Liability Corporation or any form of unincorporated enterprise owned by one or more persons;
  - (c) An employee (as distinguished from a proprietor) of a business, trade or profession conducted by an individual owner;
  - (d) 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 provided in the section of the Ordinance indicating sources of income not taxable;
  - (e) An employee of any other entity or person, whether based upon hourly, daily, weekly, semi-monthly, annual, unit of production or piecework rates; and whether paid by an individual, partnership, association, corporation (including charitable and other non-profit corporations and associations), 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 how computed or by whom or wheresoever paid.
  - (a) If the 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.

- (b) Amounts received from an employer for expenses and used as such as the individual receiving them are not deemed to be compensation if the employer deducts such expenses or advances as such from his gross income for the purpose of determining his net profits taxable under Federal law, and the employee is not required to include such receipts as income (or has directly off-setting business expenses) on his Federal Income Tax return.
- (c) 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 on the net profits provision of the Ordinance, they shall not be taxed under the provisions relating to salaries, wages, or commissions earned.
- (3) Fees, unless such fees are properly included 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 (ex: fees which are taxable are those fees received by a director or officer of a corporation).
- (4) Other compensation shall include:
  - (a) Tips received by waiters, waitresses and others;
  - (b) Bonuses;
  - (c) Gifts and gratuities in connection with employment;
  - (d) Compensation paid to domestic servants, casual employees and other types of employees;
  - (e) Benefits resulting from employers assuming a tax;
  - (f) Fellowships, grants, or stipends paid to a graduate student in the full amount except that any amount allocated in writing for tuition, books and laboratory fees shall be excluded;
  - (g) Dismissal pay which is demandable as a matter of right by virtue of the contract of employment;
  - (h) Incentive payments;
  - (i) Tax Shelter Plans: Contributions by employees to a retirement system are not deductible by such employee. If such contributions are deducted by an employer from the earnings of an employee, such amounts are subject to withholding tax;
  - (j) If an employer pays into a tax shelter plan on behalf of an employee in lieu of paying said amount as wages, said payments are considered additional compensation to the employee and are subject to withholding tax;
  - (k) Contributions to a pension, annuity or tax shelter plan by an employer are deemed to be other compensation subject to withholding;
  - (l) Money received from covenants not to compete;
  - (m) Lottery winnings, gambling, gaming winnings and sports winnings;
  - (n) Severance pay;
  - (o) Jury fees;
  - (p) Contributions made by or on behalf of employees to cafeteria plans and profit sharing plans;
  - (q) Income deemed taxable per Federal Code Section 89 or its substantial equivalent;

(r) Ordinary gains reported on Federal Form 4797;

(s) Contributions to a SEPP.

- (5) Vacation, sickness, or any other types of payments made under a wage or salary continuation plan including 'sub' pay received from a union in lieu of wages during periods of absence from work are taxable when paid. Payments made by an employer to an employee during periods of absence from work are taxable when paid and at the tax rate in effect at the time of payment. Sick leave or sick pay, disability, vacation, terminal pay, supplemental unemployment pay, severance pay may not be excluded from taxable income by an employer or a non-resident employee.

Payments made to an employee, either directly or by an insurance company, under a wage continuation plan may not be excluded from taxable income by an employer or non-resident employee. Such payments are attributable to the City.

- (6) Where compensation is paid or received in property, it's fair market value, at the time of receipt, shall be subject to the tax and to withholding. Board, lodging and similar compensation shall be included in earnings at their fair market value.

- (7) Group term life insurance protection over \$50,000.00 taxed on the entire cost.

- (8) Stock options given as compensation: When exercised, regardless of the treatment by the Internal Revenue Service, the employer would be required to withhold on the difference between the fair market value and the amount paid by the employee.

Employers must withhold Ontario Income Tax on the exercise of stock options (qualified or non-qualified) if the employee acquired the option as compensation or in lieu of wages.

- (9) Losses from the operation of a business or profession are not deductible from employee earnings. Rental and business losses may not be used to offset wage income.

- (10) In the case of domestics and other employees whose duties require them to live at their place of employment or assignment, board and lodging shall not be considered as taxable compensation.

- (11) Intrastate over the Road Drivers and others with similar situations, reporting to a terminal or office in the City.

- (12) Income generated from any illegal Federal, State or City transaction.

#### 5:02 **Non-Resident Employee**

- (A) In the case of individuals who are not residents of the City there is imposed under the Ordinance, a tax at the rate of one percent (1%) on all salaries, wages, commissions and other compensation earned and received, or earned and accrued, or deferred on and after the effective date of the Ordinance, for work done or services rendered or performed within the City, 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 rate and income taxable section of the Ordinance are the same as those listed and defined in Article 5:01 (B) hereof. For the methods of computing the extent of such work or services performed within the City, in cases involving compensation for personal services partly within and partly without said City. See Article 13:02 hereof.



5:03 **Resident Unincorporated Business**

- (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 his resident community, there is imposed an annual tax at the rate of one percent (1%) on the net profits earned during the effective period of the Ordinance attributable to the resident community determined by the separate accounting method or formula provided for in Article 7:00 hereof, derived from sales made, work done or services performed or rendered and business or other activities conducted in the City.
- (B) The tax imposed on resident associations or other unincorporated entities is upon the entities rather than the individual members or owners thereof. (For tax on that part of a resident owner's distributive share of net profits not taxed against the entity, see Article 5:04 hereof.)
- (C) The tax imposed by the Income Tax Ordinance, is imposed on all resident unincorporated entities having net profits attributable to the City under the method of allocation provided for in the Ordinance, regardless of where the owner or owners of such resident unincorporated business entity resides.
- (D) Resident unincorporated entities owned by one or more persons all of whom are residents of the City, and having all income allocable to said City, or having any income allocable to other municipalities or townships not levying a similar tax, shall disregard the method of allocation provided for in the Ordinance and pay to the City the tax on the entire net profits thereof. Payment of the tax by the entity on the entire net profits thereof shall constitute payment of all the tax due from the owners or members thereof on their distributive shares of the entity net profits.

5:04 **Resident's Distributive Share of Profits of a Resident Unincorporated Business Entity not Attributable to the City**

- (A) In the case of a resident individual who is a member, partner, shareholder, owner or part owner of a resident unincorporated entity, there is imposed an annual tax at the rate of one percent (1%) on such individual's distributive share of net profits earned during the effective period of the Tax Ordinance not attributable to the City under the method of allocation provided for in the Tax Ordinance, and not taxed against the entity. Provided, however, if any portion thereof is allocable to another taxing community, credit for tax due or paid to such other taxing community shall be claimed in accordance with Section 191.11 of the Ordinance.

5:05 **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 an annual tax at the rate of one percent (1%) on the net profits earned during the effective period of the Ordinance attributable to the business' taxing municipality under the formula or separate accounting method provided for in the Ordinance.
- (B) The tax imposed on non-resident unincorporated entities owned by one or more persons is upon the entities rather than the individual members or owners thereof, irrespective of where the members or owners reside. (For tax on that part of a resident owner's distributive share of net profits not taxed against the entity, see Article 5:06 hereof.)

5:06 **Resident's Share of Profits of a Non-Resident Unincorporated Business Entity not Attributable to City (see Article 19:00 for credits.)**

- (A) In the case of a resident individual who is a member, partner, owner or part owner of a non-resident unincorporated entity, there is imposed an annual tax at the rate of one percent (1%) on such individual's distributive share of net profits earned during the effective period of the Tax Ordinance not attributable to the owner's resident community under the method of allocation provided for in the Tax Ordinance. Provided, however, that such resident shall be entitled to credit for tax paid to another taxing municipality in accordance with Section 191.11 of the Ordinance.

5:07 **Corporations**

- (A) In the case of corporations, whether domestic or foreign and whether or not such corporations have an office or place of business in the City, there is imposed an annual tax at the rate of one percent (1%) on the net profits earned during the effective period of the Ordinance attributable to said City 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 City, the provisions of Article 7:00 of these Regulations shall be applicable.
- (C) Corporations which are required by the provisions of Section 5727.38 to 5727.41 of the Ohio Revised Code 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 from their net profits, for that taxable year. 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.

5:08 **Effective Period of Tax**

- (A) The tax imposed by the rate and income taxable section of the Ordinance shall be levied, collected and paid with respect to salaries, wages, bonuses, incentive payments, commissions, fees, other income and other compensation earned during the effective period of the Ordinance.
- (B) The tax imposed by said rate and income taxable section of the Ordinance, with respect to net profits of trade, businesses, professions, enterprises, undertakings and other activities is on the net profits earned during the effective period of the Ordinance.

5:09 **Amplification**

In amplification of the definitions contained in Article 3:00 of these Regulations, but not in limitation thereof, the following additional information respecting net business profits is furnished:

(A) Net Profits

- (1) Net profits as used in the Ordinance and these Regulations means net profits derived from any business, profession, or other activity or undertaking carried on for profit or normally carried on for profit.
- (2) Net profits as disclosed in 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 (provided such method does not conflict with any provisions of the Ordinance).
- (3) Income from patents and copyrights is not to be included in net profits subject to the tax.

(B) Expenses

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

- (b) Current amortization of emergency facilities under the provision of the Internal Revenue Code, if recognized as such for Federal Income Tax purposes, may be included as a deduction expense thereunder.
- (c) Where depreciable property is voluntarily destroyed, only the cost of such demolition and the under-appreciated balance thereof will be allowed as an expense in the year of such demolition, to the extent allowable for Federal Income Tax purposes.
- (d) Bad debts of a reasonable amount may be allowed in the year ascertained worthless and charged off, or if the reserve method is used, a reasonable addition to the reserve may be claimed, but in no event shall the amount exceed the amount allowable for Federal Income Tax purposes.
- (e) 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. The following taxes are not deductible from income:
  - (1) the tax under the Ordinance;
  - (2) Federal, State or other taxes based upon income;
  - (3) gift, estate or inheritance taxes; and,
  - (4) taxes or assessments for direct benefits or improvements to property which tend to appreciate the value thereof.
- (f) In general, non-taxable income and expenses incurred in connection therewith are not to be considered in determining net profits.
- (g) If the taxpayer reports income that is non-taxable under the Ordinance and such amounts are deducted in order to reconcile the City's Income Tax return with the taxpayer's Federal Income Tax return, expenses attributable to this non-taxable income shall not be allowed. In the absence of records showing the actual expenses attributable to such non-taxable income, and upon approval of the Administrator, such amount shall be deemed to equal five percent (5%) of such non-taxable income.
- (h) 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 tangible income under the Ordinance to the extent of depreciation allowable under the Ordinance. The balance shall be treated as capital gain. Gains or losses from involuntary conversion shall not be taken into consideration on arriving at net profits.

**ARTICLE 7:00 DETERMINATION OF ALLOCATION OF TAX**

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

**7:01 Separate Accounting Method**

- (A) The net profits allocable to the City from business, professional, or other activities conducted in said City by corporations or unincorporated entities (whether resident or non-resident) shall be determined from the records of the taxpayer if the taxpayer has bona fide records, which disclose with reasonable accuracy, what portion of his net profits is attributable to that part of his activities conducted within the City.

(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 Administrator to determine whether the net profits attributable to the City are apportioned with reasonable accuracy. See Article 7:03 (B) hereof.

(C) In determining the income allocable to the City 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 said City.

**7:02 Business Allocation Percentage Method** (To be used if unable to conform to Article 7:01 hereof.)

(A) Step 1:

Ascertain the percentage which the average net book value, i.e., the total costs as shown on the Federal Return less allocable depreciation as shown on the entity's Federal Return as filed, of real and tangible personal property, including lease hold improvements, owned or used in the business and situated within the City is of the average net book value of real and tangible personal property, including leasehold improvements, owned or used in the business wherever situated, during the period covered by the return. Average net book value of property may be computed on a monthly, quarterly, semi-annual, or annual basis, provided such method is consistently followed each year.

- (1) The percentage of taxpayer's real and tangible personal property within the City is determined by dividing the average net book value of such property within the City (without deduction of any encumbrances) by the average net book value of all such property within and without the City. In determining such percentage, property rented to the taxpayer as well as real and tangible personal property owned by the taxpayer must be considered.
  - (a) The net book value of real and tangible personal property rented by the taxpayer shall be determined by multiplying gross annual rents as allowed as deductions under Federal guidelines by eight (8).
  - (b) Gross rents mean the actual sum of money or other consideration payable, directly or indirectly, by the taxpayer for the use or possession of property and includes:
    - (1) Any amount paid 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;
    - (2) Any amount paid as additional rent or in lieu of rent such as interest, taxes, insurance, repairs, or other amounts required to be paid by the terms of a lease or other arrangement.

(B) Step 2:

Ascertain the percentage which the total wages, salaries, commissions, other income and other compensation of employees within the City is of the total wages, salaries, commissions and other compensation of all the taxpayer's employees within and without the City 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, other income, 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 taxable income or loss of the taxpayer.
- (3) In the case of an employee who performs services both within and without the City, the amount treated as compensation for services performed within the City shall be deemed to be:

- (a) In the case of an employee whose compensation depends directly on the volume of business secured by him, such as a salesman on a commission basis, the amount received by him for the business attributable to his efforts within the City.
- (b) 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 City bears to the value of all his services.
- (c) In the case of an employee compensated on a time basis, the proportion of the total amount received by him, which is working time within the City, is of his total working time.

(C) Step 3:

Ascertain the percentage which net sales of the taxpayer, derived from sales made and services rendered in the City, is of the total net sales wherever derived during the period covered by the return, (line one (1) of the entity's Federal Tax Return as filed). See Article 7:03 and 7:04 hereof. Income not taxable and deducted on Schedule X is not to be included in Schedule Y.

7:03 **Sales Made in the City**

- (A) All sales made through retail stores located within the City to purchasers within or without said City except such of said sales to purchasers outside of the City that are directly attributable to retailer solicitations made outside the City personally by the taxpayer's employees.
- (B) All sales of tangible personal property delivered to purchasers within the City if shipped or delivered from an office, store, warehouse, factory or place of storage located within the City.
- (C) All sales of tangible personal property delivered to purchasers within the City even though transported from a point outside of the City if the taxpayer is regularly engaged through its own employees in the solicitation or promotion of sales within the City and the sale is directly or indirectly the result of such solicitation.
- (D) All sales of tangible personal property shipped from an office, store, warehouse, factory or place of storage within the City to purchasers outside of the City if the taxpayer is not, through its own employees, regularly engaged in the solicitation or promotion of sales at the place of delivery.

All solicitation of customers outside of the City by mail, telephone, fax, electronic mail or other electronic media from an office or place of business within the City shall be considered a solicitation of sales within the City.

- (E) 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 sales.
- (F) In the application of the foregoing subparagraphs, a carrier shall be considered the agent of the seller regardless of the freight on board point or other conditions of the sale; and, the place at which orders are accepted or contracts legally consummated shall be immaterial.

7:04 **Total Allocation**

(A) Step 4:

Add the percentage determined in accordance with Steps 1, 2, and 3 in Article 7:02 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 added in ascertaining said total. The result so obtained is the business allocation percentage. In determining the average percentage however, if one of the factors, (property, receipts or payroll) is not applicable, the other two percentages are added and the sum is divided by two, and if two of the factors are not applicable, the remaining percentage is the business allocation percentage. A factor is applicable only if it may be allocable inside Ontario.

(B) Step 5:

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

Substitute Method

- (1) In the event a just and equitable result cannot be obtained under the formula, the Board, upon application of the taxpayer or the Administrator, may substitute other factors in the formula or prescribe other methods of allocating net income calculated to effect a fair and proper allocation.
- (2) Application to the Board of Review to substitute other factors in the formula, or to use a different method to allocate net profits, must be made in writing not less than sixty (60) days 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 Administrator as the case may be. No specific form need be followed in making such application.

7:05 **See Article 8:00 Rentals From Real Estate**

7:06 **Operating Loss**

- (A) No operating loss carry back or forward shall be recognized.

**ARTICLE 8:00 RENTALS FROM REAL ESTATE**

- (A) Rentals received by the taxpayer are to be included in the computation of net profits from business activities only if and to the extent that the rental, ownership, management or operation of the real estate from 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) Where any gross monthly rental of any real properties, regardless of number and value aggregate, it shall be prima facie evidence that the rental, ownership, management or operation of such rental properties shall be subject to tax, provided that in case of commercial property, the owner shall be considered engaged in a business activity when the rental is based on a fixed or fluctuating percentage of gross or net sales, receipts or profits of the lessee, provided further, that in the case of farm property, the owner shall be considered engaged in a business activity, and provided further, that the person who operates a licensed rooming house, shall be considered in business.
- (1) The test of whether rental income constitutes a business activity is determined by the property or properties without regard to the number of registered owners of property. The tax is then imposed against the business entity and not the separate owners. A business entity return must be filed indicating the tax liability.
- (C) In determining the amount of gross monthly rental of any real property, periods during which (by reason of vacancy or any other cause) rentals are not received shall not be taken into consideration by the taxpayer.

- (D) Rentals received by a taxpayer engaged in the business of buying and selling real estate shall be considered as part of business income.
- (E) Real property, as the term is used in this Regulation, shall include commercial property, residential property, farm property, and any and all other types of real estate.
- (F) In determining the taxable income from rentals, the deductible expenses shall be of the same nature, extent and amount as allowed by the Internal Revenue Service for Federal Income Tax purposes. Passive losses as defined by IRS code are not deductible in this determination.
- (G) Owners of rental property who are non-residents of this City whether individuals or business entities, are subject to tax only on the income from real property located in the City and shall take into consideration only the income from such properties located within this City.
- (H) Owners of rental property who are residents of this City are subject to tax on the net income from rentals, regardless of the location of the real property owned excepting that, if any such property is located in and subject to a municipal income tax by another taxing municipality, credit shall be claimed for tax due or paid such other taxing municipality in accordance with Section 191.11 of the Ordinance.
- (I) Owners of rental property who are residents of the City may offset net losses against net profits from all rental property located within this City and any other municipality which does not levy a similar tax. Net profits and losses from property in this City and/or property in a non-taxing municipality may not be combined with net profits and losses in other municipalities levying a similar tax.
- (J) Owners of rental property who are not residents of the City that property is located in, may offset net losses against net profits only between rental properties located in the City.
- (K) Corporations owning or managing real estate are taxable only on the portion of income derived from property located in the City.
- (L) Any person receiving rental income from commercial property, farm property, or a licensed rooming house, must file a return whether or not there is any tax due.

## **ARTICLE 9:00 EXCEPTIONS**

### **9:01 Income: Members of Armed Forces and Certain Institutions**

- (A) All military pay and allowances of any member of the Armed Forces of the United States for active duty as defined by Federal law is exempt from tax imposed by the Ordinance. This exemption includes not only the military pay and allowances received by the members themselves, but also military pay and allowances, such as dependency allowances, received by another person by reason of the member's service. Any bonus or additional compensation paid to a person by the United States, State of Ohio, or any other state for active service in the Army, Navy, Marines, Coast Guard, or Air Force, shall also be exempt from tax. Income received for inactive duty is taxable.
- (B) The income of religious, fraternal, charitable, scientific, literary or educational institutions is exempt from the tax imposed by the Ordinance to the extent that such income is derived from tax exempt real estate, tax exempt tangible or intangible property or tax exempt activities. The income and profits of organizations exempt from Federal Income Tax under Section 501 (a) of the Internal Revenue Code shall be exempt from taxation under the Ordinance.

9:02 **Payments from Governments and Certain Organizations**

- (A) Payments for the relief of poverty, unemployment insurance benefits, old age pensions or similar payments, including permanent disability benefits, received from Local, State, or Federal governments or charitable, religious or educational organizations are exempt from the tax imposed by the Ordinance. The exempted benefits include all types of payments and allowances made or given by such governments or organizations for the relief or correction of poverty, unemployment, delinquency, problems of health or advanced age, lack of education and similar problems. The exempted benefits include, for example, aid to dependent children and the aged; rent, food and clothing allowances or subsidies; job training allowances; Social Security and Medicare benefits; and Workman's Compensation benefits.
- (B) Salaries and wages not considered received by the individual member but by the religious order of organization under a vow of poverty are exempt from the tax imposed by this Ordinance. Housing allowances for clergy to the extent that allowance is used to provide a home, and not in excess of the amount allowed by the Internal Revenue Service, are exempt from the tax imposed by the Ordinance.

9:03 **Insurance and Annuity Proceeds, Certain Employee Benefits and Gifts.**

- (A) The following additional items are specifically exempted from the tax imposed by the Ordinance:
- (1) proceeds of insurance paid by reason of the death of the insured;
  - (2) gratuities not in the nature of compensation for services rendered;
  - (3) distributions from retirement plans except as noted in Article 3:24 hereof;
  - (4) disability benefits (not under a wage continuation plan), including the proceeds of health and accident insurance and similar benefits received after an employee has reached the employer's minimum retirement age, and that is reported to the retired employee on Federal form 1099-R or its substantive equivalent;
  - (5) annuities paid irrespective of the source from which derived;
  - (6) inheritance;
  - (7) scholarships and student grants-in-aid, but not fellowships described in Article 5:00 (B) (4) (f) hereof;
  - (8) death benefits, retirement benefits, annuities and similar payments made to a retired employee or to the beneficiary of an employee under a retirement program or plan after termination of employment and retirement of the employee.
- (B) However, the following items are not exempt from the tax imposed by the Ordinance:
- (1) benefits under a wage continuation plan;
  - (2) deferred compensation of any kind, whether deferred under a retirement plan or under any other type of compensation arraignment or contract, including any qualified or nonqualified deferrals made by an employer or the employee or both;
  - (3) supplemental unemployment benefits;
  - (4) payments for longevity;
  - (5) severance pay;
  - (6) disability benefits paid prior to the employees attaining the employer's minimum retirement age (considered sick pay and is not exempt);



(7) contributions to S.T.R.S. and P.E.R.S. 'picked up' by a public employer on behalf of an employee are not excludable from gross income for City tax purposes and are subject to withholding requirements.

(C) Gifts not in connection with services rendered or work performed, are exempt.

(1) Religious offering: These items, which are goodwill offerings, made by individuals for performance of religious ceremonies such as baptisms, weddings, funerals, etc., received by clergymen are considered unearned income and are not taxable.

(2) Cash or property received under a will or under the Statute of Descent and Distribution is not taxable.

9:04 **Receipts of Certain Organizations and Associations**

(A) Receipts from seasonal or casual entertainment, amusement, sports events and health and welfare activities, when any such are conducted by charitable, religious or educational organizations or associations are exempt from the tax imposed by the Ordinance. This exemption refers only to the receipts of the organization and not to the compensation of employees.

9:05 **Alimony**

(A) Alimony received is exempted from the tax imposed by the Ordinance. Support payments made by one spouse for the benefit of the other spouse or children in connection with any divorce or separation, whether or not awarded by the court, shall be deemed alimony for purposes of this exemption.

9:06 **Natural Persons Under Age 18**

(A) Personal earnings of any natural person under 18 years of age are exempt from the tax imposed by the Ordinance.

9:07 **Personal Injuries and Damage To Property**

(A) Compensatory damages from personal injuries or for damages to property by way of insurance or otherwise is exempt from the tax imposed by the Ordinance. Punitive damages are not exempt from taxation.

9:08 **Interest, Dividends and Other Revenue from Intangible Property**

(A) Income from intangibles by way of dividends, interest and such other intangible income subject to taxation under the intangible personal property laws of the State of Ohio, or specifically exempt from municipal taxation under said law, are exempt from the tax. Income from Sub Chapter S Corporations is not exempt from taxation.

9:09 **Involuntary Conversion and Other Exemptions**

(A) Gains from involuntary conversion, cancellation of indebtedness, interest on Federal obligations, items of income already taxed by the State of Ohio which the City is specifically prohibited from taxing, and income of a decedent's estate during the period of administration (exempt income from the operation of a business) are exempt from the tax imposed by the Ordinance.

9:10 **Taxation Prohibited by the Federal Government**

(A) Salaries, wages, commissions, other compensation, other income and net profits, the taxation of which is prohibited by the United States Constitution or any Act of Congress limiting the power of the States or their political subdivisions to impose net income tax on income derived from interstate commerce, are exempt from the tax imposed by the Ordinance.

9:11 **Taxation Prohibited by the State of Ohio**

- (A) Salaries, wages, commissions and other compensation, other income and net profits, the taxation of which is prohibited by the Constitution of the State of Ohio or any act of the Ohio General Assembly limiting the power of a municipality to impose net income taxes, are exempt from the tax imposed by the Ordinance.

9:12 **General**

- (A) No person shall be exempt from the imposition of this income tax unless specifically excluded or exempted by the laws of the State of Ohio, the City's Ordinance or these Rules and Regulations. Upon request of the Administrator, any person who claims exemption from tax under the Ordinance shall provide detailed information to show the basis of such claim. The information shall be furnished on a form supplied by the Administrator and be returned within thirty (30) days after receipt of the request.

**ARTICLE 11:00 RETURNS**

11:01 **Dates and Requirements for Filing**

- (A) On or before April 15<sup>th</sup> of the year following the effective date of the Ordinance and on or before April 15<sup>th</sup> of each year thereafter, every person subject to the rate and income taxable provisions of the Ordinance shall, except as herein provided, make and file with the Administrator, a return on a form prescribed by and obtainable upon request from the Administrator, whether or not a tax is due.
- (B) If a return is made for a fiscal year or any period less than a year, said return shall be made by the 15<sup>th</sup> day of the fourth (4<sup>th</sup>) month from the end of each fiscal year or other period.
- (C) Every person subject to the provisions of the rate and income taxable section of the Ordinance shall, except as herein provided, file a return setting forth the aggregate amount of salaries, wages, commissions and other income, net profits from business or other activities, including the rental from use of real and tangible personal property, and other income taxable under the Ordinance, for the period covered by the return and such other pertinent facts and information in detail as the Administrator may require.
- (D) An individual taxpayer who is permitted for Federal Income Tax purposes to deduct certain business expenses from gross wages, salaries, or commissions, may file a copy of Federal Income Tax form 2106 or its equivalent form, or an itemized statement of expenses with the Ontario Income Tax return, along with the Federal 1040 and Schedule A, claiming only deductions allowable to the same extent allowed for Federal tax purposes, no matter whether all or part of such wages, salaries, or commissions are subject to withholding.
- (E) City Income Tax withheld on moving expenses reimbursed by the employer for transport, storage, travel, and lodging expenses, and so indicated on form W-2, Federal form 3903 or its equivalent form are taken into consideration when refunds are requested.
- (F) Except as otherwise provided, a return must be filed by an employee who has taxable income not subject to withholding under the Ordinance of the City.
- (G) Any taxpayer having income, wages or other compensation for which a return must be filed, and also having net profits from a business, may report the wage income and business operation on the same return. However, business losses cannot be offset against the wage or non-business income. Losses are to be treated in accordance with Article 7:06 of these Rules and Regulations and the applicable City Ordinance.
- (H) Except as otherwise provided, the tax is on the unincorporated business partnership, or association as an entity, whether resident or non-resident, and a return is required disclosing the net profits allocable to the City and tax paid thereon. However, any owner or partner of an unincorporated business is required to file a return and pay the tax thereon to his community of residence on such income allocable outside of the City and not previously subject to tax in accordance with Article 5:00 hereof.

- (I) Trustees of a trust and executors and administrators of estates having taxable income are required to file a return and pay the tax thereon.
- (J) Lottery and gambling losses are not deductible from lottery and gambling winnings.
- (K) Unreimbursed moving expenses, reported on IRS form 3903 or its equivalent, are deductible as to the extent allowed under Federal guidelines. Form 2106 business expenses are deductible as to the extent allowed under Federal guidelines.

**11:02 Information Required and Reconciliation with Federal Returns**

- (A) In returns filed hereunder, there shall be set forth 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 Administrator may require.
- (B) Where figures of total income, total deductions, and net profits are included as shown by a Federal return, then any items of income that are not subject to City tax and any unallowable expenses shall be eliminated in determining net income subject to City tax. The fact that any taxpayer is not required to file a Federal tax return does not relieve him from filing a City income tax return.
- (C) If a change in Federal income tax liability, as finally determined by the Internal Revenue Service, or by a judicial decision, results in an additional amount of tax payable to the City, a report of such change shall be filed by the taxpayer within three (3) months from the final determination of the Federal tax liability. See Article 17:00 hereof.
- (D) If a change in Federal income tax liability results in a reduction of taxes owed and paid to the City, a claim for refund shall be filed with the Administrator as prescribed in the refunds and overpayments sections of the Ordinance and Article 17:00 of these Rules and Regulations.
- (E) Where the credit is claimed for taxes due or paid another taxing municipality, the amount of such credit shall be determined and claimed in accordance with Section 191.11 of the Ordinance.

**11:03 Extensions**

- (A) Upon written request of the taxpayer made on or before the date for filing the return, and for good cause shown, the Administrator may extend the time for filing such return for a period not to exceed six (6) months, requested of or granted by the Federal Internal Revenue Service. Whenever he deems necessary, the Administrator may require a tentative return accompanied by the payment of the estimated taxes. No penalty 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. In any event, such payments made after the due date, shall be subject to interest charges as provided by the Ordinance. The Administrator will honor a copy of the Federal automatic extension of time.

**11:04 Consolidated Returns**

- (A) 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, eighty percent (80%) of its stock must be owned by the other members of the affiliated group. A consolidated return must include all companies, which are affiliated, along with all required schedules and amount and manner of determining income subject to City Income Tax.
- (B) Once a consolidated return has been filed for any taxable year, the consolidated group must continue to file consolidated returns in subsequent years unless:
  - (1) Permission in writing is granted by the Administrator to file separate returns; or,

- (2) 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; or,
- (3) A corporate 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.

Members of a group filing consolidated returns, who then begin to file separate returns under one of the provisions contained herein, shall indicate on their separate returns the change in status and identify the previous consolidated return group.

- (C) 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 not 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.

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.

- (D) In determining the allocation factor where a corporation becomes a member of the group or ceases to be a member of the group during a taxable year, the property factor (step 1 of the formula) shall be determined on the basis of the average net book value of the property during the period such corporation was a member of the group. The rental portion of the factor, however, shall be computed at eight (8) times the annual rent. The gross receipts and wage factors shall be based on the actual figures.
- (E) 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 the parent corporation.
- (F) 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.
- (G) In determining expenses that are not allowable because they are allocable to non-taxing 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.

#### 11:05 Allocation of Net Profits by Administrator

- (A) In case of a corporation that carried on transactions with its stockholders or with other corporations related by stock ownership, interlocking directorates, or some other method, or in case any person operates a division, branch, factory, office, laboratory or activity within the City constituting a portion only of its total business, the Administrator shall require such additional information as he may deem necessary to ascertain whether net profits are properly allocated to the City.

If the Administrator finds that net profits are not properly allocated to the City by reason of transactions with stockholders or with other corporations related by stock ownership, interlocking directorates, or transactions with such division, branch, factory, office, laboratory or activity or by such other method, he shall make such allocation as he deems appropriate to produce a fair and proper allocation of net profits to the City.

11:06 **Amended Returns**

- (A) Where necessary, an amended return must be filed in order to report additional income and pay any additional tax due, or claim a refund of tax overpaid, subject to the requirements and/or limitations contained in the Ordinance. Such amended return shall be on a form obtainable on request from the Administrator. A taxpayer may not change the method of accounting or apportionment of net profits after the due date for filing the original return.
- (B) Within three (3) months from the final determination of any Federal tax liability affecting the taxpayer's City tax liability, such taxpayer shall make and file an amended City Income Tax return showing income subject to the City Income Tax based upon such final determination of Federal tax liability, and pay any additional tax shown due thereon or make claim for refund of any overpayment.

**ARTICLE 13:00 PAYMENT OF TAX**

13:01 **Payment with Return**

- (A) The payment due at the time of filing the return shall be the amount of the tax:
  - (1) withheld by the employer from employee wages pursuant to the provisions of the Ordinance;
  - (2) the amount due on a Declaration of Estimated Income Tax after taking into consideration any overpayment of previous year's tax which has not been otherwise applied, less amounts paid previously on said Declaration.
- (B) Except as otherwise provided, should the return indicate an overpayment of the tax to which the City is entitled under the provisions of the Ordinance, such overpayment may be applied against subsequent liability or at the election of the taxpayer and so indicated on the return, such overpayment (or portion thereof) shall be refunded. See Article 17:00 hereof. Provided however, that no additional taxes or refunds of less than Two Dollars (\$2.00) shall be collected or refunded.
- (C) Whenever the Ordinance or these Regulations require filing a return or payment of tax to the Administrator, such returns and/or payments shall be made directly to the City of Ontario, 555 North Stumbo Road, Ontario, OH, 44862.

13:02 **Withholding Collection at Source**

- (A) It is the duty of each employer, except as provided in the Ordinance, who employs one or more persons on a salary, wage, commission, or other compensation basis to deduct each time any such compensation is paid to an employee subject to the Ordinance, the tax at the current rate from such salary, wage, bonus, incentive payment, commission or other compensation due by said employer to said employee, together with the tax at the current rate from the tips or gratuities reported to said employer by each said employee for Social Security, Medicare or Federal Income Tax purposes and shall make a return and pay to the Tax Administrator the amount of taxes so deducted.
  - (1) The tax shall be calculated on the gross amount of all salaries, wages, bonuses, incentive payments, commissions or other form of compensation paid to employees or accrued or deferred on behalf of employees who are residents of the City regardless of the place where the services are rendered.

- (2) All compensation paid to employees or accrued or deferred on behalf of employees who are non-residents of the City for services rendered, work performed, or other activities engaged in to earn such compensation within said City.
- (B) All employers within or doing business within the City are required to make the collections and deductions in this Article specified, regardless of the fact that the services on account of which any particular deduction is required as to residents of the City were performed at a place of business of any such employer situated outside said City.

Employers who do not maintain a permanent office or place of business in the City, but who are subject to tax on net profits under the Ordinance, are considered to be employers within the City subject to the requirements of withholding.

- (C) The mere fact that tax is not withheld will not relieve the employee of the responsibility of filing a return and paying the tax on the compensation received.
- (D) All individuals, businesses, employers, brokers or others doing business who engage persons, either on a commission basis, or as independent contractors, sub-contractors, or contract employees who are not subject to withholding shall indicate the total amount of earnings, payments, commissions and bonuses to such as are residents of the City, or who do business in the City on copies of Federal Form 1099 or shall attach a list which shall indicate Social Security numbers, names, addresses and amounts paid.
- (E) In the case of employees who are non-residents of the City, the amount to be deducted is the current rate of tax on the compensation paid with respect to personal services rendered in said City.

Where a non-resident receives compensation for personal services rendered or performed partly within and partly outside the City, the withholding employer shall withhold, report and pay the tax on that portion of the compensation which is earned within said City in accordance with the following rules of apportionment:

(1) Employees Compensated on an Hourly, Daily, Weekly, or Monthly Basis

(a) General Rule

The deduction and withholding shall attach to the personal service compensation for the exact amount of pay received, for services performed in the City, when such exact amount of pay can be established. When no such exact determination of amounts earned or derived in the City is possible, the income of employees who are compensated on an hourly, daily, weekly or monthly basis must be apportioned to the City by multiplying the gross income, wherever earned, from the employment which includes employment carried on in the City, by a fraction, the numerator of which is the number of days spent working in the City and the denominator of which is the total working days (including holidays, vacation days, sick days and paid or unpaid leave) unless for travel outside the United States, should not exceed 260 days. In those cases in which the taxpayer is required to travel outside of the United States, the taxpayer must add to both the numerator and the denominator those weekend days in which the taxpayer was required to work while outside of the United States. The result is the amount of the non-resident's income allocable to the City.

(b) Apportionment Where Employee Performs Services in More than One Taxing Community Each Day

In the case of an employee compensated hourly, daily, weekly, or monthly, who regularly performs services in more than one taxing community each day, income is apportioned to the City by multiplying the gross income, wherever earned, from the employment which includes employment carried on in the City, by a fraction, the numerator of which is the number of hours spent working in the City and the denominator of which is the total number of working hours.

(2) Salesperson

If the non-resident is a salesman, agent or other employee whose compensation on the basis of commissions depends directly on the volume of business transacted by him, the deduction and withholding shall attach to the portion of the entire compensation which the volume of business transacted by the employee within the City bears to the volume of business transacted by him within and outside of said City.

(3) Real Estate Agent

In the case of employees who are non-resident real estate agents, the deduction and withholding of personal service compensation shall attach to any commission earned as a result of the employer's maintenance of an office in the taxing municipality where the contracts are approved and processed.

(4) Over the Road Drivers

Over the road intrastate drivers and other similarly situated employees reporting to a terminal, warehouse, or office in the City must have a minimum of twenty-five percent (25%) of wages withheld and allocated to the taxing municipality where the terminal, warehouse, or office is located.

(5) Self Employed Non-Residents Carrying on a Trade or Business Within the City and Elsewhere

See Article 7:00, et seq., hereof.

(6) Excluded Personal Services

The deduction and withholding obligation shall attach in the case of any personal service compensation for labor or personal services performed in the City irrespective of the residence of the employee (or, in the case of an employee entertainer, irrespective of the residence of the promoter, booking agent or lessor), the place in which the contract for the labor or service was made, or the place or time of payment, except that such compensation shall be deemed not to be income derived within the City if:

- (a) there is only occasional entry into the City by a non-resident employee who performs the regular duties for which he is employed almost entirely, or entirely outside of the City, but also enters such municipality for the purpose of receiving instruction, reporting, accounting, etc., incidental to his duties.

(7) Employee Reports

In apportioning the earnings of an employee, an employer may accept the written reports of his employee as to any of the items set forth in (1)(a), (1)(b), (2), (3), and (8) hereof. However, the employer shall be responsible for any material error in allocation as to employment within the City.

(8) Facts and Circumstances Allocation

If it is impossible to apportion the earnings as provided above, because of (a) the peculiar nature of the services of the employee or (b) the unusual basis of compensation, apportionment shall be made in accordance with the facts and the tax deducted and withheld accordingly. With respect to each such employee (or group of employees similarly or identically circumstanced) the employer shall furnish the Administrator a detailed statement of facts.

(F) No person shall be required to withhold tax on the following payments:

- (1) Wages or other compensation paid for domestic services performed by an employee in or about such person's residence which is the fixed place or abode of an individual or family or a local chapter of a college fraternity or sorority.

- (a) Domestic services within the exception include services performed by cooks, waiters, butlers, housekeepers, governess', maids, valets, baby-sitters, janitors, laundresses, caretakers, handymen, gardeners, grooms, and chauffeurs of automobiles for family use.
  - (b) If a dwelling house is used primarily as a boarding or lodging house for the purpose of supplying board or lodging to the public as a business enterprise, it is not a private residence and the wages or other compensation paid for services performed therein is not within the exception.
  - (c) Wages or other compensation for domestic services is not within the exception if performed in or about rooming, lodging or boarding houses, clubs, hotels, hospitals, charities, or commercial offices or establishments.
- (2) Wages or other compensation for services in delivery or distribution of newspapers, shopping news (including handbills and other similar types of advertising material) or magazines by an employee under the age of 18.

Any employee whose wages or other compensation are exempt from withholding under this section shall be subject to all of the requirements of the Ordinance and Regulations.

**13:03 Collection at Source: Return and Payment of Tax Withheld and Status of Employers**

- (A) Every employer is deemed to be a Trustee of the City 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. The dissolution, bankruptcy, or reorganization of any such employer does not discharge an employer's liability for a prior failure of such business to file a return or pay taxes due. An officer, agent or employee of an organization may be prosecuted for an offense committed by such organization, if he acts with the kind of culpability required for the commission of the offense, and any of the following apply:
- (1) in the name of the organization or on its behalf, he engages in conduct constituting the offense, or causes another to engage in such conduct, or tolerates such conduct when it is of a type for which he has direct responsibility;
  - (2) he has primary responsibility to discharge a duty imposed on the organization by law, and such duty is not discharged.

Except as otherwise provided, every such employer required to deduct and withhold the tax at the source is liable directly to the City for the payment of such tax, whether actually collected by such employer or not.

Any tax deducted and withheld is to be considered paid to the City whether or not the employer actually remits the tax to the City for purposes of determining employee payments or credits.

- (B) The deduction from salaries, wages and other compensation required to be made by employers are to begin with compensation earned on and after the effective dates of the Income Tax Ordinance.

The first return and payment required to be made, on account of such deductions shall be made, filed and paid to the Administrator by the 15<sup>th</sup> of the month following the close of the quarter, except as provided for in subparagraph (a) and (b) hereof.

Monthly reporting and remittances are required by the Tax Ordinance when the amount of tax withheld is fifty dollars (\$50.00) or more.

- (1) An employer who deducts the tax in the amount as specified in the Ordinance in the first or second month of a calendar quarter shall, on or before the 15<sup>th</sup> day of the following month, pay to the Administrator the amount of taxes so deducted.



(2) Such employer who makes payments on a monthly basis for the first two months of a calendar quarter shall pay such tax deducted for the third month of a calendar year on or before the 15<sup>th</sup> day of the following month to the Administrator.

(C) 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 Administrator, depending upon the circumstances and is determined as follows:

(1) Current Employees

- (a) If the over-withholding is discovered in the same monthly/quarterly period, the employer shall make the necessary adjustment directly with the employee and the amount to be reported on the monthly/quarterly return as withheld shall be the corrected amount;
- (b) If the over-withholding is discovered in a subsequent month or quarter of the same calendar year, the employer may make proper adjustment with the employee. In such case, the return for the month or quarter in which the adjustment is made shall reflect the total amount actually withheld for the month or quarter and the amount of the adjustment deducted therefrom.
- (c) If the over-withholding is discovered in the following year, the employer should notify the Administrator of such over-withholding and the circumstances thereof. Upon proper verification, the Administrator shall credit or refund to the employer the amount of such excess withholding.

(2) Former Employees:

- (a) In case too much has been withheld from an employee who is no longer employed by the employer, the employer shall notify the Administrator of the amount and circumstances of such over-withholding; and, the Administrator after verification, shall then refund to the employee the amount of such excess withholding; or,
- (b) If the error is discovered by the employee, such employee shall file a claim with the Administrator; and, upon verification thereof by the employer, the Administrator shall refund to the employee the amount of such excess withholding.

(3) Voluntary Withholding: (a withholding not required to be deducted by the Ordinance):

- (a) In the event of an employer withholding tax as a voluntary withholding, and it is determined the employee is not a resident of the City, the employer shall notify the Administrator of the amount and circumstances of such incorrect withholding; and, the Administrator, after verification, shall then refund to the employer the amount of such incorrect withholding. The employer shall then refund to the employee the total amount of tax withheld in error.

(D) Insufficient Withholding

If less than the amount of tax required to be deducted is withheld from an employee, such deficiency shall be withheld from subsequent wages paid in the same calendar year. However, if the employee-employer relationship has terminated, or if the deficiency was from a prior year, the employer shall notify the Administrator of such deficiency, the reason therefore, and in a separate return pay the withholding deficiency. (Article 13:03A) and Section Collection at Source of the Ordinance.

(E) On or before the last day of January, following any calendar year in which such deductions have been made by any employer, such employer shall file with the Administrator, in the form prescribed by the Administrator, an information return for each employee from whom Municipal Income Tax has been withheld; and, specifying the municipality for whom the tax has been withheld showing all information required by the Federal Government on Federal Form W-2 or its equivalent. Information returns must also be submitted for each person receiving payments on a commission or fee basis as non-employees.

- (F) In addition to such information returns, and at the time the same are filed, such employer shall file with the Administrator Form W-3 to enable the Administrator to reconcile the sum total of compensation paid and taxes withheld as disclosed by the total of the W-2's. The W-3 shall also reconcile to prior remittances and returns filed by the employer for such tax year with respect to taxes withheld.
- (G) 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 (1/2) cent or more, in which case it shall be increased to one (1) cent.

**13:04 Declaration of Estimated Tax (Tax on Income Not Collected at Source)**

(A) Requirement of Filing

- (1) A Declaration of Estimated Tax shall be filed by every taxpayer who anticipates receiving taxable income not subject to withholding unless said taxpayer estimates in good faith that said income will be less than twenty thousand dollars (\$20,000) per year.
- (2) 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, or he may use the same figures used for estimating the Federal Income Tax adjusted to exclude any income or deductions not taxable or permissible under the City Income Tax Ordinance. 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) See Section 191.07 of the Ordinance.

(C) Forms of Filing

- (1) (a) Such Declaration of Estimated Tax shall be filed on a form furnished by or obtainable from the Administrator; (b) Should the Declaration of Estimated Tax indicate an overpayment, such overpayment shall not be refunded until the final return has been filed.
- (2) The original estimate of tax liability or any subsequent amendment thereof may be increased or decreased by filing an amended Declaration of Estimated Tax on or before any payment dates as set forth in Article 13:04 D hereof. Such amendment may be made on the Form EP.

(D) Date of Payments

- (1) See Section 191.08 of the Ordinance.

(E) Final Returns Required

The filing of a Declaration of Estimated Tax does not relieve the taxpayer of the necessity of filing a final return even though there is no change in the declared tax liability. A final return must be filed to obtain a refund of any overpayment of over two dollars (\$2.00).

**ARTICLE 15:00 INTEREST AND PENALTIES (See Section 191.09 of the Ordinance.)**

**15:01 Violations**

- (A) See Section 191.09 of the Ordinance.

15:02 **Limitations on Prosecution**

- (A) Civil actions to recover municipal income taxes and penalties and interest on municipal income taxes shall be brought within three (3) years after the tax was due or the return was filed, whichever is later.
- (B) Prosecutions under the 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.

15:03 **Failure to Receive Forms No Excuse**

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

**ARTICLE 17:00 COLLECTION OF UNPAID TAXES AND REFUNDS OF OVERPAYMENTS**

17:01 **Unpaid Taxes Recoverable as Other Debts**

- (A) All taxes imposed by the Ordinance and not paid when due become, together with interest and penalties thereon, a debt due the City from the taxpayer and are recoverable as are other debts by civil suit. Employers who are required, under Section 13:02 (Collection at Source) of these Rules and Regulations, to withhold and remit the taxes required to be withheld at the source, and who fail to withhold and/or remit, become liable to the City in a civil action to enforce the payment of the debt created by such failure.
- (B) No additional assessment shall be made by the Administrator after three (3) years from the time the return was due or dated, whichever is later. Provided, however, there shall be no period of limitation on such additional assessments in the case of a return that omits a substantial portion of income, or filing a false or fraudulent return to evade payment of the tax, or failure to file a return. Failure to report twenty-five percent (25%) or more of gross income shall be considered an omission of a substantial portion of income subject to this tax.
- (C) In those cases in which the Commissioner of the Internal Revenue Service and the taxpayer have executed a waiver of the Federal Statute of Limitations, the period within which an assessment may be made by the Administrator is extended to one (1) year from the time of final determination of Federal tax liability.

17:02 **Refunds of Taxes Erroneously Paid**

- (A) Taxes erroneously paid shall not be refunded or credited unless a claim for refund is made within three (3) years from the time of payment thereof, or within three (3) months after final determination of the Federal tax audit.

A Federal adjustment must have a direct effect on items subject to City tax to extend the statute.

Based on the three (3) year Statute of Limitations, taxpayers required to file an annual return must use April 15<sup>th</sup> as the due date of the return.

- (B) No refund or credit shall be made to any taxpayer until he has complied with all provisions of the Ordinance and has furnished all information required by the Administrator.
- (C) Overpayments will be either refunded or credited to the taxpayer's current year's liability at his option. Where no election has been made by the taxpayer, overpayments of any year's taxes shall be applied as follows:
  - (1) To taxes, penalty and interest owed for any previous years in the order in which such become due.
  - (2) To his current estimated tax liability.

17:03 **Limitation**

- (A) Where the total amount due or refund claim for a tax year is less than Two Dollars (\$2.00) such amount shall not be collected or refunded.

17:04 **Erroneous Refund Recovery**

- (A) The Tax Administrator may sue for recovery of an erroneous refund provided such suit is begun three (3) years after making such refund, except that the suit may be brought six (6) years if any part of the refund was induced by fraud or misrepresentation of material fact.

**ARTICLE 19:00 TAXPAYER RELIEF**

19:01 **Residents of City: Credit for Tax Paid to Another Municipality shall be in Accordance with Section 191.11 of the Ordinance.**

- (A) In the event a resident is entitled to credit for taxes paid another municipality, such resident is required to file a return in such manner as the Administrator may prescribe.

If a taxpayer receives a refund or credit claimed for another municipality, they must file an amended return within thirty (30) days.

In the event such resident fails, neglects or refuses to file such return or form as is prescribed by the Administrator, he shall not be entitled to such credit and shall be considered in violation of this Title for failure to file a return and make payment of taxes due thereunder.

**ARTICLE 21:00 DISBURSEMENT OF RECEIPTS AND TAX COLLECTIONS**

21:01 **Disbursement of Funds Collected: Refer to Ordinance.**

**ARTICLE 23:00 DUTIES AND AUTHORITY OF THE TAX ADMINISTRATOR**

23:01 **Duty to Receive Tax Imposed.**

- (A) It shall be the duty of the Administrator to receive the tax imposed by the Ordinance in the manner prescribed herein from the taxpayers; to keep an accurate record thereof; and, report all money so received.

23:02 **Duty to Enforce Collection**

- (A) It shall be the duty of the Administrator to enforce payment of all taxes owed to the City; and, to keep accurate records for a minimum of five (5) years showing the amount due from each taxpayer required to file a declaration and make any return, or both, including taxes withheld and show the date and amounts of payments thereof.

23:03 **Authority to Make and Enforce Regulations**

- (A) The Administrator is charged with the administration and enforcement of the provisions of the Ordinance and is, subject to the approval of the Board of Review, hereby empowered to adopt and promulgate and to enforce Rules and Regulations in relation to any matter or thing pertaining to the administration and enforcement of the Ordinance. The Administrator has the authority to correct or adjust any return submitted, when a correction or adjustment is necessary to accomplish the intent of the Ordinance.

- (B) Any taxpayer or employer desiring a special ruling on any matter pertaining to the Ordinance or these Rules and Regulations, should submit to the Administrator in writing, all the facts involved and the ruling sought.
- (C) These Regulations, together with all amendments and supplements hereto and all charges herein, will be on file at the office of the Administrator and will be open to public inspection at 555 North Stumbo Road, Ontario, Ohio, during normal business hours.

**23:04 Authority to Arrange Installment Payments**

- (A) Except as otherwise provided in these Regulations, the Administrator is authorized to arrange for the payment of unpaid taxes, interest and penalties on a schedule of installment payments, when the taxpayer has proved to the Administrator that, due to certain hardship conditions, he is unable to pay the full amount of the tax due. Such authorization shall not be granted until proper returns are filed by the taxpayer for all amounts owed by him under this Chapter.
- (B) Failure to make deferred payment when due, shall cause the total unpaid amount, including penalty and interest, to become payable on demand, and the provisions of the Chapter pertaining to penalties and interest and collections of unpaid taxes of the Income Tax Ordinance shall apply.

**23:05 Authority to Determine Amount of Tax Due**

- (A) Whenever the Administrator has been unable to secure information from the taxpayer as to his taxable income from any year, or the taxpayer has filed a return which does not show the proper amount of tax due, he 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 in the Income Tax Ordinance.
- (B) Such determination of tax may be adjusted upon submission by the taxpayer of actual records from which his tax may be computed.

**23:06 Authority to Make Investigations**

- (A) The Administrator, or any authorized employee, is authorized to examine the books, papers, records and Federal Income Tax returns of any employer, taxpayer or person subject to, or whom the Administrator believes is subject to the provisions of this Chapter, for the purpose of verifying the accuracy of any return made; or, if no return was made, to ascertain the tax due under the Ordinance.
- (B) An employer or taxpayer shall furnish within ten (10) days following a written request by the Administrator, or his duly authorized agent or employee, the means, facilities and opportunity for making such examinations and investigations as are hereby authorized by this Ordinance.

**23:07 Authority to Compel Production of Records**

- (A) The Administrator, or any person acting in his capacity, is authorized to examine any person under oath concerning income which was, or should have been returned for taxation or any transaction tending to affect such income. The Administrator may compel the production of books, papers, records and Federal Income Tax returns and the attendance of all persons before him, whether as parties or witnesses, whenever he believes such persons have knowledge of the facts concerning any supposed income or supposed transaction of the taxpayer.
- (B) The Administrator's order to examine any document mentioned in the preceding paragraph shall state whether the examination is to be at the office of the taxpayer or at the office of the Administrator.
- (C) The Administrator may order the appearance before him, or his duly authorized agent, or any party whom he believes to have any knowledge of a taxpayer's income or withholdings, or any information pertaining to the taxpayer under investigation, whether or not the individual so ordered has actual custody of the records of the taxpayer being investigated. The Administrator is specifically authorized to order the appearance of the local manager or representative of any taxpayer.

- (D) Persons required to attend any hearing shall be notified not less than ten (10) days prior to the time of the hearing. The notice shall show the time and place of the hearing and what books, paper or records the witness is to make available at such hearing.
- (E) The notice shall be served by the Administrator, or his duly authorized agent, by delivering it to the person named personally, or by leaving the notice at his usual place of business or residence, or by mailing it to the person by first class mail, addressed to his usual place of business or residence.

23:08 **Refusal to Produce Records**

- (A) Refusal by any employer, supposed employer, taxpayer or supposed taxpayer, or the refusal of any such person to appear before the Administrator or his duly authorized agent, to submit to such examination or to produce the records requested constitutes a misdemeanor punishable by fine or imprisonment, or both, as prescribed by the violation provisions of the Ordinance.

23:09 **Taxpayer Required to Retain Records**

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

23:10 **Inconsistency and Invalidity**

- (A) That in the event of an inconsistency between the Ordinance and these Regulations, the Ordinance shall prevail.
- (B) In the event that any section of these Regulations shall be determined to be invalid, such invalidity shall not affect any other section of these Regulations.

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LORI M. CORWIN  
 INCOME TAX OFFICE MANAGER  
 CITY OF ONTARIO

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SHIRLEY A. BOWMAN  
 AUDITOR/INCOME TAX ADMINISTRATOR  
 CITY OF ONTARIO

INCOME TAX  
 BOARD OF REVIEW

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