

5703-3-15

Allowances of reserves against accounts receivable.

Any taxpayer, whether individual, fiduciary or corporation, whose accounts of assets and liabilities are kept in such a way as to show accounts receivable and notes receivable as assets at face value, with proper reserves for bad debts and the like, may, in setting forth the total amount of accounts receivable, arrive at the amount thereof by deducting from the total amount of accounts receivable as per books, the total amount of such reserve or reserves; provided that in case such reserve or reserves are carried against all the accounts or notes receivable, the deductible portion of such reserves shall be the same proportion thereof as current accounts receivable (payable on demand or within one year from date of inception) bears to total accounts receivable.

In arriving at the amount of current accounts receivable and prepaid items used and arising out of business outside of Ohio, such proportion of the net deductible reserves, etc., as defined in the preceding paragraph, shall be deducted from the face value of foreign accounts receivable and prepaid items as the accounts receivable arising out of business transacted outside of Ohio bears to total accounts receivable.