

Municipal Income Tax for Electric Light Companies and Telephone Companies

Taxpayer

Taxpayers include electric light companies – meaning electric companies and certain marketers and brokers of electricity – as well as local exchange telephone companies.

Tax Base

The starting point for determining Ohio municipal income tax is federal taxable income subject to certain adjustments.

A taxpayer's adjusted federal taxable income is first multiplied by its Ohio apportionment ratio to determine Ohio income. Then, for each municipality which has enacted a municipal income tax and in which the taxpayer is subject to the tax, Ohio income is multiplied by the taxpayer's municipal apportionment ratio for that municipality to determine income subject to the municipal income tax in that municipality.

Rates

Electric light companies and telephone companies pay tax for each municipality in which they have taxable nexus at the tax rate in effect for that municipality on the first day of January of the taxable year.

Revenue

(In Millions)

Fiscal Year	To Municipalities	Admin. Fund	Total
2006	\$36.1	\$0.6	\$36.7
2007	36.1	0.5	36.6
2008	45.7	0.7	46.4
2009	27.9	0.4	28.3
2010	19.0	0.3	19.3

Disposition of Revenue

The Department of Taxation is responsible for the collection of tax and the distribution of funds to the individual municipalities, less an administrative fee.

Payment Dates

Quarterly estimated tax payments are due on the 15th day of April, June, September and

December. Annual returns are due April 15 unless an extension is granted.

Special Provisions/Credits

Overpayments shown on the original report are credited to the next year tax's liability. Overpayments are refunded only if the Tax Commissioner finds that the overpayment is likely to exceed the amount of estimated taxes payable by the taxpayer to that municipality during the ensuing 12 months. The Tax Commissioner will notify the municipality, and the municipality will issue the refund of the excess, including the administrative fee, to the taxpayer within 90 days after receiving such a notice.

Sections of Ohio Revised Code

Chapter 5745.

Responsibility for Administration

Tax Commissioner.

History of Major Changes

- 2000** House Bill 483 creates a uniform municipal income tax for electric light companies in Chapter 5745 effective Jan. 1, 2002. Later that year, Senate Bill 287 clarifies uniform procedures for computing and apportioning municipal taxable income.
- 2003** House Bill 95 places local exchange telephone companies in the Chapter 5745 municipal income tax for taxable years beginning on or after Jan. 1, 2004.
- 2007** Ohio Revised Code section 5745.13 is amended to clarify that the Department of Taxation is required to notify a municipality of the department's adjustment to a particular taxpayer's tax for that municipality only if the adjustment increases or decreases the taxpayer's tax **for that municipality** for the taxable year by more than \$500.

Comparisons with Other States

(As of January, 2008)

None of the comparison states has a similar municipal income tax for electric light companies and telephone companies.