

	TITLE NINE – Taxation
Chap. 181.	Income Tax.
Chap. 183.	Motor Vehicle License Tax.

CHAPTER 181 Income Tax

EDITOR'S NOTE: Rules and regulations pertaining to the administration and enforcement of the Municipality's Earned Income Tax, codified as Chapter 181 herein, as issued by the Administrator pursuant to Section 181.08, were adopted by Council on March 11, 1969, by passage of Resolution 7-69 and are on file in the Administrator's office in the Municipal Building.

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CROSS REFERENCES

Power to levy income tax – see Ohio Const., Art. XVIII, Sec. 3
 Payroll deductions – see Ohio R.C. 9.42
 Municipal income taxes – see Ohio R.C. Ch. 718
 State income tax – see Ohio R.C. Ch. 5747
 Motor vehicle license tax – see ADM. Ch. 183

181.01 PURPOSE.

(a) To provide funds for the purposes of general Municipal operations, maintenance, new equipment, extension and enlargement of Municipal services and facilities and capital improvements of the Municipality, there shall be, and is hereby levied a tax on salaries, wages, commissions and other compensation, and on net profits as hereinafter provided.

(b) To provide funds for the purpose of providing and maintaining fire apparatus, appliances, buildings, or sites therefor, or sources of water supply and materials therefor, or the establishment and maintenance of lines for fire alarm telegraph for the Municipality there shall be, and is hereby levied a tax on salaries, wages, commissions and other compensation, and on net profits as hereinafter provided.

(Ord. 16-87. Passed 7-14-87.)

181.02 DEFINITIONS.

As used in this chapter, the following words shall have the meaning ascribed to them in this section, except as and if the context clearly indicates or requires a different meaning.

- (a) "Administrator" means the individual designated in Section 181.08 to administer and enforce the provisions of this chapter.
- (b) "Association" means a partnership, limited partnership, or any other form of unincorporated enterprise, owned by two or more persons.
- (c) "Board of Review" means the Board created by and constituted as provided in Section 181.13.
- (d) "Business" means an enterprise, activity, profession or undertaking of any nature conducted for profit, whether by an individual, partnership, limited partnership, association, corporation or any other entity.
- (e) "Corporation" means a corporation 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.
- (f) "Employee" means an individual whose earnings are subject to the withholding of Federal Income Tax or Social Security Tax.
- (g) "Employer" means an individual, partnership, limited partnership, association, corporation, governmental body, unit or agency, or any other entity, whether or not organized for profit, who or that employs one or more persons on a salary, wage, commission or other compensation basis.
- (h) "Fiscal year" means an accounting period of twelve months or less ending on any day other than December 31.
- (i) "Gross receipts" means the total income from any source whatsoever.
- (j) "Net profits" means a net gain from the operation of a business, profession, enterprise or other activity after provision for all ordinary and necessary expenses either paid or accrued in accordance with the accounting system used by the taxpayer for Federal income tax purposes, without deduction of taxes imposed by this chapter, Federal, state and other taxes based on income; and in the case of an association without deduction of salaries paid to partners, and other owners; and otherwise adjusted to the requirements of this chapter.

- (k) "Nonresident" means an individual domiciled outside the Municipality.
- (l) "Nonresident unincorporated business entity" means an unincorporated business entity not having an office or place of business within the Municipality.
- (m) "Person" means every natural person, partnership, limited partnership, fiduciary, association or corporation. Whenever used in any clause prescribing and imposing a penalty, the term "person" as applied to any unincorporated entity, shall mean the partners or members thereof, and as applied to corporations, the officers thereof.
- (n) "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.
- (o) "Resident" means an individual domiciled in the Municipality.
- (p) "Resident unincorporated business entity" means an unincorporated business entity having an office or place of business within the Municipality.
- (q) "Taxable income" means wages, salaries and other compensation paid by an employer or employers before any deductions and/or the net profits from the operation of a business, profession or other enterprise or activity adjusted in accordance with the provisions of this chapter.
- (r) "Taxable year" means the calendar year, or the fiscal year upon the basis of which net profits are to be computed under this chapter 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.
- (s) "Taxpayer" means a person, whether an individual, partnership, limited partnership, association or any corporation or other entity, required hereunder to file a return or pay a tax.

The singular shall include the plural, and the masculine shall include the feminine and the neuter.

(Ord. 6-69. Passed 3-11-69.)

181.03 IMPOSITION OF TAX.

(a) Subject to the provisions of Section 181.15, an annual tax for the purposes specified in Section 181.01(a) hereof shall be imposed on and after April 1, 1986, at the rate of one percent (1%) per annum, and an additional annual tax for the purposes specified in Section 181.01(b) hereof shall be imposed on and after January 1, 1988, for a period of five years at the rate of two-tenths of one percent (.2%) per annum upon the following:

(Ord. 16-87. Passed 7-14-87.)

- (1) On all salaries, wages, commissions and other compensation earned on and after April 1, 1969, by residents of Minerva.
- (2) On all salaries, wages, commissions and other compensation earned on and after April 1, 1969, by nonresidents for work done or services performed or rendered in Minerva.

- (3) A. On the portion attributable to Minerva of the net profits earned on or after April 1, 1969, of all resident unincorporated businesses, professions or other entities, derived from sales made, work done, services performed or rendered and business or other activities conducted in Minerva.
 - B. On the portion of the distributive share of the net profits earned on and after April 1, 1969 of a resident partner or owner of a resident unincorporated business entity not attributable to Minerva and not levied against such unincorporated business entity.
 - (4) A. On the portion attributable to Minerva of the net profits earned on and after April 1, 1969, of all nonresident unincorporated businesses, professions or other entities, derived from sales made, work done or services performed or rendered and business or other activities conducted in Minerva, whether or not such unincorporated business entity has an office or place of business in Minerva.
 - B. On the portion of the distributive share of the net profits earned on and after April 1, 1969, of a resident partner or owner of a nonresident unincorporated business entity not attributable to Minerva and not levied against such unincorporated business entity.
 - (5) On the portion attributable to Minerva, of the net profits earned on and after April 1, 1969, of all corporations derived from sales made, work done, services performed or rendered and business or other activities conducted in Minerva, whether or not such corporations have an office or place of business in Minerva.
- (b) The portion of the net profits attributable to Minerva of a taxpayer conducting a business, profession or other activity both within and without the boundaries of Minerva shall be determined as provided in Ohio R.C. 718.02 and in accordance with the rules and regulations adopted by Council pursuant to this chapter.
- (c) **Operating Loss Carry-Forward.**
- (1) The portion of a net operating loss sustained in any taxable year subsequent to April 1, 1969, allocable to Minerva may be applied against the portion of the profit of succeeding year(s) allocable to Minerva, until exhausted but in no event for more than five taxable years. No portion of a net operating loss shall be carried back against net profits of any prior year.
 - (2) The portion of a net operating loss sustained shall be allocated to Minerva in the same manner as provided herein for allocating net profits to Minerva.
 - (3) The Administrator shall provide by rules and regulations the manner in which such net operating loss carry-forward shall be determined.

(d) Exception. The tax provided for herein shall not be levied upon the military pay or allowances of members of the armed forces of the United States, or upon the net profits of any civic, charitable, religious, fraternal or other organization specified in Ohio R.C. 718.01 to the extent that such net profits are exempted from municipal income taxes under such section.
(Ord. 6-69. Passed 3-11-69.)

181.04 EFFECTIVE PERIOD.

The tax shall be levied, collected and paid with respect to the salaries, wages, commissions and other compensations, and with respect to the net profits of businesses, professions or other activities earned on and after April 1, 1969.
(Ord. 6-69. Passed 3-11-69.)

181.05 RETURN AND PAYMENT OF TAX; AMENDED RETURNS.

(a) Each taxpayer, except as herein provided, shall, whether or not a tax be due thereon, make and file a return on or before April 30 of the year following the effective date of this chapter, and on or before April 30 of each year thereafter. When the return is made for a fiscal year or other period different from the calendar year, the return shall be filed within four months from the end of such fiscal year or period. The Administrator is hereby authorized to provide by regulation that the return of an employer or employers showing the amount of tax deducted by such employer or employers from the salaries, wages, commissions or other compensation of a nonresident employee shall be accepted as the return required.
(Ord. 51-93. Passed 12-21-93.)

(b) The return shall be filed with the Administrator on a form or forms furnished by or obtainable upon request from such Administrator setting forth:

- (1) The aggregate amounts of salaries, wages, commissions and other compensation earned and gross income from business, profession or other activity, less allowable expenses incurred in the acquisition of such gross income earned during the preceding year and subject to such tax;
- (2) The amount of the tax imposed by this chapter on such earnings and profits;
- (3) Such other pertinent statements, information returns, or other information as the Administrator may require.

(c) The Administrator may extend the time for filing of the annual return upon the request of the taxpayer for a period of not to exceed six months, or one month beyond any extension requested of or granted by the Internal Revenue Service for the filing of the Federal income tax return. The Administrator may require a tentative return, accompanied by payment of the amount of tax shown to be due thereon by the date the return is normally due. No penalty or interest shall be assessed in those cases in which the return is filed and the final tax paid within the period as extended.

- (d) (1) The taxpayer making a return shall, at the time of the filing thereof, pay to the Administrator the amount of taxes shown as due thereon; provided, however, that where any portion of the tax so due shall have been deducted at the source pursuant to the provisions of Section 181.06, or where any portion of such tax shall have been paid by the taxpayer pursuant to the provisions of Section 181.07, or where an income tax has been paid to another municipality, credit for the amount so paid in accordance with Section 181.15, shall be deducted from the amount shown to be due and only the balance, if any, shall be due and payable at the time of filing such return.
- (2) A taxpayer who has overpaid the amount of tax to which the Municipality is entitled under the provisions of this chapter may have such overpayment applied against any subsequent liability hereunder or, at his election indicated on the return, such overpayment, or part thereof, shall be refunded, provided that no additional taxes or refunds of less than one dollar (\$1.00) shall be collected or refunded.
- (e) (1) 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 Sections 181.11 and 181.15. Such amended returns 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.
- (2) Within three months from the final determination of any Federal tax liability affecting the taxpayer's Minerva tax liability, such taxpayer shall make and file an amended Minerva return showing income subject to the Minerva 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.
(Ord. 6-69. Passed 3-11-69.)

181.06 COLLECTION AT SOURCE.

(a) In accordance with rules and regulations prescribed by the Administrator, each employer within or doing business within Minerva shall deduct, at the time of the payment of such salary, wage, commission or other compensation, the tax provided for in Section 181.03 on the gross salaries, wages, commissions or other compensation due by the employer to an employee and shall, on or before the last day of the month following the close of each calendar quarter make a return and pay to the Administrator the amount of taxes so deducted. Such returns shall be on a form or forms prescribed by or acceptable to the Administrator and shall be subject to the rules and regulations prescribed therefor by the Administrator. Such employer shall be liable for the payment of the tax required to be deducted and withheld, whether or not such taxes have in fact been withheld.

(b) Such employer in collecting the tax shall be deemed to hold the same, until payment is made by such employer to Minerva, as a trustee for the benefit of Minerva and any such tax collected by such employer from his employees shall, until the same is paid to Minerva, be deemed a trust fund in the hands of such employer.

(c) Provided, however, that no person shall be required to withhold the tax on the wages or other compensation paid domestic servants employed exclusively in or about such person's residence.
(Ord. 6-69. Passed 3-11-69.)

181.07 DECLARATIONS.

(a) Every person who anticipates any taxable income which is not subject to Section 181.06, or who engages in any business, profession, enterprise, or activity subject to the tax imposed by Section 181.03 shall file a declaration setting forth such estimated income or the estimated profit or loss from such business activity together with the estimated tax due thereon, if any; provided, however, if a person's income is wholly from wages from which the tax will be withheld and remitted to Minerva in accordance with Section 181.06, such person need not file a declaration.

(b) (1) Such declaration shall be filed on or before April 30 of each year during the life of this chapter, or within four months of the date the taxpayer becomes subject to tax for the first time.

(2) Those taxpayers reporting on a fiscal year basis shall file a declaration within four months after the beginning of each fiscal year or period.

(c) (1) Such declaration shall be filed upon a form furnished by, or obtainable from, the Administrator, provided, however, credit shall be taken for Minerva tax to be withheld from any portion of such income. In accordance with the provisions of Section 181.15, credit may be taken for tax to be paid to or to be withheld and remitted to another taxing municipality.

(2) The original declaration, or any subsequent amendment thereof, may be increased or decreased on or before any subsequent quarterly payment date as provided for herein.

(d) Such declaration of estimated tax to be paid Minerva shall be accompanied by a payment of at least one-fourth of the estimated annual tax and at least a similar amount shall be paid on or before the last day of the sixth, ninth and twelfth months after the beginning of the taxable year. Provided, however, that in case an amended declaration has been filed, the unpaid balance shown due thereon shall be paid in equal installments on or before the remaining payment dates.

(e) On or before the last day of the fourth month of the year following that for which such declaration or amended declaration was filed, an annual return shall be filed and any balance which may be due the Municipality shall be paid therewith in accordance with the provisions of Section 181.05.
(Ord. 6-69. Passed 3-11-69.)

181.08 DUTIES OF ADMINISTRATOR.

- (a) (1) It shall be the duty of the Administrator to receive the tax imposed by this chapter in the manner prescribed herein from the taxpayers; to keep an accurate record thereof; and to report all moneys so received.
- (2) The taxes imposed and levied pursuant to the provisions of this chapter shall be administered by an Administrator, appointed by Council, and such other employees as may be from time to time determined by Council, and they shall receive such salary as may be determined by Council.
- (3) It shall be the duty of the Administrator to enforce payment of all taxes owing Minerva, to keep accurate records for a minimum of five years showing the amount due from each taxpayer required to file a declaration and/or make any return including taxes withheld, and to show the dates and amounts of payments thereof.

(b) The Administrator is hereby charged with the enforcement of the provisions of this chapter, and is hereby empowered, subject to the approval of the Board of Review, to adopt and promulgate and to enforce rules and regulations relating to any matter or thing pertaining to the collection of taxes and the administration and enforcement of the provisions of this chapter, including provisions for the re-examination and correction of returns.

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.

Failure to make any deferred payment when due, shall cause the total unpaid amount, including penalty and interest, to become payable on demand and the provisions of Sections 181.11 and 181.12 shall apply.

(c) In any case where a taxpayer has failed to file a return or has filed a return which does not show the proper amount of tax due, the Administrator may determine the amount of tax appearing to be due Minerva from the taxpayer and shall send to such taxpayer a written statement showing the amount of tax so determined, together with interest and penalties thereon, if any.

(d) Subject to the consent of the Board of Review or pursuant to regulation approved by such Board, the Administrator shall have the power to compromise any interest or penalty, or both, imposed by Section 181.10.

(Ord. 6-69. Passed 3-11-69.)

**181.09 INVESTIGATIVE POWERS OF THE ADMINISTRATOR;
PENALTY FOR DIVULGING CONFIDENTIAL INFORMATION.**

(a) The Administrator, or any authorized employee, is hereby authorized to examine the books, papers, records and Federal income tax returns of any employer or of any 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 this chapter. Every such employer, supposed employer, taxpayer or supposed taxpayer is hereby directed and required to furnish upon 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.

(b) The Administrator is hereby authorized to order any person presumed to have knowledge of the facts to appear before him and may examine such person, under oath, concerning any income which was or should have been returned for taxation or any transaction tending to affect such income, and for this purpose 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 such income or information pertinent to such inquiry.

(c) The refusal to produce books, papers, records and Federal income tax returns, or the refusal to submit to such examination by any employer or person subject or presumed to be subject to the tax or by any officer, agent or employee of a person subject to the tax or required to withhold tax or the failure of any person to comply with the provisions of this section or with an order or subpoena of the Administrator authorized hereby shall be deemed a violation of this chapter, punishable as provided in Section 181.12.

(d) Any information gained as the result of any returns, investigations, hearings or verifications required or authorized by this chapter shall be confidential, except for official purposes, or except in accordance with proper judicial order. Any person divulging such information in violation of this chapter, shall, upon conviction thereof, be deemed guilty of a misdemeanor and shall be subject to a fine or penalty of not more than five hundred dollars (\$500.00) or imprisoned for not more than six months, or both. Each disclosure shall constitute a separate offense.

In addition to the above penalty, any employee of the Municipality who violates the provisions of this section relative to the disclosure of confidential information shall be guilty of an offense punishable by immediate dismissal.

(e) Every taxpayer shall retain all records necessary to compute his tax liability for a period of five years from the date his return is filed, or the withholding taxes are paid.

(Ord. 6-69. Passed 3-11-69.)