(3) Gross receipts of the business or profession from sales made and services performed during the taxable period in such municipal corporation to gross receipts of the business or profession during the same period from sales and services, wherever made or performed. In the event that the foregoing allocation formula does not produce an equitable result another basis may, under uniform regulations be substituted so as to produce such result.

(B) As used in division (A) if this section "sales made in a municipal corporation" means:

(1) All sales of tangible personal property which is delivered within such municipal corporation regardless of where title passes if shipped or delivered from a stock of goods within such municipal corporation;

(2) All sales of tangible personal property which is delivered within such municipal corporation regardless of where title passes even though transported from a point outside such municipal corporation if the taxpayer is regularly engaged through its own employees in the solicitation or promotion of sales within such municipal corporation and the sales result from such solicitation or promotion;

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

The business allocation percentage is computed by determining the percentages (a) which Smithville real and tangible personal property bears to all real and tangible personal property (including that situated in Smithville) of taxpayer wheresoever situated; (b) which Smithville business sales bear to taxpayer's entire business sales wheresoever derived (including those derived from Smithville); and (c) which payrolls paid by taxpayer within Smithville bear to taxpayer's entire payroll wheresoever paid (including Smithville payrolls); adding together the three percentages so arrived at, then dividing the total by three. However, if one of the factors (property, sales or payrolls) is missing, the other two percentages are added and the sum is divided by two, and if two of the factors are missing, the remaining percentage is the business allocation percentage.

EXAMPLE 1:

Corporation having places of business in Smithville, Detroit and Cleveland.

Smithville real and tangible personal property $10,000. All real and personal property (Smithville, Detroit and Cleveland) $100,000. Percentage: 10%.

Smithville Sales $15,000. All sales $75,000. Percentage 20%.

Smithville payroll $6,000. All payroll $20,000. Percentage: 30%.

Business Allocation Percentage: 10% plus 20% plus 30%

$\frac{\text{---}}{3}$ equals 20%.

EXAMPLE 2:

Same corporation owning no real or tangle personal property, anywhere. Smithville sales $15,000. All sales $75,000. Percentage: 20%.

Smithville payroll $6,000. All payroll $20,000. Percentage: 30%.

Business Allocation Percentage: 20% plus 30%

$\frac{\text{---}}{2}$ equals 25%

EXAMPLE 3:

Same corporation owning real and tangible personal property in Smithville valued at $10,000 and owning no real or tangible personal property outside Smithville. Other factors same as in Examples 1 and 2.

Business Allocation Percentage:

100% plus 20% plus 30%

$\frac{\text{---}}{3}$ equals 50%

After determining such business allocation percentage, the tax shall be determined by applying that percentage to the entire net profits of the taxpayer, wherever derived (thus arriving at the taxable net profit), and computing one percent of the resultant taxable net profit. In case it shall appear to the Village Clerk that any income or capital of the taxpayer is improperly or inaccurately reflected, the Village Clerk may adjust items of income, expense, deductions and capital, and disregard assets in computing any allocation percentage, provided any income directly traceable thereto is also excluded from entire net income, so as equitably to determine the tax.

2. EXPLANATION OF "PROPERTY FACTOR". The percentage of the taxpayer's real and tangible personal property with Smithville is determined by dividing the net book value (during the period covered by the report) of such property within Smithville without deduction of any encumbrances, by the average net book value similarly computed, of all such property within and without Smithville. Only property owned by the taxpayer is considered in determining such percentage.

3. EXPLANATION OF SALES FACTOR. Receipts from the following are allocable to Smithville:

(a) Work done and performed or services rendered in Smithville. (b) Rentals from property situated in Smithville, where the rental of such property is a usual or normal part of the taxpayer's business activity. (c) For the purpose of determining business allocation percentage, no account shall be given to receipts, within or without Smithville, of income derived from intangibles (including stocks, bonds, royalties and the like) the income of which is taxable under the statutes of the State of Ohio. (d) Compensation and other receipts for work done or services performed within Smithville are allocable to Smithville and taxable under the Ordinance. All amounts so received, credited or charged by taxpayer in payment for such work or services are so allocable, irrespective of whether done or performed by employees or agents of taxpayer or by any other person. It is immaterial where such amounts were payable or where they were received. Commissions or fees received by the taxpayer are allocated to Smithville if the services for which the commissions were paid were performed in Smithville. If the taxpayer's services for which commissions or fees were paid were performed for the taxpayer by salesmen or other agents or employees attached to or working out of a Smithville place of business of the taxpayer, the taxpayer's services will be deemed to have been performed in Smithville. Where a lump sum is received by the taxpayer in payment for services within and without Smithville is to be determined on the basis of the relative values of, or amounts of time spent in the performance of, such services within and without Smithville. (e) Receipts from sale of capital assets (property not held by the taxpayer for sale to customers in the regular course of business) are not business receipts. Receipts from the sale of real property held by the taxpayer as a dealer for sale to customers in the regular course of business are business receipts and are allocable to Smithville if the real property was situated in Smithville. Receipts from sale of intangibles included in business capital, held by the taxpayer as a dealer for sale to customers in the regular course of business, are business receipts and are allocable to Smithville if the sales were made in Smithville or through a regular place of business of the taxpayer in Smithville.

5. PAYROLL FACTOR: The percentage of the taxpayer's payroll allocable to Smithville is determined by dividing the wages, salaries, and other personal compensation of the taxpayer's employees within Smithville during the period covered by the report, by the total amount of compensation of all taxpayer's employees during such period. Wages, salaries and other compensation are computed on the cash or accrual basis in accordance with the method of accounting used in the computation of the entire net income of the taxpayer. Employees within Smithville usually includes all employees regularly connected with or working out of a place of business maintained by the taxpayer in Smithville. However, where an employee performed services both within and without Smithville, the amount treated as compensation for services performed within Smithville 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 Smithville; (b) in the case of an employee whose compensation depends on other results achieved, the proportion of the