



City of Powell Income Tax Code Presentation



Overview

- ▶ House Bill 5 required municipalities to adopt a revised municipal income tax code conforming to the provisions of revised Chapter 718 of the Ohio Revised Code by January 1, 2016 for tax year 2016 and beyond.
- ▶ Our existing municipal income tax code will continue to apply for tax years 2015 and all tax years prior.
- ▶ Validity of certain provisions of House Bill 5. Municipalities have a legal obligation to adopt a code consistent with Chapter 718, even though we may know that certain of its provisions are unlawful. The cover ordinance makes a statement to the effect that recent decisions of the Ohio Supreme Court may have rendered such provisions unconstitutional.



Changes

- No exemption of individuals under 18 for paying and filing of municipal income taxes. This matches both the federal and state tax laws.
- Use of the word "assessment" by tax administrator adds additional administrative requirements.
- Implements a five-year Net Operating Loss Carryforward along with a phase-in period.
- Sets up factors to be considered when determining domicile
- Rules for Occasional Entrant change
- Only 1 work municipality per day – no more proration
- Credit for a person working in joint economic development district or zone



Changes

- ▶ No tax refunds if \$10 or less
- ▶ No tax payment if liability \$10 or less
- ▶ Sets penalty, interest, fees and charges. Requires interest rate to be posted on website.
- ▶ An "Opinion of the Tax Administrator" can be requested and can protect taxpayer for whom opinion was prepared and reasonably relies on.
- ▶ Local Board of Tax Review has minimum requirements for members
- ▶ Requires a Taxpayer Rights and Responsibility List
- ▶ Estimated tax payments only required when estimated liability exceed \$200
- ▶ Landlord Reporting Requirements



Changes but won't be noticed at Powell

- Withholding and payment requirements and dates
- Taxing the distributive share of an S Corp shareholder – ballot issue in 2004
- Taxing Nonqualified Deferred Compensation Plans
- Taxing Stock Options
- Automatic extension of time to file if have federal extension