

CHAPTER 221
Income Tax for Streets, Water, Recreation and
General Municipal Operation

221.01	Definitions.	221.04	Costs of administration.
221.02	Rate of Tax	221.05	Allocation of funds.
221.03	Reciprocity provision; credit for tax paid to other municipalities.	221.06	Separability.
		221.07	Exemptions.

CROSS REFERENCES

Power to levy income tax - see CHTR. §106
Payroll deductions - see Ohio R.C. 9.42
Municipal income taxes - see Ohio R.C. Ch. 718
Returns, payment and penalties - see ADM. Ch. 229

221.01 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) "Taxpayer" means a person, whether an individual, partnership, limited partnership, corporation, association or other entity, required hereunder to file a return or to pay a tax hereunder.
- (b) "Association" means a partnership, limited partnership or any other form of unincorporated enterprise, owned by two or more persons.
- (c) "Business" means an enterprise, activity, profession or undertaking of any nature conducted for profit or ordinarily conducted for profit, whether by an individual, partnership, limited partnership, corporation, association or any other entity.
- (d) "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, foreign country or dependency.
- (e) "Employee" means an individual whose earnings are subject to the withholding of Federal income tax or social security tax.

- (f) "Employer" means an individual, partnership, limited partnership, association, corporation, governmental body, unit or agency or any other entity who or that employs one or more persons on a salary, wage, commission or other compensation basis.
- (g) "Net profits" means the net gain from the operation of a business, profession or enterprise after provision for all cost and expense incurred in the conduct thereof, including reasonable allowance for depreciation, depletion, amortization and reasonable additions to reserve for bad debts, either paid or accrued in accordance with recognized principles of accounting applicable to the method of accounting regularly employed, and without deduction of Federal, State and City taxes based on income, except as otherwise may be provided by law.
- (h) "Nonresident" means an individual, partnership, limited partnership, corporation, association or other entity domiciled outside the City.
- (i) "Person" means every natural person, partnership, limited partnership, corporation, fiduciary or association, whenever used in any clause prescribing and imposing a penalty. "Person" as applied to association, means the partners or members thereof, and as applied to a corporation, the officers thereof.
- (j) "Resident" means an individual, partnership, limited partnership, corporation, association or other entity domiciled in the City.
- (k) "Other entity" means any person or unincorporated body not previously named or defined and includes inter alia, fiduciaries located within the City.

The singular shall include the plural and the masculine shall include the feminine and the neuter. (Ord. 59-90. Passed 10-2-90.)

221.02 RATE OF TAX.

To provide funds for the purposes of street construction and improvement, parks and recreation, water development and general municipal operations of the City, there is hereby levied a tax at the rate of one and one-half percent (1-1/2%) upon the following:

- (a) On all salaries, wages, commissions and other compensation earned on and after April 1, 1983, by resident individuals of the City.

- (b) On all salaries, wages, commissions and other compensation earned on and after April 1, 1983, by nonresident individuals of the City, for work done or services performed or rendered in the City.
- (c) On the net profits attributable to Ashland, earned on and after April 1, 1983, of all resident unincorporated businesses, professions and other activities derived from work done or services rendered or performed and business or other activities conducted in the City.
- (d) On the portion of the distributive share of the net profit earned on and after April 1, 1983, of a resident individual, partner or owner of a resident unincorporated business entity attributable to the City and not levied against such unincorporated business entity.
- (e) On the net profits attributable to the City earned on and after April 1, 1983, of all nonresident unincorporated businesses, professions or other activities, derived from work done or services performed or rendered and business or other activities conducted in the City.
- (f) On that portion of the distributive share of the net profits earned on and after April 1, 1983, of a resident individual, partner or owner of a nonresident unincorporated business entity not attributable to Ashland and not levied against such unincorporated business entity
- (g) On the net profits earned on and after April 1, 1983, of all corporations derived from work done or services performed or rendered and business or other activities conducted in the City.
- (h) On all income received as winnings on and after passage of this subsection as reported on IRS Form W-2G, Form 5754 and or any other form required by the Internal Revenue Service or provided by the State of Ohio or any other state that reports winnings from gambling, prizes and lottery winnings.
(Ord. 59-04. Passed 8-17-04.)

(i) Business Allocation Percentage Formula (Ohio R.C. 718.02).

(1) In the taxation of income which is subject to municipal income taxes, if the books and records of a taxpayer conducting a business or profession both within and without the boundaries of a municipal corporation disclose with reasonable accuracy what portion of its net profits is attributable to that part of the business or profession conducted within the boundaries of the municipal corporation, then only such portion shall be considered as having a taxable situs in such municipal corporation for purposes of municipal income taxation. In the absence of such records, net profit from a business or profession, conducted both within and without the boundaries of a municipal corporation shall be considered as having a taxable situs in such municipal corporation for purposes of municipal income taxation in the same proportion as the average ratio of:

- A. The average net book value of the real and tangible personal property owned or used by the taxpayer in the business or profession in such municipal corporation during the taxable period to the average net book value of all of the real and tangible personal property owned or used by the taxpayer in the business or profession during the same period, wherever situated. As used in this subparagraph, real property shall include property rented or leased by the taxpayer and the value of such property shall be determined by multiplying the annual rental thereon by eight;
- B. Wages, salaries and other compensation paid during the taxable period to persons employed in the business or profession for services performed in such municipal corporation to wages, salaries and other compensation paid during the same period to persons employed in the business or profession, wherever their services are performed;
- C. 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.

- (2) As used in subparagraph (1) hereof, "sales made in a municipal corporation" means:
- A. 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;
 - B. 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;
 - C. All sales of tangible personal property which is shipped from a place within 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.
(Ord. 59-90. Passed 10-2-90.)

221.03 RECIPROCITY PROVISION; CREDIT FOR TAX PAID TO OTHER MUNICIPALITIES.

Every individual taxpayer who resides in the City but who receives net profits, salaries, wages, commissions or other personal service compensation, for work done or services performed or rendered outside of the City, if it be made to appear that he has paid a income tax on such net profits, salary, wages, commissions or other compensation to another municipality, shall be allowed a credit on the tax imposed by Section 221.02, of the amount so paid by him or in his behalf to such other municipality to the extent that such amount so paid by him or in his behalf to the other municipality is not allowed as a credit pursuant to any other section of the Codified Ordinances on any tax levied by the Codified Ordinances, however, that the credit shall not exceed the equivalent of two-thirds of the tax assessed by this chapter on such net profits, salary, wages, commission or compensation earned in such other municipality or municipalities where such tax is paid.
(Ord. 71-02. Passed 11-19-02.)

221.04 COSTS OF ADMINISTRATION.

The funds collected under the provisions of this chapter shall first be appropriated and disbursed for the purpose of defraying all costs of collecting the tax levied by this chapter and the costs of administering and enforcing the provisions hereof.

(Ord. 59-90. Passed 10-2-90.)

221.05 ALLOCATION OF FUNDS.

The funds collected under the provisions of this chapter shall, after the costs and expenses provided for in Section 221.04 are paid, be appropriated and disbursed in the following proportions, to-wit:

(a) For the construction and improvements of streets and to pay interest and principal on bonds issued by the City for such purposes: sixteen percent (16%).

(b) For parks and recreation: thirteen percent (13%).

(c) For general municipal operations: seventy-one percent (71%).

(Ord. 109-03. Passed 12-30-03.)

221.06 SEPARABILITY.

This chapter shall not apply to any person, firm, corporation or to any property as to whom or which it is beyond the power of the City to impose the tax provided for in this chapter. If any sentence, clause, section or part of this chapter or any tax against any individual or any of the several groups specified herein is found to be unconstitutional, illegal or invalid, such clause, sentence, section or part of this chapter shall not affect or impair any of the remaining provisions, sentences, clauses, sections or other parts of this chapter. It is hereby declared to be the intention of the City that this chapter would have been adopted had such unconstitutional, illegal or invalid sentence, clause, section or part thereof not been included herein.

(Ord. 59-90. Passed 10-2-90.)

221.07 EXEMPTIONS.

The provisions of this chapter shall not be construed as levying a tax upon the following:

- (a) Funds received from local, state or Federal governments because of service in the armed forces of the United States by the person rendering such service, or as a result of another person rendering such service.

- (b) Poor relief, pensions, social security, unemployment compensation, but not including supplemental unemployment compensation, and disability benefits received from private industry or local, state or Federal governments, or from charitable, religious or educational organizations or private insurance contracts.
- (c) Alimony received.
- (d) Dues, contributions and similar payments received by charitable, religious, and educational or literary organizations or labor unions, lodges and similar organizations.
- (e) Receipts from casual entertainment, amusements, sports events and health and welfare activities conducted by bona fide charitable, religious and educational organizations and associations.
- (f) Any association, organization, corporation, club or trust which is exempt from Federal taxes on income by reason of its charitable, religious, educational, literary, scientific, etc. purposes.
- (g) Gains from involuntary conversions, cancellations of indebtedness, interest on Federal obligations and income from a decedent's estate during the period of administration, except income from the operation of a business.
(Ord. 55-72. Passed 11-7-72.)
- (h) Earnings and income of all persons under sixteen years of age.
(Ord. 59-90. Passed 10-2-90.)