

# GUIDELINES FOR BUSINESS (NET PROFIT) TAXPAYERS FOR SPENCERVILLE INCOME TAX RETURN

Village of Spencerville  
Income Tax Department, P.O. Box 57  
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**TAX RATE AND DUE DATE.** The tax rate is 1 ¼%. The Spencerville Income Tax is due April 15 when operating on a calendar year. If operating on a fiscal year the return shall be due within four (4) months after the fiscal year end.

**EXTENSION OF TIME TO FILE.** 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 one (1) 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 shall be assessed in those cases in which the return is filed and the final tax paid within the period as extended.

The Administrator must be contacted *in writing* or by a copy of the Federal Tax Return Extension, or through Ohio Business Gateway, if an extension of time is requested. This notice must be received by the due date of the tax return, whether it be April 15 or four (4) months after the fiscal year end.

**SPENCERVILLE TAX WILL BE LEVIED UPON THE FOLLOWING:** On the portion attributable to this municipality of the net profits earned during the calendar or the fiscal tax year 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 this municipality.

On the portion of the distributive share of the net profits earned during the calendar or fiscal tax year of a resident partner or owner of a resident unincorporated business entity not attributable to this municipality and not levied against such unincorporated business entity by this municipality.

On the portion attributable to this municipality of the net profits earned during the calendar or fiscal tax year of all non-resident unincorporated businesses, professions or other entities, derived from sales made, work done, or services performed or rendered and business or other activities conducted in this municipality, whether or not such unincorporated business entity has an office or place of business in this municipality.

On the portion of the distributive share of the net profits earned during the calendar or fiscal tax year of a resident partner or owner of a non-resident unincorporated business entity not attributable to this municipality and not levied against such unincorporated business entity by this municipality.

On the portion attributable to this municipality, of the net profits earned during the calendar or fiscal tax year of all corporations derived from sales made, work done, services performed or rendered and business or other activities conducted in this municipality, whether or not such corporations have an office or place of business in this municipality.

**NET PROFITS.** Federal Taxable Income (FTI), before net operating losses and special deductions with the following adjustments.

1. Deduct intangible income to the extent it is included in FTI.
2. Add 5% of the amount deducted as intangible income, but not the portion of the intangible income related to the sale, exchange or disposition of property described in section 1221 of the Internal Revenue Code (IRC).
3. Add any losses allowed in the computation of FTI if the losses related to the sale, exchange, or disposition of property described in section 1221 or 1231 of IRC.
4. Except for depreciation recapture described in section 1245 or 1250 of IRC, deduct income and gain included in FTI to the extent the income and gain relate to the sale, exchange or disposition of an asset described in section 1221 or 1231 of IRC.
5. Add taxes on or measured by net income allowed as a deduction in the computation of FTI.
6. In the case of a real estate investment trust or regulated investment company, add all dividends, distributions, or amounts set aside for the benefit of investors and allowed as a deduction in the computation of FTI.
7. In the case of a taxpayer that is not a C corporation and is not an individual, the taxpayer shall compute FTI as if the taxpayer were a C corporation and, in addition to the above adjustments, shall not be allowed a deduction for guaranteed payments, payments to a qualified self-employed retirement plan, payments for health or life insurance for an owner or owner-employee, or federal self-employment tax.
8. Use apportionment formula to apportion profit to each municipality using an equally weighted formula of property, payroll, and sales (the property factor uses original cost instead of net book value). If the apportionment formula does not produce an equitable result, another basis may be substituted, under uniform regulations.

**OPERATING LOSS CARRY-FORWARD.** 1. The portion of a net operating loss sustained in any taxable year subsequent to January 1, 1978, allocable to this municipality may be applied against the portion of the profit of succeeding year(s) allocable to this municipality, until exhausted but in no event for more than five (5) 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 this municipality in the same manner as provided herein for allocating net profits to this municipality.

**CONSOLIDATED RETURNS.** In the case of a corporation that carries on transactions with its stockholders or with other corporations related by stock ownership, interlocking directorates, or some other method, or in case any person operates a division, branch, factory, office, laboratory or activity within this municipality constituting a portion only of its total business, the Administrator shall require such additional information as he may deem necessary to ascertain whether net profits are properly allocated to this municipality. If the Administrator finds net profits are not properly allocated to this municipality by reason of transactions with stockholders or with other corporations related by stock ownership, interlocking directorates, or transactions with such division, branch, factory, office, laboratory or activity or by some other method, he shall make such allocation as he deems appropriate to produce a fair and proper allocation of net profits to this municipality.

**AMENDED RETURNS:** 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. 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.

Within three (3) months from the final determination of any federal tax liability affecting the taxpayer's tax liability to this municipality, such taxpayer shall make and file amended return showing income subject to the income tax of this municipality based on such final determination of federal tax liability, and pay any additional tax shown due thereon or make claim for refund of any overpayment.