



**Ohio Tax Conference  
Municipal Income Tax – Session S  
January 27, 2006**

# Ohio Business Gateway Municipal Income Tax Filing



# Project Objectives

- Based on H.B. 95 passed in 2003
  - ORC 718.051
  - Businesses may choose to use OBG to file and pay municipal income taxes
- Includes:
  - Net profits tax
  - Employer withholding
- Incremental deliverables through 2008



# Project Phases

- I. Estimated Payments and Extension Requests – available now
- II. Net Profits Return – 2006
- III. Employer Withholding Returns – 2007
- IV. Employer Withholding Reconciliation Reports - 2008



# Project Scope

- 550+ municipal tax entities
- 100+ municipal banking partners
- All businesses who file municipal taxes in Ohio



# Constraints based on H.B. 95 Testimony

- State/Ohio Department of Taxation (ODT) does not centrally collect the tax.
- State/ODT does not administer the tax.
- State/ODT does not audit the tax.
- State/ODT does not charge any fees to cities.
- State/ODT does not hold the funds.



# How does OBG design the Net Profits Return?

- Outline in ORC
- OBG follows ORC and accommodates local provisions as outlined by ORC
- Forum Feedback
- Standard OBG features



# Net Profits Return as per ORC

- Federal Starting Point
- Common Adjustments
- Entity Type Adjustments
- Calculation of Apportionment Ratio
- Municipality Specific Adjustments
- Final Adjustments



# Special Cases Not Currently in Scope

- Sole Proprietors
- Consolidated Filers
- Alternative Methods for computing fair and equitable apportionment
- Certain special cases of short year returns



## Additional Data

- Typical ancillary data items will be collected as part of online filing
- OBG will facilitate compliance with other local administration requirements  
e.g. direct taxpayers how to provide copies of Federal Tax Forms



# Ancillary Data Examples

- NAICS Number
- Paid preparer contact information
- Filing indicator - last year, next year
- Amended return indication
- Business move information
- Withholding reconciliation



# Electronic Filing Overview

- Business registers with municipality to establish tax relationship
- Business logs on to OBG and file and “pay” with one or more municipalities
- OBG processes filings and distributes tax data and ACH debit payment instructions to municipality and banking partner
- Municipality’s banking partner processes ACH debit payment instructions to transfer funds directly from business’ account to municipality’s account
- Business sees individual debits for each municipality paid



# How does OBG manage returns with multiple municipalities?

- Users create one “set” of municipal Net Profits Returns per tax year, and the set can contain any number of municipalities. There can only be 1 set of municipal tax returns on OBG per tax year.
- All returns in the set are designed around the ORC tax computation process and especially the portion which is common to any municipality. Common data is entered only once for the entire set.
- The OBG application allows for municipality specific-data entry as defined by ORC.
- OBG sends separate tax returns to each municipality in the set. Municipalities see the same common information but only their own municipality-specific information.



# Amending Returns

- All amendments start from an existing set of tax returns for a given tax year.
- If a user needs to file with another municipality for the same tax year, the new municipality must be added to the existing set of returns for that tax year. There can only be 1 set of municipal tax returns per tax year on OBG.
- If a user makes changes that impact the common portion of the set of tax returns, OBG will automatically generate amended returns for each municipality that is part of the set.
- If a user makes changes that only impact municipality-specific information, OBG will only generate amended returns for the municipalities affected.



# Online Application Demo

- Screens are still considered draft until final version is released
- Final demos will be available on-line at the OBG website (Help & Support)



# Features

- Original and Amended returns
- Integrated with estimated payment application
- In-progress work can be saved and completed later
- Improved navigation



# Features

- Customization using municipal profile
- Online ACH debit payments
- Payment scheduling
- Access to historical filing information
- Pre-population of selected fields



# Benefits for Businesses

- Simplifies reporting and payment processes
  - Ability to satisfy recurring compliance activities
  - File with municipalities by name - don't have to know actual tax administrator
  - Immediate confirmation of filing



# Benefits for Businesses

- Facilitates compliance activities
  - Local tax provisions built into OBG, including accurate tax rates
  - Automatic generation of amended returns
- Reduced paperwork
  - One common “form” on OBG



# Benefits for Businesses

- OBG filing complements municipality services
  - Online directory of municipality taxpayer support
- OBG now provides services across multiple levels of government agencies
  - Multiple State Agencies
  - Hundreds of Municipalities



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**Q/A**

**Feedback**



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## Contact Information

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