

VILLAGE OF PEMBERVILLE, OHIO 43450

INCOME TAX REGULATIONS

ISSUED BY THE TAX ADMINISTRATOR UNDER SECTION 8

DUTIES OF THE ADMINISTRATOR

THESE REGULATIONS ARE ISSUED FOR THE PURPOSE OF EXPLAINING OR ILLUSTRATING PROVISIONS OF SECTION 8 OF THE PEMBERVILLE, OHIO ORDINANCE NUMBER 630 PASSED SEPTEMBER 21, 1976. WHERE THE ORDINANCE IS SELF EXPLANATORY, REFERENCES WILL BE MADE TO THE APPROPRIATE ORDINANCE PROVISIONS. NUMBER OF THESE REGULATIONS FOLLOW, IN GENERAL, THAT OF THE ORDINANCE.

Glen O. Schmakel

GLEN O. SCHMAKEL

TAX ADMINISTRATOR

12/31/76

I, Debra Cartledge, do hereby certify that the foregoing Regulation is a true and correct copy of the original Regulation on file with the Village of Pemberville.

Debra Cartledge
Debra Cartledge
Fiscal Officer

Amending and supplementing Section 2 (definitions) of the Pemberville, Ohio Ordinance Number 630 levying a tax by redefining resident, including contributions on individual retirement accounts and other such accounts and income. To include contributions to tax sheltered annuities, to specifically disallow losses from the operation of a business as deductions as well as certain unreimbursed travel expenses, to include lottery winnings and sick pay, to define the procedures for extension requests, to include certain reimbursed business expenses as income, to include certain portions of stock options as income and to include supplemental employment benefit payments as income.

SECTION 2. That section 2 of the Pemberville, Ohio Ordinance Number 630 be and the same hereby is, amended to read as follows:

SECTION 2. (q) Resident shall mean an individual domiciled in the municipality. Resident shall also be defined to include students or anyone under 18 years of age with W-2 income. If any person is a resident for any period of time during a taxable year, that person is required to file a tax return for that period and that person's earnings while a resident are taxable in the village.

SECTION 3A-1. IMPOSITION OF TAX. That Pemberville Ordinance Number 630 be, and the same hereby is, amended to read as follows:

- (1) On all salaries, wages and commissions and other compensations earned during the effective period of the ordinance by residents of the municipality.
 - (a) The following IRS adjustments to income are not allowed by the Village of Pemberville, Ohio
 - (i) KEOGH AND HR-10 PLANS
 - (ii) SEP AND 401-K PLANS
 - (iii) Individual Retirement Accounts (IRA)
 - (iv) IRA contributions for a non-working spouse
 - (b) Any monies withheld from employees wages by a profit or nonprofit organization on a voluntary basis for the purchase of a "tax sheltered" annuity, shall be considered income for the determination of wages subject to Village of Pemberville income tax.
 - (c) Deductions made for unreimbursed travel expenses (per Federal Form 2106) must be claimed from city of employment for a refund. The amount of the tax refund claimed must be deducted from the tax withheld or tax paid prior to figuring the tax credit.

- (d) Lottery winnings are to be included as income and are taxable.
- (e) Sick pay is included in income and is taxable. If included in W-2 form and paid by the employer and/or paid by an insurance company and included in a W-2 or 1099. Sick pay is defined as payment or wages for time not actually worked due to illness.
- (f) There are no personal exemptions.
- (g) The ordinary income portion of a stock option or an employee stock purchase plan is subject to the income tax as a salary, wage, commission, or other compensation to the extent that it is includable on the tax payer's federal tax return.
- (h) Supplemental unemployment benefits (SUB payments) are subject to the tax as a salary, wage, commission or other compensation to the extent that they are includable on the tax payer's federal income tax return.
- (i) Employees who are required to incur expenses by their employer in pursuant of their employment are permitted to deduct such expenses from their gross income in computing the amount of income subject to the tax. Any reimbursement for such expenses shall be included as income. The deductible expenses shall be limited to those allowed by the Internal Revenue in arriving at an adjusted gross income from gross income.
- (j) The Tax Sheltered programs shown in 3A-1 are not allowed since this retirement income will not be taxed at the time of retirement.

SECTION 3A-2. On all salaries, wages, commissions or other compensation earned during the effective period of the chapter by non-residents for work done or services performed in the municipality.

- (a) On the portion attributable to the municipality of the net profits earned during the effective period of this chapter 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 the municipality.
- (b) On the portion of the distributive share of the net profits earned during the effective period of this chapter of a resident partner or owner of a

resident unincorporated business entity not attributable to the municipality and not levied against such an unincorporated business entity, providing that the liability of an individual partner or owner taxable hereunder on income attributable to another taxing municipality shall be subject to Section 15.

- (c) On the portion attributable to the municipality of the net profits earned during the effective period of this chapter all non-resident unincorporated businesses, professions, or other entities, derived from sales made, work done, or services performed or rendered and business activities conducted in the municipality, whether or not such unincorporated business entity has an office or place in the municipality.
- (d) On the portion of the distributive share of the net profits earned during the effective period of this chapter of a resident partner or owner of a non-resident unincorporated business entity, providing that the liability of an individual partner or owner taxable hereunder on income attributable to another municipality shall be subject to Section 15.
- (e) On the portion attributable to the municipality of the net profits earned during the effective period of this chapter of all corporations derived from sales made, work done, services performed or rendered and business or other activities conducted in the municipality, whether or not such corporations have an office or place of business in the municipality.
- (f) The following IRS adjustments to income are not allowed by the Village of Pemberville, Ohio
 - (i) KEOGH AND HR-10 PLANS
 - (ii) SEP AND 401-K PLANS
 - (iii) Individual Retirement Accounts (IRA)
 - (iv) IRA contributions for a non-working spouse
- (g) Any monies withheld from the employees wages by a profit or non-profit organization on a voluntary basis for the purchase of a "tax sheltered" annuity, shall be considered income for the determination of wages subject to the Village of Pemberville income tax.
- (h) Deductions made for unreimbursed travel expenses (per Federal Form 2106) must be claimed from the city of employment for a refund. The amount of the tax refund claimed must be deducted from the

tax withheld or tax paid prior to figuring the tax credit.

- (i) Sick pay is included in income and is taxable. If sick pay is shown on the W-2 form and paid by the employer and/or paid by an insurance company and included in the W-2 or a 1099, it is taxable.
- (j) There are no personal exemptions.
- (k) The ordinary income portion of a stock option or an employee stock purchase plan is subject to the income tax as a salary, wage commission, or other compensation to the extent that it is includable on the taxpayer's federal tax return.
- (l) Supplemental unemployment benefits (SUB PAYMENTS) are subject to the tax as a salary, wage, commission or other compensation to the extent that they are includable on the taxpayer's federal tax return.
- (m) Employees who are required to incur expenses by their employer in pursuant of their employment are permitted to deduct such expenses from their gross income in computing the amount of income subject to the tax. Any reimbursement for such expenses shall be included as income. The deductible expenses shall be limited to those allowed by the internal revenue in arriving at an adjusted gross income from the gross income.

SECTION 3A-3. IMPOSITION OF TAX. That Pemberville Ordinance Number 630 be, and the same hereby is, amended to read as follows:

- (a) On the portion attributable to the village of the net profits earned during the effective period of this ordinance 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 the village.

Losses from the operation of a business (including rental losses) are deductible from the owners W-2. However, the loss cannot be deducted from the spouse's W-2 income.

SECTION 5. RETURN AND PAYMENT OF TAX.

- (a) Each taxpayer, except as herein provided, shall, whether or not a tax be due thereon, make and file a return on or before April 30 of the year following the effective date of this ordinance, and on or before April 30 of each year thereafter. When the return is made for a fiscal year or other period different from the calendar year, the return shall be filed within four months from the end of such fiscal year or period. The Administrator is hereby authorized to provide by regulation that the return of an employer or employers, showing the amount of tax deducted by such employer or employers from the salaries, wages, commissions or other compensation of an employee, and paid by him or them to the Administrator, shall be accepted as the return required of any employee whose sole income subject to tax under this ordinance is such salary, wages, commissions, or other compensation.

SECTION 5A-1

All Pemberville residents with taxable income must file a Pemberville tax return. This includes taxpayers who have only W-2 income and the Pemberville taxes have been withheld.

SECTION 3-A-1

TAX ON OTHER COMPENSATION INCLUDES:

JURY DUTY

MILITARY PAY - RESERVE DUTY

SICK PAY

PRIZES & LOTTERIES

TRUSTS

SUB PAY

STRIKE PAY

STOCK OPTIONS (ORDINARY INCOME PORTION)