The Municipality of Sebring, Ohio

INCOME TAX RULES AND REGULATIONS

## INDEX

| Article I:   | Purpose  | 1  |
|--------------|--|----|
| Article II:  | Definitions  | 1  |
| Article III: | Imposition of Tax  | 3  |
|              | A. Bases   | 3  |
|              | 1. Resident Employee   | 3  |
|              | 2. Non-Resident Employee   | 5  |
|              | 3. Resident Unincorporated Businesses  | 6  |
|              | 4. Non-Resident Unincorporated Business or Association                               | 7  |
|              | 5. Imposition of Tax on Net Profits of Corporations                                  | 8  |
|              | B. Clarification of taxation of net profits  | 8  |
|              | 1. Net Profits   | 8  |
|              | 2. Gross Receipts  | 9  |
|              | 3. Expenses  | 9  |
|              | 4. Other Income or Losses  | 9  |
|              | C. Allocation of Business Profits  | 12 |
|              | 1. Separate Accounting Method  | 12 |
|              | 2. Business Allocation Percentage Method   | 12 |
|              | 3. Substitute Method   | 15 |
|              | D. Consolidated Returns  | 15 |
|              | E. Exceptions  | 16 |
| Article IV:  | Return and Payment of Tax  | 18 |
|              | A. Date and Requirement and Filing   | 18 |
|              | B. Information Required and Reconciliation with Federal Returns                      | 19 |
|              | C. Acceptance of Federal Extensions  | 19 |
|              | D. Payment with Return   | 20 |
|              | E. Amended Returns   | 20 |
|              | F. Information Returns, schedules, etc.  | 21 |
|              | G. Net Loss  | 21 |
| Article V:   | Collection At Source   | 21 |
|              | A. Duty of Withholding   | 21 |
|              | B. Return and Payment of Tax Withheld and Status of Employers                        | 23 |
|              | C. Fractional part of a cent   | 25 |
|              | D. Domestic workers  | 25 |
|              | E. Contractor  | 25 |
| Article VI:  | Declarations   | 25 |
|              | A. Requirements of Filing  | 25 |
|              | B. Form For Filing   | 26 |
|              | C. Dates of Filing and Payment   | 26 |
|              | D. Final Returns Required  | 27 |
| Article VII: | Duties and Powers of the Administrator   | 27 |
|              | A. Collection of Tax and Retention of Records  | 27 |
|              | B. Enforcement Provisions  | 27 |
|              | C. Assessment of Tax by Administrator  | 28 |
| Article VIII | : Investigative powers of the Administrator; Penalty for Divulging Confidential Info | 29 |
|              | A. Investigation by Administrator  | 29 |

|   | B. Subpoena of Records and Persons                     | 29 |
|---|--|----|
|   | C. Penalty for Non-Compliance                          | 30 |
|   | D. Confidential Nature of Examinations                 | 30 |
|   | E. Retention of Records                                | 30 |
| Article IX:   | Interest and Penalties                                 | 30 |
|   | A. Interest  | 30 |
|   | B. Penalties   | 31 |
| Article X:  | Collection of Unpaid Taxes and Refunds of overpayments | 31 |
|   | A. Unpaid Taxes, Penalties, and Interest               | 31 |
|   | B. Refunds and Overpayments                            | 32 |
| Article XI:   | Violations Penalties                                   | 33 |
|   | A. No person shall                                     | 33 |
|   | B. Prosecutions  | 34 |
|   | C. Failure to Receive Forms Not a Defense              | 34 |
| Article XII   | Board of Review  | 34 |
|   | A. Board of Review                                     | 34 |
|   | B. Appeals of Taxpayers                                | 34 |
|   | C. Organized Procedures                                | 35 |
|   | D. Adoption of Rules & Regulations                     | 35 |
| Article XIII: Allocation of Funds                           |  | 35 |
| Article XIV   | Credit Allowed for Tax Paid In Another Municipality    | 35 |
|   | A. Credits to Residents                                | 36 |
|   | B. Method of Applying for Credit                       | 36 |
| Article XV: Severability                                    |  | 36 |
| Article XVI: Collection of Tax after Termination of Chapter |  | 36 |
| Article XVII Duties of Owners of Rental or Leased Property  |  |    |
| Article XVII Penalty  |  |    |