

CHAPTER 161  
Income Tax

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CROSS REFERENCES

Power to levy income tax - see Ohio Const., Art. XII, Sec. 8  
Payroll deductions - see Ohio R.C. 9.42  
Municipal income taxes - see Ohio R.C. Ch. 718

161.01 DEFINITIONS.

The following words shall have the meanings ascribed to them in this chapter, except as and if the context clearly indicates or requires a different meaning:

- (a) "Association" means a partnership, limited partnership, limited liability corporations and limited liability partnerships, Sub Chapter S Corporation as defined in the Federal Tax code or any other form of unincorporated enterprise owned by two or more persons. The term association and unincorporated business are interchangeable terms.
- (b) "Board of Review" means the Board created by and constituted as provided by Section 161.12.
- (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, fiduciary, trust, association, corporation or any other entity.
- (d) Business Allocation as used in these Rules means the portion of net profits to be allocated as having been made in the community either under the separate accounting method or under the three-factor formula or property, payroll and sales, or under a substitute method, as provided for in the Income tax ordinance.
- (e) "Corporation" means a corporation or joint stock association organized under the laws of the United States, State of Ohio, or any other state, territory or foreign country or dependency, but does not include Sub Chapter S corporation as defined in the Federal Income Tax Code or any other entities defined as associations or unincorporated business entities.
- (f) "Deputy Director of Finance" is the person who has been designated to act as administrative head of the Division of Income Tax of the Department of Finance.
- (g) "Employee" means one who works for wages, salary, commissions or other type of compensation in the service of an employer.
- (h) "Employer" means an individual, partnership, association, corporation, governmental body, unit or agency or any other entity whether or not organized for profit, who or that

- employs one or more persons on a salary, wage, commission or other compensation basis.
- (i) "Generic form" means an electronic or paper form designed for reporting estimated municipal income taxes and annual municipal income tax liability that is not prescribed by a particular municipal corporation for the reporting of that municipal corporation's tax on income.
  - (j) "Gross receipts" means the total income from any source whatsoever.
  - (k) "Internet" means the international computer network of both federal and nonfederal interoperable packet switched data networks, including the graphical sub-network know as the World Wide Web.
  - (l) "Net profits" means the net gain from the operation of **AND/OR THE COMPLETE OR PARTIAL SALE OR DISPOSITION OF THE ASSETS OF** a business, profession, enterprise or other activity, whether or not such business, profession, enterprise or other activity is conducted for profit or is ordinarily conducted for profit, after provision for all ordinary and necessary expenses, either paid or accrued, in accordance with the accounting system used by the taxpayer for ~~Federal income tax purposes without deduction of taxes imposed by this chapter, or for~~ Federal income tax purposes without deduction of taxes imposed by this chapter, or by Federal, State or other taxes based on income; and in the case of an association, without deduction of salaries paid to partners, and other owners; and otherwise adjusted to the requirements of this chapter.
  - (m) "Nonresident individual" means an individual who is not domiciled in Gahanna and whose usual place of abode is outside of the City.
  - (n) "Nonresident unincorporated business entity" means an unincorporated business entity not having an office or place of business within Gahanna.
  - (o) "Parsonage allowance" is an amount paid to a "minister of the gospel" in the form of a rental allowance as part of the minister's compensation, or the rental value of a home furnished to the minister as compensation.
  - (p) "Pass-through entity" means an association, partnership, S-corporation, limited liability company or any other class of entity the income or profits from which are given pass-through treatment under the Internal Revenue Code.
  - (q) "Person" means every natural person, partnership, fiduciary, association or corporation. Whenever used in any clause prescribing and imposing a penalty, the term "person" as applied to any unincorporated entity shall mean the parties or members thereof and as applied to corporations, the officers thereof.
  - (r) "Personal services performed within the city," means that when an individual performs personal services in the City for any part of a day, it is considered one day worked in the City.
  - (s) "Place of business" means any bona fide office (other than a mere statutory office), factory, warehouse or other place which is occupied and used by the taxpayer in carrying on any business activity individually or through any one or more of his regular employees regularly in attendance.
  - (t) "Professional athlete" means a person who is paid for participation in an individual or team sport and also for a single or multiple appearances at an event.
  - (u) "Professional entertainer" means a person who is paid for performing song, dance, music, comedy, drama and other arts either as an individual or as a member of a group for a single or multiple performance or appearance.
  - (v) "Promoters of professional entertainment or sports events and their employees" means a person or persons who are responsible for planning, making arrangements, or providing services to a professional entertainer or professional athlete.
  - (w) "Resident individual" means any individual who is domiciled in the City or whose usual place of abode is in the City Actual residency is not necessarily the domicile of the taxpayer. A Taxpayer may have more than one residence but not more than one domicile.
  - (x) "Resident unincorporated business entity" means an unincorporated business entity having an office or place of business within the City.
  - (y) The singular shall include the plural. The masculine gender shall include the feminine and the neuter genders.

- (z) "Taxable income" means wages, salaries, commissions and other compensation paid by an employer or employers before any deduction and/or the net profits from the operation of a business, profession or other enterprise or activity, including rents, adjusted in accordance with the provisions of this chapter.
- (aa) "Taxable year" means the calendar year or the fiscal year upon the basis of which the net profits are to be computed under this chapter and, in the case of a return for a fractional part of a year, the period for which such return is required to be made.
- (bb) "Taxpayer" means a person, whether an individual, co-partnership, association or any corporation or other entity, required hereunder to file a return or pay a tax.
- (cc) "City" means the City of Gahanna. (Ord. 197-90. Passed 11-20-90.)

#### 161.02 IMPOSITION OF TAX.

To provide for the purposes of general Municipal operations, maintenance, new equipment and capital improvements and to provide for the payment of principal and interest on certain bond issues of the City, there is hereby levied a tax at the rate of one and one-half percent (1 ½ %) per annum on the following, provided an exemption isn't granted under Section 161.17:

- (a) On all salaries, wages, commissions, distributions from associations, and other compensations, earned or received by residents of the City.
- (b) On all salaries, wages, commissions and other compensations, earned or received by nonresidents of the City for work done or services performed or rendered in the City.
- (c)
  - (1) On the net profits earned or received of all unincorporated businesses, professions or other activities conducted in the City by residents of the City.
  - (2) On the net profits earned or received of all unincorporated businesses, professions or other activities conducted in the City by nonresidents.
  - (3) For the purposes of subsections (c)(1) and (2) hereof, an association shall be taxed as an entity, on the net profits of the association derived from work done or services performed or rendered and business or other activities conducted in the City, whether or not such association has its principal or any place of business located in the City, effective for all accounting periods commencing on or after January 1, 1992.
  - (4) For the purposes of subsection (c)(1) hereof, a resident of the City who is a member of an association that is taxed individually on that resident's entire share, whether distributed or not, of the annual net profits of the association which are not subject to entity filing under subsection (c)(3) hereof, effective for all accounting periods commencing on or after January 1, 1992.
- (d) On the net profits of all corporations, estates and trusts, derived from work done or services performed or rendered and business or other activities conducted in the City whether or not such corporation, estate and trusts have their principal or any place of business located in the City.
- (e) Payments made to employees by an employer as vacation wages are taxable and payments are made to any employee by an employer under a wage contribution plan during periods of disability or sickness are taxable.
- (f) Rentals from Real Property.
  - (1) Rentals received by the taxpayer are to be included only if and to the extent that the rental, ownership, management or operation of the real estate from which such rentals are derived, whether so rented, managed or operated by the taxpayer individually or through agents or other representatives, constitutes a business activity of the taxpayer in whole or in part.
  - (2) Where the gross monthly rental of any real properties, regardless of number and value, aggregate in excess of one hundred dollars (\$100.00)