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Ohio Business Gateway Update



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Agenda

- OBG Overview
 - New Services
 - Future Development
- Municipal Income Tax Project Overview
 - Estimated Payments, Extension Requests
 - Net Profits Returns
- Q/A



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OBG Overview



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What is OBG?

A web-based system that allows businesses to report and pay selected obligations within the state of Ohio.



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Attributes

- Simplifies Ohio business tax reporting and payment relationships
- Groups common processes in one place
- Emphasizes recurring events
- Complements agency web sites



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Target Audience

- Ohio businesses
- Practitioners representing businesses
- Not for personal (individual) filings



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Multiple Ohio Agencies

- Department of Taxation
- Bureau of Workers' Compensation
- Department of Job and Family Services
- Department of Commerce
- Municipal Tax Departments



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New OBG Services in 2005

- Redesigned OBG home page
 - News and Information
 - Help and Support
 - Feedback
- Municipal Income Tax – Estimates & Extensions
- Registrations with Ohio Department of Taxation
 - Sales Tax
 - Commercial Activity Tax
 - Employer Withholding



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OBG Usage

- January 2005 – December 2005
 - \$2.5 billion reported
 - 500,000 reports
- Since Inception
 - \$5.5 billion reported
 - 1 million reports
 - 100,000 registered users



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More New Development

- Commerce - Unclaimed Funds Reporting
- Taxation - Commercial Activities Tax Returns
- Municipal Income Tax Net Profits Return
- System Improvements
 - Improved Usability and Navigation
 - Practitioner Support
 - File Upload Capabilities



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Municipal Income Tax Project Overview



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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



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Project Scope

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



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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.



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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



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Net Profits Return as per ORC

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



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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



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Additional Data

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



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Ancillary Data Examples

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



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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



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How does OBG manage returns with multiple municipalities?

- Users create one OBG Net Profits Return per tax year, and it can contain data for any number of municipalities.
- The single OBG return is designed around the ORC tax computation process which is common to all municipalities.
- The OBG return allows for municipality specific information when necessary.
- OBG sends separate returns to each municipality. Municipalities see the same common information but only their own municipality specific information.



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Amending Returns

- All amendments start from an existing OBG return 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 OBG return for that tax year. There can only be 1 municipal tax return per tax year on OBG.
- If a user makes changes that impact the common portions of the tax return, OBG will automatically generate amended returns for each municipality that is part of that return.
- If a user makes changes that only impact municipality-specific information, OBG will only generate amended returns for the municipalities affected.



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Online Application Preview

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



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Features

- Original and Amended returns
- Customization using municipal profile
- In-progress work can be saved and completed later
- Improved navigation



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Features

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



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Benefits for Businesses

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



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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



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Benefits for Businesses

- OBG filing complements municipality services
 - Online directory w/ municipality taxpayer support
- OBG now provides services across multiple levels of government agencies
 - 4 State Agencies
 - Nearly 500 Municipalities



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Q/A

Feedback



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