



Ohio Business Gateway Update

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Agenda

- OBG Overview
 - New Services
 - Utilization
- Municipal Income Tax Project
 - 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 Taxes
- 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
 - \$5.4 billion reported
 - 1 million reports
 - 100,000 registered users

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OBG Usage

- Utilization rates represent 5-25% of the total volume within the corresponding filing programs
- Continued growth in usage will drive benefits and provide impetus for additional development

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Under Development

- Commerce - Unclaimed Funds
- Taxation - Commercial Activities Tax
- Municipal Income Tax
- 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 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

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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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General Development Process

- Conceptual Design Analysis
- Forum Feedback
- OBGSC Endorsement
- Detailed Requirements Analysis
- Development
- Implementation

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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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Current Project Status

- Estimated Payments and Extension Requests available
- Net Profits Return under development for early 2006 release
- 470 active municipalities, list continues to grow

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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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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
 - Access to 470+ 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 of municipality taxpayer support
- OBG now provides services across multiple levels of government agencies
 - 4 State Agencies
 - 470+ Municipalities

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Q/A

Feedback

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Ohio Chamber of Commerce
Tax Committee
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