



**Ohio Chamber of Commerce
Tax Committee
September 7, 2006**

Municipal Income Tax Project



Ohio Chamber of Commerce
Tax Committee
September 7, 2006

Agenda

- Project Update
 - Net Profits Return Overview
 - Employer Withholding Preview
- Upcoming features
- Q/A



**Ohio Chamber of Commerce
Tax Committee
September 7, 2006**

Municipal Income Tax Project Update



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



Project Phases

- I. Estimated Payments and Extension Requests – 2005
- II. Net Profits Return – 2006
- III. Employer Withholding Returns – 2007
- IV. Employer Withholding Reconciliation Reports – 2008



Ohio Chamber of Commerce
Tax Committee
September 7, 2006

Project Scope

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



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.



Ohio Chamber of Commerce
Tax Committee
September 7, 2006

General Development Process

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



Electronic Filing Process

- 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



Benefits for Businesses

- Simplifies reporting and payment processes
- Facilitates compliance activities
 - Local tax provisions built into OBG, including accurate tax rates
 - Automatic generation of amended returns
- Reduces paperwork
 - One common “form” for hundreds of municipalities



**Ohio Chamber of Commerce
Tax Committee
September 7, 2006**

Net Profits Return

Overview



Net Profits Return as per ORC

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



Features

- Original and Amended returns
- In-progress work can be saved and completed later
- Online ACH debit payments
- Payment scheduling
- Access to historical filing information



How does OBG manage returns with multiple municipalities?

- Users create one “set” of municipal Net Profits Returns per tax year, and the set can contain any number of municipalities. There can only be 1 set of municipal tax returns on OBG per tax year.
- All returns in the set are designed around the ORC tax computation process and especially the portion which is common to any municipality. Common data is entered only once for the entire set.
- The OBG application allows for municipality-specific data entry as defined by ORC.
- OBG sends separate tax returns to each municipality in the set. Municipalities see the same common information but only their own municipality-specific information.



Amending Returns

- All amendments start from an existing set of tax returns for a given tax year.
- If a user needs to file with another municipality for the same tax year, the user must add the new municipality to the existing set of returns for that tax year. There can only be 1 set of municipal tax returns per tax year on OBG.
- If a user makes changes that impact the common portion of the set of tax returns, OBG will automatically generate amended returns for each municipality that is part of the set.
- If a user makes changes that only impact municipality-specific information, OBG will only generate amended returns for the municipalities affected.



Ohio Chamber of Commerce
Tax Committee
September 7, 2006

Help & Support Resources

- General information
- Tax calculation process
- Sample screen shots
- Municipal provisions



**Ohio Chamber of Commerce
Tax Committee
September 7, 2006**

Withholding Payments



Overview

- Overall model is the same as for Net Profits Return
- Process follows ORC
- Currently reviewing design with forum group
- Target deployment is January



**Ohio Chamber of Commerce
Tax Committee
September 7, 2006**

Withholding Screen Mockups

Guided path

Instructions:

** Denotes a required field.*



Calendar Year*



Navigation*

Guided

Express

The guided option will step you through the process by which municipal withholding taxes are calculated. You will be asked to provide information which can be used to estimate your tax liability for the year you have selected. Enhanced explanatory text will be provided.

The Express option assumes that you already understand the process and the methodology by which municipal withholding taxes are calculated. This option provides fast data entry—and minimal help—for those accustomed to the process.



Select Municipalities

Select Municipalities

Company Name: S
FEIN: 34-2908452
Taxable Year: 2005

Jump to section

Build your list of municipalities to file with today by clicking on a municipality name from the Municipalities in your profile box and click on the arrow button(>) to add it to the Municipalities to include in this set of returns box.

You can create one "set" of municipal net profits return per tax year, and the set can contain any number of municipalities.

Click the Next button when you have completed adding all of the municipalities.

Edit Municipal Profile ?

Municipalities in your profile ?

Dublin

>>
>
<
<<

Municipalities to include in this set of returns ?

Next Back Save & Exit

If you need assistance, please view our [Help](#).

Company Name: Bob's Dry Cleaning
FEIN: 34-9999999
Calendar Year: 2006

Instructions:

* Denotes a required field.

Edit Municipal Profile



Filing Frequency



Filing Period

Canal Winchester

Quarterly

* Jan 1 – Mar 31

Dayton

Monthly

* Jan

Sandusky

Quarterly

* Jan 1 – Mar 31

Westerville

Semimonthly

* Jan 1-15

[Previous Group](#)

[Next Group](#)

If > 5 munis appear in list, Previous Group and Next Group will be displayed, which the user may select to display all munis selected in the current session.

Wages and Taxes Withheld

Company Name: Bob's Dry Cleaning
FEIN: 34-9999999
Calendar Year: 2006

Instructions:

* Denotes a required field.

	<input data-bbox="521 591 563 629" type="text" value="?"/>	<input data-bbox="797 591 839 629" type="text" value="?"/>	<input data-bbox="1054 591 1096 629" type="text" value="?"/>	<input data-bbox="1311 591 1353 629" type="text" value="?"/>	<input data-bbox="1565 591 1606 629" type="text" value="?"/>
	Filing Period	Workplace Qualifying Wages	Tax Rate	Workplace Tax Withheld	Residence Tax Withheld
Canal Winchester	Jan 1 - Mar 31	* <input type="text"/>	2.000%	\$9,999.99	* <input type="text"/>
Dayton	Jan 1 - 31	* <input type="text"/>	1.750%	\$9,999.99	<input type="text"/>
Sandusky	Jan 1 - Mar 31	* <input type="text"/>	1.500%	\$9,999.99	* <input type="text"/>
Westerville	Jan 1-15	* <input type="text"/>	1.000%	\$9,999.99	<input type="text"/>

[Previous Group](#) [Next Group](#)

[< Back](#) [Save and exit](#) [Next >](#)

Penalties and Payments Already Made

Company Name: Bob's Dry Cleaning
 FEIN: 34-9999999
 Calendar Year: 2006

Instructions:

* Denotes a required field.

	<input style="border: none; border-radius: 50%; width: 20px; height: 20px; display: inline-block; vertical-align: middle;" type="text" value="?"/>	<input style="border: none; border-radius: 50%; width: 20px; height: 20px; display: inline-block; vertical-align: middle;" type="text" value="?"/>	<input style="border: none; border-radius: 50%; width: 20px; height: 20px; display: inline-block; vertical-align: middle;" type="text" value="?"/>	<input style="border: none; border-radius: 50%; width: 20px; height: 20px; display: inline-block; vertical-align: middle;" type="text" value="?"/>	<input style="border: none; border-radius: 50%; width: 20px; height: 20px; display: inline-block; vertical-align: middle;" type="text" value="?"/>	<input style="border: none; border-radius: 50%; width: 20px; height: 20px; display: inline-block; vertical-align: middle;" type="text" value="?"/>	<input style="border: none; border-radius: 50%; width: 20px; height: 20px; display: inline-block; vertical-align: middle;" type="text" value="?"/>
	Filing Period	Workplace Tax Withheld	Residence Tax Withheld	Penalty	Late Fee	Pmnts made previously**	Total calculated payment
						**for this filing period	
Canal Winchester	Jan 1 - Mar 31	\$9,999.99 +	\$9,999.99 +	<input type="text"/>	<input type="text"/>	- * <input type="text" value="0"/>	= \$9,999.99
						OBG Pmnt history	
Dayton	Jan 1 - 31	\$9,999.99 +	+	<input type="text"/>	<input type="text"/>	- * <input type="text" value="0"/>	= \$9,999.99
						OBG Pmnt history	
Sandusky	Jan 1 - Mar 31	\$9,999.99 +	\$9,999.99 +	<input type="text"/>	<input type="text"/>	- * <input type="text" value="\$9,999.99"/>	= \$9,999.99
						OBG Pmnt history	
Westerville	Jan 1-15	\$9,999.99 +	+	<input type="text"/>	<input type="text"/>	- * <input type="text" value="0"/>	= \$9,999.99
						OBG Pmnt history	

[Previous Group](#) [Next Group](#)

Payment History

Company Name: Bob's Dry Cleaning
 FEIN: 34-9999999
 Calendar Year: 2006

Instructions:

* Denotes a required field.

											
	Filing Period	Workplace Tax Withheld	Residence Tax Withheld	Penalty	Late Fee	Total Calculated Payment	Amount Paid				
Canal Winchester	Jul 1 - Sept 30	\$9,999.99	+	\$9,999.99	+	\$9,999.99	+	\$9,999.99	=	\$9,999.99	\$9,999.99
	Jul 1 - Sept 30	\$9,999.99	+	\$9,999.99	+	\$9,999.99	+	\$9,999.99	=	\$9,999.99	\$9,999.99
Total											\$9,999.99

If multiple payments have been made to one muni for or during the same periods, all those payments along with a total amount paid for the period will be displayed. However, it is anticipated that multiple line items on this screen will be rare.

Aggregating payments to TPAs

Company Name: Bob's Dry Cleaning
 FEIN: 34-9999999
 Calendar Year: 2006

Instructions:

* Denotes a required field.

?	?	?	?	?	?	?
Filing Period	Workplace Tax Withheld	Residence Tax Withheld	Penalty	Late Fee	Pmnts made previously**	Total calculated payment

**for this filing period

TPA-administered Municipalities

CCA Municipalities

Canal Winchester	Jan 1 - Mar 31	\$9,999.99	+	\$9,999.99	+	\$9,999.99	+	\$9,999.99	-	\$9,999.99	=	\$9,999.99
Dayton	Jan 1 - 31	\$9,999.99			+	\$9,999.99	+	\$9,999.99	-	\$9,999.99	=	\$9,999.99
CCA Total												\$9,999.99

RITA Municipalities

Sandusky	Jan 1 - Mar 31	\$9,999.99	+	\$9,999.99	+	\$9,999.99	+	\$9,999.99	-	\$9,999.99	=	\$9,999.99
RITA Total												\$9,999.99

Self-administered Municipalities

Westerville	Jan 1-15	\$9,999.99	+		+	\$9,999.99	+	\$9,999.99	-	\$9,999.99	=	\$9,999.99	\$9,999.99
-------------	----------	------------	---	--	---	------------	---	------------	---	------------	---	------------	------------

**Total Calculated
Payment**

\$9,999.99

Payment Options

Company Name: Bob's Dry Cleaning
FEIN: 34-9999999
Calendar Year: 2006

Instructions:

* Denotes a required field.



	Total calculated payment	Actual Payment Amount	Means of Payment	Transaction Date
CCA	\$9,999.99	* \$9,999.99	ACH Debit	* 8/31/2006
RITA	\$9,999.99	* \$9,999.99	ACH Debit	* 8/31/2006
Westerville	\$9,999.99	* \$9,999.99	ACH Debit	* 8/31/2006

Total Calculated Payment **\$9,999.99**

< Back Save and exit Next >



**Ohio Chamber of Commerce
Tax Committee
September 7, 2006**

Upcoming Features



Electronic Filing Applications

- Municipal Income Tax Withholding Payments
- New Ohio State Agency Applications
- Revisions/updates to existing applications and look & feel



Role-Based Usage Concept

- Permit practitioners and third parties to log on to OBG as themselves with the ability to enter data for an existing OBG business
- Role-based login privileges or features could be different across OBG applications and agency program areas – not necessarily a “one-size fits all” feature



File Upload Concept

- Allow users to provide filing data through a file uploaded to OBG as opposed to entering data via keyboard within the online app
- Contents of data files can vary across OBG applications depending upon the needs of the agency program area



Upcoming Muni Tax Forum Work

- Finalize Withholding Payments
- Discuss parameters for role-based usage
- Discuss file formats applicable to net profits and withholding
- Involve tax administrator and business software systems partners



**Ohio Chamber of Commerce
Tax Committee
September 7, 2006**

Q/A



**Ohio Chamber of Commerce
Tax Committee
September 7, 2006**

Contact Information

Project Website: munitax.obg.ohio.gov

Email: obg@ohio.gov

**Ohio Business Gateway
30 East Broad Street, 39th Floor
Columbus, Ohio 43215
Phone 614-466-7344
Fax 614-387-5558**

Joe Zapotosky, Program Director