

CITY OF STRONGSVILLE, OHIO

ORDINANCE NO. 2023 – 149

By: Mayor Perciak and All Members of Council

AN ORDINANCE AMENDING SECTIONS 881.02, 881.03, 881.05, AND 881.18 OF CHAPTER 881, OF TITLE FOUR OF PART EIGHT OF THE CITY'S CODIFIED ORDINANCES IN ORDER TO PROVIDE FOR CHANGES TO THE OHIO MUNICIPAL INCOME TAX DUE TO PASSAGE OF OHIO HOUSE BILL 33, AND DECLARING AN EMERGENCY.

WHEREAS, the Home Rule Amendment of the Ohio Constitution, Article XVIII, Section 3, provides that "Municipalities shall have authority to exercise all powers of local self-government . . .", and the municipal taxing power is one of such powers of local self-government delegated by the people of the State to the citizens of municipalities; and

WHEREAS, Article XIII, Section 6 of the Ohio Constitution provides that the General Assembly may restrict municipalities' power of taxation to the extent necessary to prevent abuse of such power; and Article XVIII, Section 13 of the Ohio Constitution states that "Laws may be passed to limit the powers of municipalities to levy taxes and incur debts for local purposes . . ."; and

WHEREAS, the General Assembly enacted House Bill 33 (HB 33), which mandated that certain sections of the municipal income tax codes are to be amended by January 1, 2024.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF STRONGSVILLE, COUNTY OF CUYAHOGA AND STATE OF OHIO:

Section 1. That Section 881.02 Definitions, of Chapter 881 of Title Four of Part Eight-Business Regulation and Taxation Code of the Codified Ordinances of the City of Strongsville, be and is hereby amended, in part, in order that Section 881.02 shall read in part, as follows:

**CHAPTER 881
Income Tax Effective January 1, 2016**

- 881.01 Purpose of income tax; authority to levy tax.**
- 881.02 Definitions.**
- 881.03 Imposition of tax.**
- 881.04 Collection at source.**
- 881.05 Annual return; filing.**
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881.02 DEFINITIONS.

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2. As used in this chapter:

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(I) "Exempt income" means all of the following:

(1) The military pay or allowances of members of the Armed Forces of the United States or members of their reserve components, including the National Guard of any state.

(2) Intangible income.

(3) Social Security benefits, railroad retirement benefits, unemployment compensation, pensions, retirement benefit payments, payments from annuities, and similar payments made to an employee or to the beneficiary of an employee under a retirement program or plan, disability payments received from private industry or local, state, or federal governments or from charitable, religious or educational organizations, and the proceeds of sickness, accident, or liability insurance policies. As used in division 2(I)(3) of this section, "unemployment compensation" does not include supplemental unemployment compensation described in Section 3402(o)(2) of the Internal Revenue Code.

(4) The income of religious, fraternal, charitable, scientific, literary, or educational institutions to the extent such income is derived from tax-exempt real estate, tax-exempt tangible or intangible property, or tax-exempt activities.

(5) Compensation paid under Section 3501.28 or 3501.36 of the ORC to a person serving as a precinct election official to the extent that such compensation does not exceed \$1,000 for the taxable year. Such compensation in excess of \$1,000 for the taxable year may be subject to taxation by a municipal corporation. A municipal corporation shall not require the payer of such compensation to withhold any tax from that compensation.

(6) Dues, contributions, and similar payments received by charitable, religious, educational, or literary organizations or labor unions, lodges, and similar organizations;

(7) Alimony and child support received.

(8) Compensation for personal injuries or for damages to property from insurance proceeds or otherwise, excluding compensation paid for lost salaries or wages or compensation from punitive damages.

(9) Income of a public utility when that public utility is subject to the tax levied under Section 5727.24 or 5727.30 of the ORC. Division 2(l)(9) of this section does not apply for purposes of Chapter 5745 of the ORC.

(10) Gains from involuntary conversions, interest on federal obligations, items of income subject to a tax levied by the state and that a municipal corporation is specifically prohibited by law from taxing, and income of a decedent's estate during the period of administration except such income from the operation of a trade or business.

(11) Compensation or allowances excluded from federal gross income under Section 107 of the Internal Revenue Code.

(12) Employee compensation that is not qualifying wages as defined in division 2(ii) of this section.

(13) Compensation paid to a person employed within the boundaries of a United States Air Force base under the jurisdiction of the United States Air Force that is used for the housing of members of the United States Air Force and is a center for Air Force operations, unless the person is subject to taxation because of residence or domicile. If the compensation is subject to taxation because of residence or domicile, tax on such income shall be payable only to the municipal corporation of residence or domicile.

(14) An S corporation shareholder's share of net profits of the S corporation, other than any part of the share of net profits that represents wages as defined in Section 3121(a) of the Internal Revenue Code or net earnings from self-employment as defined in Section 1402(a) of the Internal Revenue Code.

(15) ~~All of the income of individuals under 18 years of age.~~

(i) For tax years through 2023, all or a portion of the income of individuals or a class of individuals under 18 years of age.

(ii) For tax years 2024 and after, the income of individuals under 18 years of age.

(16) (i) Except as provided in divisions 2(l)(16)(ii), (iii), and (iv) of this section, qualifying wages described in division 3(b) or (e) of Section 881.04 to the extent the qualifying wages are not subject to withholding for Strongsville under either of those divisions.

(ii) The exemption provided in division 2(l)(16)(i) of this section does not apply with respect to the municipal corporation in which the employee resided at the time the employee earned the qualifying wages.

(iii) The exemption provided in division 2(l)(16)(i) of this section does not apply to qualifying wages that an employer elects to withhold under division 3(d)(2) of Section 881.04.

(iv) The exemption provided in division 2(l)(16)(i) of this section does not apply to qualifying wages if both of the following conditions apply:

(aaa) For qualifying wages described in division 3(b) of Section 881.04, the employee's employer withholds and remits tax on the qualifying wages to the municipal corporation in which the employee's principal place of work is situated, or, for qualifying wages described in division 3(e) of Section 881.04, the employee's employer withholds and remits tax on the qualifying wages to the municipal corporation in which the employer's fixed location is located;

(bbb) The employee receives a refund of the tax described in division 2(l)(16)(iv)(aaa) of this section on the basis of the employee not performing services in that municipal corporation.

(17) (i) Except as provided in division 2(l)(17)(ii) or (iii) of this section, compensation that is not qualifying wages paid to a nonresident individual for personal services performed in Strongsville on not more than 20 days in a taxable year.

(ii) The exemption provided in division 2(l)(17)(ii) of this section does not apply under either of the following circumstances:

(aaa) The individual's base of operation is located in the municipal corporation.

(bbb) The individual is a professional athlete, professional entertainer, or public figure, and the compensation is paid for the performance of services in the individual's capacity as a professional athlete, professional entertainer, or public figure. For purposes of division 2(l)(17)(ii)(bbb) of this section, "professional athlete," "professional entertainer," and "public figure" have the same meanings as in Section 881.04, subdivision 3.

(iii) Compensation to which division 2(l)(17) of this section applies shall be treated as earned or received at the individual's base of operation. If the individual does not have a base of operation, the compensation shall be treated as earned or received where the individual is domiciled.

(iv) For purposes of division 2(l)(17) of this section, "base of operation" means the location where an individual owns or rents an office, storefront, or similar facility to which the individual regularly reports and at which the individual regularly performs personal services for compensation.

(18) Compensation paid to a person for personal services performed for a political subdivision on property owned by the political subdivision, regardless of whether the compensation is received by an employee of the subdivision or another person performing services for the subdivision under a contract with the subdivision, if the property on which services are performed is annexed to a municipal corporation pursuant to Section 709.023 of the ORC on or after March 27, 2013, unless the person is subject to such taxation because of residence. If the compensation is subject to taxation because of residence, municipal income tax shall be payable only to the municipal corporation of residence.

(19) Income the taxation of which is prohibited by the Constitution or laws of the United States.

Any item of income that is exempt income of a pass-through entity under division 2 of this section is exempt income of each owner of the pass-through entity to the extent of that owner's distributive or proportionate share of that item of the entity's income.

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~~(Ord. 2017-213. Passed 12-18-17.)~~

Section 2. That Section 881.03 Imposition of Tax (Businesses), of Chapter 881 of Title Four of Part Eight-Business Regulation and Taxation Code of the Codified Ordinances of the City of Strongsville, be and is hereby amended, in part, in order that Section 881.03 shall read in part, as follows:

881.03 IMPOSITION OF TAX.

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Businesses.

6. This division applies to any taxpayer engaged in a business or profession in the City of Strongsville, unless the taxpayer is an individual who resides in Strongsville or the taxpayer is

an electric company, combined company, or telephone company that is subject to and required to file reports under Chapter 5745. of the ORC.

(a) Except as otherwise provided in divisions **6(b) and 7** of this section, net profit from a business or profession conducted both within and without the boundaries of the City of Strongsville shall be considered as having a taxable situs in Strongsville for purposes of municipal income taxation in the same proportion as the average ratio of the following:

(1) The average original cost of the real property and tangible personal property owned or used by the taxpayer in the business or profession in Strongsville during the taxable period to the average original cost of all of the real and tangible personal property owned or used by the taxpayer in the business or profession during the same period, wherever situated.

As used in the preceding paragraph, tangible personal or real property shall include property rented or leased by the taxpayer and the value of such property shall be determined by multiplying the annual rental thereon by eight;

(2) Wages, salaries, and other compensation paid during the taxable period to individuals employed in the business or profession for services performed in Strongsville to wages, salaries, and other compensation paid during the same period to individuals employed in the business or profession, wherever the individual's services are performed, excluding compensation from which taxes are not required to be withheld under Section 881.04 division 3;

(3) Total gross receipts of the business or profession from sales and rentals made and services performed during the taxable period in Strongsville to total gross receipts of the business or profession during the same period from sales, rentals, and services, wherever made or performed.

(b) (1) If the apportionment factors described in division 6(a) of this section do not fairly represent the extent of a taxpayer's business activity in Strongsville, the taxpayer may request, or the Tax Administrator of the City of Strongsville may require, that the taxpayer use, with respect to all or any portion of the income of the taxpayer, an alternative apportionment method involving one or more of the following:

(i) Separate accounting;
(ii) The exclusion of one or more of the factors;
(iii) The inclusion of one or more additional factors that would provide for a more fair apportionment of the income of the taxpayer to the municipal corporation;
(iv) A modification of one or more of the factors.

(2) A taxpayer request to use an alternative apportionment method shall be in writing and shall accompany a tax return, timely filed appeal of an assessment, or timely filed amended tax return. The taxpayer may use the requested alternative method unless the Tax Administrator denies the request in an assessment issued within the period prescribed by Section 881.12/1.

(3) The Tax Administrator may require a taxpayer to use an alternative apportionment method as described in division 6(b)(1) of this section, but only by issuing an assessment to the taxpayer within the period prescribed by Section 881.12/1.

(4) Nothing in division 6(b) of this section nullifies or otherwise affects any alternative apportionment arrangement approved by the Tax Administrator or otherwise agreed upon by both the Tax Administrator and taxpayer before January 1, 2016.

(c) As used in division 6(a)(2) of this section, "wages, salaries, and other compensation" includes only wages, salaries, or other compensation paid to an employee for services performed at any of the following locations:

(1) A location that is owned, controlled, or used by, rented to, or under the possession of one of the following:

(i) The employer;
(ii) A vendor, customer, client, or patient of the employer, or a related member of such a vendor, customer, client, or patient;

(iii) A vendor, customer, client, or patient of a person described in 6(c)(1)ii) of this section, or a related member of such a vendor, customer, client, or patient.

(2) Any location at which a trial, appeal, hearing, investigation, inquiry, review, court-martial, or similar administrative, judicial, or legislative matter or proceeding is being conducted, provided that the compensation is paid for services performed for, or on behalf of, the employer or that the employee's presence at the location directly or indirectly benefits the employer;

(3) Any other location, if the Tax Administrator determines that the employer directed the employee to perform the services at the other location in lieu of a location described in division 6(c)(1) or (2) of this section solely in order to avoid or reduce the employer's municipal income tax liability. If the Tax Administrator makes such a determination, the employer may dispute the determination by establishing, by a preponderance of the evidence, that the Tax Administrator's determination was unreasonable.

(d) For the purposes of division 6(a)(3) of this section, **and except as provided in division 7 of this section**, receipts from sales and rentals made and services performed shall be situated to a municipal corporation as follows:

(1) Gross receipts from the sale of tangible personal property shall be situated to the municipal corporation only if, regardless of where title passes, the property meets either of the following criteria:

(i) The property is shipped to or delivered within Strongsville from a stock of goods located within the City of Strongsville.

(ii) The property is delivered within Strongsville from a location outside Strongsville, provided the taxpayer is regularly engaged through its own employees in the solicitation or promotion of sales within the City of Strongsville and the sales result from such solicitation or promotion.

(2) Gross receipts from the sale of services shall be situated to Strongsville to the extent that such services are performed in such City.

(3) To the extent included in income, gross receipts from the sale of real property located in the City of Strongsville shall be situated to Strongsville.

(4) To the extent included in income, gross receipts from rents and royalties from real property located in Strongsville shall be situated to the City of Strongsville.

(5) Gross receipts from rents and royalties from tangible personal property shall be situated to the City of Strongsville based upon the extent to which the tangible personal property is used in Strongsville.

(e) The net profit received by an individual taxpayer from the rental of real estate owned directly by the individual, or by a disregarded entity owned by the individual, shall be subject to Strongsville's tax only if the property generating the net profit is located in the City of Strongsville or if the individual taxpayer that receives the net profit is a resident of Strongsville. Strongsville shall allow such taxpayers to elect to use separate accounting for the purpose of calculating net profit situated under this division to the municipal corporation in which the property is located.

(f) (1) Commissions received by a real estate agent or broker relating to the sale, purchase, or lease of real estate shall be situated to the municipal corporation in which the real estate is located. Net profit reported by the real estate agent or broker shall be allocated to Strongsville, if applicable, based upon the ratio of the commissions the agent or broker received from the sale, purchase, or lease of real estate located in Strongsville to the

commissions received from the sale, purchase, or lease of real estate everywhere in the taxable year.

(2) An individual who is a resident of Strongsville shall report the individual's net profit from all real estate activity on the individual's annual tax return for Strongsville. The individual may claim a credit for taxes the individual paid on such net profit to another municipal corporation to the extent that such a credit is allowed under Strongsville's income tax ordinance.

(g) When calculating the ratios described in division 6(a) of this section for the purposes of that division or division 6(b) of this section, the owner of a disregarded entity shall include in the owner's ratios the property, payroll, and gross receipts of such disregarded entity.

- (h) Left intentionally blank.
- (i) Intentionally left blank.

Remote Employment.

7. (a) As used in this division:

(1) "Qualifying remote employee or owner" means an individual who is an employee of a taxpayer or who is a partner or member holding an ownership interest in a taxpayer that is treated as a partnership for federal income tax purposes, provided that the individual meets both of the following criteria:

(i) The taxpayer has assigned the individual to a qualifying reporting location.

(ii) The individual is permitted or required to perform services for the taxpayer at a qualifying remote work location.

(2) "Qualifying remote work location" means a permanent or temporary location at which an employee or owner chooses or is required to perform services for the taxpayer, other than a reporting location of the taxpayer or any other location owned or controlled by a customer or client of the taxpayer. "Qualifying remote work location" may include the residence of an employee or owner and may be located outside of a municipal corporation that imposes an income tax in accordance with this chapter. An employee or owner may have more than one qualifying remote work location during a taxable year.

(3) "Reporting location" means either of the following:

(i) A permanent or temporary place of doing business, such as an office, warehouse, storefront, construction site, or similar location, that is owned or controlled directly or indirectly by the taxpayer;

(ii) Any location in this state owned or controlled by a customer or client of the taxpayer, provided that the taxpayer is required to withhold taxes under Section 881.04 of this Chapter, on qualifying wages paid to an employee for the performance of personal services at that location.

(4) "Qualifying reporting location" means one of the following:

(i) The reporting location in this state at which an employee or owner performs services for the taxpayer on a regular or periodic basis during the taxable year;

(ii) If no reporting location exists in this state for an employee or owner under division (G)(1)(d)(i) of this section, the reporting location in this state at which the employee's or owner's supervisor regularly or periodically reports during the taxable year;

(iii) If no reporting location exists in this state for an employee or owner under division (G)(1)(d)(i) or (ii) of this section, the location that the taxpayer otherwise assigns as the employee's or owner's qualifying reporting location, provided the assignment is made in good faith and is recorded and maintained in the taxpayer's business records. A taxpayer may change the qualifying reporting location designated for an employee or owner under this division at any time.

(b) For tax years ending on or after December 31, 2023, a taxpayer may elect to apply the provisions of this division to the apportionment of its net profit from a business or profession. For taxpayers that make this election, the provisions of division (6) of this section apply to such apportionment except as otherwise provided in this division.

A taxpayer shall make the election allowed under this division in writing on or with the taxpayer's net profit return or, if applicable, a timely filed amended net profit return or a timely filed appeal of an assessment. The election applies to the taxable year for which that return or appeal is filed and for all subsequent taxable years, until the taxpayer revokes the election.

The taxpayer shall make the initial election with the tax administrator of each municipal corporation with which, after applying the apportionment provisions authorized in this division, the taxpayer is required to file a net profit tax return for that taxable year. A taxpayer shall not be required to notify the tax administrator of a municipal corporation in which a qualifying remote employee's or owner's qualifying remote work location is located, unless the taxpayer is otherwise required to file a net profit return with that municipal corporation due to business operations that are unrelated to the employee's or owner's activity at the qualifying remote work location.

After the taxpayer makes the initial election, the election applies to every municipal corporation in which the taxpayer conducts business. The taxpayer shall not be required to file a net profit return with a municipal corporation solely because a qualifying remote employee's or owner's qualifying remote work location is located in such municipal corporation.

Nothing in this division prohibits a taxpayer from making a new election under this division after properly revoking a prior election.

(c) For the purpose of calculating the ratios described in division 6(a) of this section, all of the following apply to a taxpayer that has made the election described in division 7(b):

(1) For the purpose of division 6(a)(1) of this section, the average original cost of any tangible personal property used by a qualifying remote employee or owner at that individual's qualifying remote work location shall be situated to that individual's qualifying reporting location.

(2) For the purpose of division 6(a)(2) of this section, any wages, salaries, and other compensation paid during the taxable period to a qualifying remote employee or owner for services performed at that individual's qualifying remote work location shall be situated to that individual's qualifying reporting location.

(3) For the purpose of division 6(a)(3) of this section, and notwithstanding division 6(d) of this section, any gross receipts of the business or profession from services performed during the taxable period by a qualifying remote employee or owner for services performed at that individual's qualifying remote work location shall be situated to that individual's qualifying reporting location.

(d) Nothing in this division prevents a taxpayer from requesting, or a tax administrator from requiring, that the taxpayer use, with respect to all or a portion of the income of the taxpayer, an alternative apportionment method as described in division 6(b) of this section. However, a tax administrator shall not require an alternative apportionment method in such a manner that it would require a taxpayer to file a net profit return with a municipal corporation solely because a qualifying remote employee's or owner's qualifying remote work location is located in that municipal corporation.

(e) Except as otherwise provided in this division, nothing in this division is intended to affect the withholding of taxes on qualifying wages pursuant to Section 881.04 of this Chapter.

~~(Ord. 2018-043, Passed 4-2-18.)~~

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Section 3. That Sections 881.05(1) through (8), Annual Return; Filing, of Chapter 881 of Title Four of Part Eight-Business Regulation and Taxation Code of the Codified Ordinances of the City of Strongsville be and are hereby amended in order that only those Sections 881.05(1) through (8) shall read in their entirety as follows:

881.05 ANNUAL RETURN; FILING.

1. An annual City of Strongsville income tax return shall be completed and filed by every individual taxpayer ~~eighteen (18) years of age or older and any taxpayer that is not an individual~~ for each taxable year for which the taxpayer is subject to the tax, whether or not a tax is due thereon.

(a) The Tax Administrator may accept on behalf of all nonresident individual taxpayers a return filed by an employer, agent of an employer, or other payer under Section 881.04 of this chapter when the nonresident individual taxpayer's sole income subject to the tax

is the qualifying wages reported by the employer, agent of an employer, or other payer, and no additional tax is due to Strongsville.

(b) Retirees having no Municipal Taxable Income for Strongsville income tax purposes may file with the Tax Administrator a written exemption from these filing requirements on a form prescribed by the Tax Administrator. The written exemption shall indicate the date of retirement and the entity from which retired. The exemption shall be in effect until such time as the retiree receives Municipal Taxable Income taxable to the City of Strongsville, at which time the retiree shall be required to comply with all applicable provisions of this chapter.

2. If an individual is deceased, any return or notice required of that individual shall be completed and filed by that decedent's executor, administrator, or other person charged with the property of that decedent.

3. If an individual is unable to complete and file a return or notice required by Strongsville, the return or notice required of that individual shall be completed and filed by the individual's duly authorized agent, guardian, conservator, fiduciary, or other person charged with the care of the person or property of that individual.

4. Returns or notices required of an estate or a trust shall be completed and filed by the fiduciary of the estate or trust.

5. Strongsville shall permit spouses to file a joint return.

6. (a) Each return required to be filed under this division shall contain the signature of the taxpayer or the taxpayer's duly authorized agent and of the person who prepared the return for the taxpayer. The return shall include the taxpayer's social security number or taxpayer identification number. Each return shall be verified by a declaration under penalty of perjury.

(b) The Tax Administrator shall require a taxpayer who is an individual to include, with each annual return, and amended return, copies of the following documents: all of the taxpayer's Internal Revenue Service form W-2, "Wage and Tax Statements," including all information reported on the taxpayer's federal W-2, as well as taxable wages reported or withheld for any municipal corporation; the taxpayer's Internal Revenue Service form 1040, or in the case of a return or request required by a qualified municipal corporation, Ohio Form IT-1040; and, with respect to an amended tax return, any other documentation necessary to support the adjustments made in the amended return. An individual taxpayer who files the annual return required by this section electronically is not required to provide paper copies of any of the foregoing to the Tax Administrator unless the Tax Administrator requests such copies after the return has been filed.

(c) The Tax Administrator may require a taxpayer that is not an individual to include, with each annual net profit return, amended net profit return, or request for refund required under this section, copies of only the following documents: the taxpayer's Internal Revenue Service form 1041, form 1065, form 1120, form 1120-REIT, form 1120F, or form 1120S, and, with respect to an amended tax return or refund request, any other documentation necessary to support the refund request or the adjustments made in the amended return.

A taxpayer that is not an individual and that files an annual net profit return electronically through the Ohio Business Gateway or in some other manner shall either mail the documents required under this division to the Tax Administrator at the time of filing or, if electronic submission is available, submit the documents electronically through the Ohio Business Gateway.

(d) After a taxpayer files a tax return, the Tax Administrator may request, and the taxpayer shall provide, any information, statements, or documents required by the City to determine and verify the taxpayer's municipal income tax liability. The requirements imposed under division 6 of this section apply regardless of whether the taxpayer files on a generic form or on a form prescribed by the Tax Administrator.

7. (a) (1) Except as otherwise provided in this chapter, each individual income tax return required to be filed under this section shall be completed and filed as required by the Tax Administrator on or before the date prescribed for the filing of state individual income tax returns under division (G) of Section 5747.08 of the ORC. The taxpayer shall complete and file the return or notice on forms prescribed by the Tax Administrator or on generic forms, together with remittance made payable to the City of Strongsville. No remittance is required if the net amount due is ten dollars (\$10.00) or less.

(2) Except as otherwise provided in this chapter, each annual net profit return required to be filed under this section by a taxpayer that is not an individual shall be completed and filed as required by the Tax Administrator on or before the fifteenth day of the fourth month following the end of the taxpayer's taxable year. The taxpayer shall complete and file the return or notice on forms prescribed by the Tax Administrator or on generic forms, together with remittance made payable to the City of Strongsville. No remittance is required if the net amount due is ten dollars (\$10.00) or less.

(b) Any taxpayer that has duly requested an automatic six-month extension for filing the taxpayer's federal income tax return shall automatically receive an extension for the filing of Strongsville's income tax return. The extended due date of Strongsville's income tax return shall be the 15th day of the tenth month after the last day of the taxable year to which the return relates. **For tax years ending on or after January 1, 2023, the extended due date of Strongsville's income tax return for a taxpayer that is not an individual shall be the 15th day of the eleventh month after the last day of the taxable year to which the return relates.** An extension of time to file under this division is not an extension of the time to pay any tax due unless the Tax Administrator grants an extension of that date.

(1) A copy of the federal extension request shall be included with the filing of Strongsville's income tax return.

(2) A taxpayer that has not requested or received a six-month extension for filing the taxpayer's federal income tax return may submit a written request that the Tax Administrator grant the taxpayer a six-month extension of the date for filing the taxpayer's Strongsville income tax return. If the request is received by the Tax Administrator on or before the date the Strongsville income tax return is due, the Tax Administrator shall grant the taxpayer's requested extension.

(c) If the tax commissioner extends for all taxpayers the date for filing state income tax returns under division (G) of Section 5747.08 of the ORC, a taxpayer shall automatically receive an extension for the filing of Strongsville's income tax return. The extended due date of Strongsville's income tax return shall be the same as the extended due date of the state income tax return.

(d) If the Tax Administrator considers it necessary in order to ensure the payment of the tax imposed by Strongsville, the Tax Administrator may require taxpayers to file returns and make payments otherwise than as provided in this division, including taxpayers not otherwise required to file annual returns.

(e) If a taxpayer receives an extension for the filing of a municipal income tax return under Section 7(b), (c) or (d) of this section, the tax administrator shall not make any inquiry or send any notice to the taxpayer with regard to the return on or before the date the taxpayer files the return or on or before the extended due date to file the return, whichever occurs first.

If a tax administrator violates division (e) of this section, the municipal corporation shall reimburse the taxpayer for any reasonable costs incurred to respond to such inquiry or notice, up to \$150.

Division (e) of this section does not apply to an extension received under division (b) of this section if the tax administrator has actual knowledge that the

taxpayer failed to file for a federal extension as required to receive the extension under division (b) of this section or failed to file for an extension under division (b)(2) of this section.

(ef) To the extent that any provision in this division 7 of this section conflicts with any provision in divisions 14, 15, 16 or 17 of this section, the provisions in divisions 14, 15, 16 or 17 prevail.

8. (a) For taxable years beginning after 2015, Strongsville shall not require a taxpayer to remit tax with respect to net profits if the net amount due is ten dollars (\$10.00) or less.

(b) Any taxpayer not required to remit tax to Strongsville for a taxable year pursuant to division 8(a) of this section shall file with Strongsville an annual net profit return under division 6(c) of this section, unless the provisions of division (8)(c) apply.

(c) (1) A person may notify the Tax Administrator that the person does not expect to be a taxpayer subject to Strongsville's income tax ordinance for a taxable year if both the following apply:

(i) The person was required to file a tax return with Strongsville for the immediately preceding taxable year because the person performed services at a worksite location [as defined in Section 881.04 (3)(a)(7)] within Strongsville.

(ii) The person no longer provides services in Strongsville and does not expect to be subject to Strongsville's income tax for the taxable year.

(2) The person shall provide the notice in a signed affidavit that briefly explains the person's circumstances, including the location of the previous worksite location and the last date on which the person performed services or made any sales within Strongsville. The affidavit shall also include the following statement: "The affiant has no plans to perform any services within Strongsville, make any sales in Strongsville, or otherwise become subject to the tax levied by Strongsville during the taxable year. If the affiant does become subject to the tax levied by Strongsville for the taxable year, the affiant agrees to be considered a taxpayer and to properly comply as a taxpayer with Strongsville income tax ordinance and rules and regulations." The person shall sign the affidavit under penalty of perjury.

(3) If a person submits an affidavit described in Section 881.05 (8)(c)(2), the Tax Administrator shall not require the person to file a tax return for the taxable year unless the Tax Administrator possesses information that conflicts with the affidavit or if the circumstances described in the affidavit change.

(4) Nothing in Section 881.05 (8)(c) of this section prohibits the Tax Administrator from performing an audit of the person.

~~(Ord. 2017-213, Passed 12-18-17.)~~

* * *

Section 4. That Section 881.18, Interest and Penalties, of Chapter 881 of Title Four of Part Eight-Business Regulation and Taxation Code of the Codified Ordinances of the City of Strongsville be and is hereby amended in order that Section 881.18 shall read in its entirety as follows:

881.18 INTEREST AND PENALTIES.

1. As used in this section:

(a) "Applicable law" means this chapter, the resolutions, ordinances, codes, directives, instructions, and rules adopted by the City of Strongsville provided they impose or directly or indirectly address the levy, payment, remittance, or filing requirements of Strongsville.

(b) "Federal short-term rate" means the rate of the average market yield on outstanding marketable obligations of the United States with remaining periods to maturity of three years or less, as determined under Section 1274 of the Internal Revenue Code, for July of the current year.

(c) "Income tax," "estimated income tax," and "withholding tax" means any income tax, estimated income tax, and withholding tax imposed by Strongsville pursuant to applicable law, including at any time before January 1, 2016.

(d) "Interest rate as described in division 1 of this section" means the federal short-term rate, rounded to the nearest whole number percent, plus five percent. The rate shall apply for the calendar year next following the July of the year in which the federal short-term rate is determined in accordance with division 1(b) of this section.

(e) "Return" includes any tax return, report, reconciliation, schedule, and other document required to be filed with the Tax Administrator or Strongsville by a taxpayer, employer, any agent of the employer, or any other payer pursuant to applicable law, including at any time before January 1, 2016.

(f) "Unpaid estimated income tax" means estimated income tax due but not paid by the date the tax is required to be paid under applicable law.

(g) "Unpaid income tax" means income tax due but not paid by the date the income tax is required to be paid under applicable law.

(h) "Unpaid withholding tax" means withholding tax due but not paid by the date the withholding tax is required to be paid under applicable law.

(i) "Withholding tax" includes amounts an employer, any agent of an employer, or any other payer did not withhold in whole or in part from an employee's qualifying wages, but that, under applicable law, the employer, agent, or other payer is required to withhold from an employee's qualifying wages.

2. (a) This section applies to the following:

(1) Any return required to be filed under applicable law for taxable years beginning on or after January 1, 2016;

(2) Income tax, estimated income tax, and withholding tax required to be paid or remitted to Strongsville on or after January 1, 2016.

(b) This section does not apply to returns required to be filed or payments required to be made before January 1, 2016, regardless of the filing or payment date. Returns required to be filed or payments required to be made before January 1, 2016, but filed or paid after that date shall be subject to the ordinances or rules and regulations, as adopted before January 1, 2016, of Strongsville to which the return is to be filed or the payment is to be made, including but not limited to Chapter 880 of Strongsville's Codified Ordinances.

3. Should any taxpayer, employer, agent of the employer, or other payer for any reason fail, in whole or in part, to make timely and full payment or remittance of income tax, estimated income tax, or withholding tax or to file timely with the City of Strongsville any return required to be filed, the following penalties and interest shall apply:

(a) Interest shall be imposed at the rate described in division 1 of this section, per annum, on all unpaid income tax, unpaid estimated income tax, and unpaid withholding tax.

(b) (1) With respect to unpaid income tax and unpaid estimated income tax, Strongsville may impose a penalty equal to fifteen percent (15%) of the amount not timely paid.

(2) With respect to any unpaid withholding tax, Strongsville may impose a penalty not exceeding fifty percent (50%) of the amount not timely paid.

(c) **(1) For tax years ending on or before December 31, 2022 ~~with~~** respect to returns other than estimated income tax returns, Strongsville may impose a penalty of \$25 for each failure to timely file each return, regardless of the liability shown thereon for each month, or any fraction thereof, during which the return remains unfiled regardless of the liability shown thereon. The penalty shall not exceed \$150 for each failure.

(2) For tax years ending on or after January 1, 2023, with respect to returns other than estimated income tax returns, Strongsville may impose a penalty not exceeding \$25.00 for each failure to timely file each return, regardless of the liability shown thereon, except that Strongsville shall abate or refund the penalty assessed on a taxpayer's first failure to timely file a return after the taxpayer files that return.

4. Nothing in this section requires Strongsville to refund or credit any penalty, amount of interest, charges, or additional fees that Strongsville has properly imposed or collected before January 1, 2016.

5. Nothing in this section limits the authority of Strongsville to abate or partially abate penalties or interest imposed under this section when the Tax Administrator determines, in the Tax Administrator's sole discretion, that such abatement is appropriate.

6. By the 31st day of October of each year Strongsville or its authorized agent shall publish the rate described in division 1 of this section applicable to the next succeeding calendar year.

7. Strongsville may impose on the taxpayer, employer, any agent of the employer, or any other payer Strongsville's post-judgment collection costs and fees, including attorney's fees.

~~(Ord. 2017-213. Passed 12-18-17.)~~

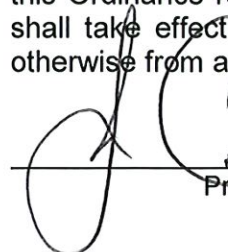
* * *

Section 5. That any ordinances or resolutions, or parts thereof, in conflict with these amendments to Chapter 881, except for current Chapter 880 where it remains applicable, are hereby superseded and repealed.

Section 6. That the provisions of this Ordinance shall take effect and be in force from and after January 1, 2024, presuming it is approved in accordance with law.

Section 7. That it is found and determined that all formal actions of this Council concerning and relating to the adoption of this Ordinance were adopted in an open meeting of this Council; and that all deliberations of this Council, and any of its committees, that resulted in such formal action were in meetings open to the public in compliance with all legal requirements.

Section 8. That this Ordinance is hereby declared to be an emergency measure immediately necessary for the preservation of the public peace, health, safety and welfare of the City, and for the further reason that it is necessary to further update the City's municipal Code in order to provide for consistency in law due to the passage of House Bill 33. Therefore, provided this Ordinance receives the affirmative vote of two-thirds of all members elected to Council, it shall take effect and be in force immediately upon its passage and approval by the Mayor; otherwise from and after the earliest period allowed by law.



President of Council

Approved: 

Mayor

CITY OF STRONGSVILLE, OHIO
ORDINANCE NO. 2023 – 149
Page 15

Date Passed: 11-06-23

Date Approved: 11-06-23

	<u>Yea</u>	<u>Nay</u>
Carbone	<u>✓</u>	<u> </u>
Clark	<u>✓</u>	<u> </u>
DeMio	<u>✓</u>	<u> </u>
Kaminski	<u>✓</u>	<u> </u>
Kosek	<u>✓</u>	<u> </u>
Roff	<u>✓</u>	<u> </u>
Short	<u>✓</u>	<u> </u>

Attest: Dan Pientka
Clerk of Council

Ord. No. 2023-149 Amended:
1st Rdg. 11-06-23 Ref:
2nd Rdg. Suspended Ref:
3rd Rdg. Suspended Ref:

Public Hrg. Ref:
Adopted: 11-06-23 Defeated: