

ARTICLE III  
IMPOSITION OF TAX

The following are items which are subject to the tax imposed by Section 181.03 of the ordinance:

A. RESIDENTS:

In the case of residents of this municipality an annual tax of 1% is imposed on all salaries, wages, commissions, and other compensation earned during the effective period of the ordinance. For the purpose of determining the tax on the earnings of resident taxpayers taxed under 181.03 (1) of the ordinance, the source of the earnings and the place or places in or at which the services were rendered, are immaterial. All such earnings wherever earned or paid are taxable, however, if it is made to appear that he has paid a municipal income tax to another municipality, a credit shall be allowed for the tax so paid. The credit shall not exceed the tax assessed by this Ordinance.

1. All salaries, wages, commissions, bonuses, tips, fees, incentive payments, etc.

Pay received for vacations, periods of sickness, or other periods of absence from employment subject to federal income tax by:

An employee or any other entity or person whether based upon hourly, daily, weekly, semi-monthly, monthly, annual, unit of production or piece work rates and whether paid by an individual, partnership, association, corporation (including charitable and other non-profit corporations), governmental administration, agency, authority, board, body, branch, bureau, department, division, sub-division, section or unit, or any other entity;

An officer, director or employee whether elected, commissioned or appointed.

2. Where compensation is paid or received in property, its fair market value at time of receipt, shall be subject to tax and to withholding. Board, lodging and similar items received by an employee in lieu of additional cash compensation or as part of the compensation shall be included in earnings at their fair market value to the same extent they are taxable under the Federal Income Tax.

3. In the case of domestics and other employees whose duties require them to live in at their place of employment or assignment, board and lodging shall not be considered as wages or compensation earned.

4. An employee who is paid on a commission or other compensation basis and who pays his business expense from his commissions or other compensation without reimbursement from his employer, may deduct from his gross commissions or other compensation, business expense allowed by the Internal Revenue Service but only to the extent such expenses are incurred in earning commissions or other compensation subject to the tax imposed by this Ordinance.

B. NON RESIDENTS:

In the case of individuals who are not residents of this municipality, there is imposed under Section 181.03 (2) of the ordinance, a tax of 1% on all salaries, wages, etc. earned during the effective period of the ordinance for work done or services performed or rendered within this municipality whether such compensation or remuneration is received

or earned directly or through an agent and whether paid in cash or in property. The location of the place from which payment is made is immaterial.

The items subject to tax under 181.03 of the ordinance are the same as those listed and defined in Article III-A.

C. NET PROFITS from resident and non-resident businesses professions or other activities (See Section 181.03 of Ordinance and Section No. 718 Code of Ohio).

D. FARM INCOME: A resident of Upper Sandusky shall be considered in business when he shares in the crops and/or net receipts from a farm, as reported on Federal Return.

E. LOSSES: Income derived from wages, salaries, etc. cannot be combined with farm income, rental income or business income for the purpose of deducting losses involved in such farm, rental or business income.

F. RENTALS: Rentals shall be considered a business if the gross monthly rentals of all real properties, regardless of number and value, aggregates in excess of \$100.00 per month.

1. In determining the amount of gross monthly rental of any real property, periods during which (by reason of vacancy or any other cause) rentals are not received, shall not be taken into consideration.

2. In determining the taxable net income from rentals, the deductible expense shall be of the same nature, extent and amount as allowed by the Federal Income Tax.

3. Farm Property: Owner shall be considered engaged in business when he shares in the crops or when the rental is based on a percentage of the gross or net receipts derived from the farm, whether or not the gross income exceeds \$100. per month. If a taxpayer rents a farm or farm house for stated amount and it does not exceed \$100. per month, it is not subject to tax.

4. Commercial Property: Owner shall be considered engaged in business activity when the rental is based on a fixed or fluctuating percentage of gross or net sales, whether or not such rental exceeds \$100. per month.

5. Rentals received by a taxpayer engaged in the business of buying and selling real estate shall be considered as part of business income.

6. Tourist Homes or rent from rooms: Considered a business and proceeds or net profits are taxable whether or not such income exceeds \$100.00 per month.

7. Residents of Upper Sandusky are subject to tax upon net income from rental (to the extent they exceed \$100. per month or are a business) regardless of location of the real property owned unless it is made to appear that he has paid an income tax of at least one per cent (1%) to the municipality in which the property is located.

8. Non-residents of Upper Sandusky are subject to tax on real property situated in Upper Sandusky to the extent they exceed \$100 per month or are a business.

G. EXCEPTIONS TO THE TAX:

1. Funds received from local, state or federal governments because of service in the Armed Forces of the United States by the person rendering such service or their dependents.
2. Poor relief, pensions, Social Security, unemployment compensation and disability benefits received from private industry or local, state or federal governments, or from charitable, religious or educational organizations.
3. Dues, contributions and similar payments received by charitable, religious, educational or literary organizations or labor unions, lodges and similar organization.
4. Receipts from casual entertainment, amusements, sports events and health and welfare activities conducted by bona fide charitable, religious and educational organizations and associations.
5. Any association, organization, corporation, club or trust which is exempt from federal taxes on income by reason of its charitable, religious, educational, literary, scientific, etc. purposes.
6. Gain or loss from the sale, exchange or other disposition of capital assets, including depreciable property and real estate used in business shall not be included in determining net profits.
7. Earnings and income of all persons under 18 years of age whether residents or non-residents.
8. Income from intangibles, (government bonds, dividends, interest, annuities and the like) if such income is from property subject to taxation under the Intangible Personal Property Tax Laws of the State of Ohio or is exempted under such laws.
9. Any income of less than \$100.00 per year or tax of less than \$1.00 per year is exempt.
10. Winnings from games of chance, including lotteries, bingo, raffles, gambling, promotions, and similar enterprises are exempt from taxation.
11. Proceeds of insurance paid by reason of the death of the insured, compensation for damages for personal injuries or for damage to property by way of insurance or otherwise.
12. Income from royalties or copyrights is not to be included.