CITY OF SOLON

ADMINISTRATOR'S RULES AND REGULATIONS TO COMPLEMENT CITY OF SOLON INCOME TAX ORDINANCE

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ADMINISTRATOR'S

RULES AND REGULATIONS

TO COMPLEMENT

CITY OF SOLON INCOME TAX ORDINANCE

Article numbers used herein correspond to chapter numbers in the ordinance and subdivisions of articles correspond approximately with chapter subdivisions.

ARTICLE 1:00
PURPOSE

1:01 Section 181.0101 of the income tax ordinance sets forth the purpose for which the tax collected will be used.

ARTICLE 3:00
DEFINITIONS

3:01 As used in these rules and regulations the following words defined herein shall have the meaning ascribed to them herein. In all definitions contained in these regulations, the singular shall include the plural and the masculine shall include the feminine and the neuter with regard to the terms, phrases, words and their derivatives used herein. See also Article 5:07 herein.

3:02 ADMINISTRATOR means the individual designated to administer and enforce the provisions of the City of Solon Income Tax.

3:03 ASSIGNMENT means the assignment by a resident of Solon of his claim for refund from another taxing municipality granting reciprocal credit to its non-residents.

3:04 ASSOCIATION means any partnership, limited partnership, or any other form of unincorporated business or enterprise, owned by two or more persons.

3:05 BOARD OF REVIEW means the Board created by and constituted as provided in Section 181.2501 of the Income Tax Ordinance.

3:06 BUSINESS means an enterprise, cooperative activity, profession, trade

or undertaking of any nature conducted for profit or ordinarily conducted for profit, whether by an individual, proprietorship, partnership, association, corporation or any other entity, excluding, however, all non-profit corporations which are exempt from the payment of Federal income tax. The administration of a decedent's estate by the executor or administrator and the mere custody, supervision and management of trust property under an intervivos, or testamentary trust unaccompanied by the actual operation of a business, shall not be construed as the operation of a business.

3:07 BUSINESS ALLOCATION as used in these regulations, means the portion of net profits to be allocated to the City of Solon as having been made in Solon either under the separate accounting method or under the three-factor formula of property, payroll and sales, or under a substitute method, as provided for in Chapter 7 of the Income Tax Ordinance. See also Article 7:00 hereof.

3:08 BUSINESS DEDUCTIONS are the ordinary and necessary expenses actually incurred in the operation of the business. See Article 5:09(c) hereof.

3:09 CITY, as used herein, means the City of Solon.

3:10 CORPORATION means a corporation, joint stock company, or joint stock association organized under the laws of the United States, the State of Ohio, or any other state, territory or foreign country or dependency.

3:11 DISHONORED CHECKS means any check received in payment of taxes and is returned unpaid by the bank.

3:12 EARNED INCOME is used in determining whether certain income is taxable within the effective dates of the ordinance. "Earned Income" is earned when received if the taxpayer is on a cash basis or when accrued if the taxpayer is on an accrued basis. The taxpayer must use the same accounting method he used for Federal tax purposes.

3:13 EMPLOYEE means one who works for wages, salary, commission or other type of compensation in the service of an employer and shall include temporary, provisional, casual, or part-time employment. Generally the relationship of employer and employee exists when the person for whom services are performed has the right to control and direct the individual who performs the services, not only as to the result to be accomplished but also as to the details and means by which that result is accomplished. Any person for whom an employer is required to withhold for Federal Income Tax purposes, shall prima facie be deemed an employee.

3:14 EMPLOYER means an individual, proprietorship, association, corporation or other entity, who or that employs one or more persons on a salary, wage, commission or other compensation basis, whether or not such employer is engaged in business as hereinbefore defined. The term employer includes the State of Ohio, its political subdivisions and its agencies, instrumentalities, boards, bureaus, departments, etc., as well as other governmental sub-divisions, agencies, instrumentalities, boards, bureaus, departments, etc. to the extent that any such body withholds tax on a mandatory or voluntary basis. No rights, duties, or obligations are imposed with respect to any such body not otherwise authorized by law.

EMPLOYER shall be further defined to be an individual, partnership, association, corporation or any other entity who books or contracts for individuals and/or groups to perform or entertain at their place of business or rents facilities for the purpose of providing such entertainment.

The term EMPLOYER does not include any person who employs only domestic help for such person's private residence.

3:15 FISCAL YEAR means an accounting period of twelve (12) months or less ending on any day other than December 31st. Only fiscal years accepted by the Internal Revenue Service for Federal Income Tax purposes may be used for Solon City Income Tax purposes.

3:16 GROSS RECEIPTS means the total income from any source whatsoever. gross receipts shall include but not be limited to, income in the form of fees, commissions, rental from real and tangible personal property, and other compensation for work or services performed or rendered as well as income from sales of stock in trade. See Article 5:09(B) hereof.

3:17 INDEPENDENT CONTRACTOR is a person who while performing services for another, is not under the direction and control of such other person, as to the result to be accomplished by the work and as to the details and means by which that result is accomplished such as authors, professional men, etc.

3:18 INTANGIBLE PROPERTY is hereby defined to be:

(a) Shares of stock in corporations, associations and joint stock companies.
(b) Interest bearing obligations (notes, corporate bonds, bonds, either Federal, State and other governmental agencies, savings accounts).
(c) Income from purchased annuities.
(d) Royalties from patents and copyrights. See Article 5:09 (A)(3).

3:19 NET PROFITS means the net gain from the conduct, or operation of a trade, business, profession, enterprise, or other activity after provision for all ordinary and necessary expenses either paid or accrued in accordance with the accounting system used by the taxpayer for Federal Income Tax purposes without deduction of taxes imposed by the Income Tax Ordinance, Federal, State and other taxes based on income; and in the case of an association, without deduction of salaries paid to partners and other owners. See Article 5:09(A) hereof.

3:20 NON-RESIDENT means an individual, partnership, association or other entity domiciled outside of the City of Solon.

3:21 NON-RESIDENT UNINCORPORATED BUSINESS ENTITY means an unincorporated business entity not having an office or place of business within the City of Solon.

3:22 ORDINANCE means Ordinance No. 1967-141 enacted by Council of the City of Solon and any amendments and supplements thereto effective October 1, 1967, and continuing until repealed. (Note: Hereinafter this will be referred to as "effective period of Ordinance").

3:23 PERSON means every natural person, partnership, fiduciary, association, corporation or other entity. Whenever the term "Person" is used in any clause prescribing or imposing a penalty, the term as applied to an unincorporated entity shall mean the partners or members thereof, and as applied to a corporation, the officers thereof.

3:24 PLACE OF BUSINESS means any bona fide office (other than a mere statutory office), factory, warehouse, or other space which is occupied and used by the taxpayer in carrying on any business activity individually or through one or more of his regular employees regularly in attendance. A taxpayer does not have a place of business outside the City of Solon solely by cosigning goods to an independent factor for sale outside of the City.

3:25 RECIPROCITY CREDIT means the credit granted by a municipality to its residents, and to non-residents whose city of residence grants a similar credit to non-residents. (See Article 19:00 hereof).

3:26 RESIDENT means an individual, partnership, association or other entity domiciled in the City of Solon.

3:27 RESIDENT UNINCORPORATED BUSINESS ENTITY means an unincorporated business entity having an office or place of business within the City of Solon.

3:28 SALARIES, WAGES, COMMISSIONS AND OTHER

COMPENSATION shall include salaries, wages, commissions, bonuses, incentive payments, fees and tips that may accrue or be received by an individual, whether directly or through an agent and whether in cash or in property for services rendered.

3:29 TAXABLE INCOME means wages, salaries, and other compensation paid by an employer or employers before deductions of any kind, and/or net profits from the operation of a business, profession and other enterprise or activity adjusted in accordance with the provisions of the Income Tax Ordinance and these regulations.

3:30 TAXABLE YEAR means the calendar year or the fiscal year, used as the basis on which net profits or other taxable income are to be computed under the ordinance, and in the case of a return for a fractional part of a year, the period for which such return is required to be made.

3:31 TAXING MUNICIPALITY means any municipal corporation levying a municipal income tax on salaries, wages, commissions and other compensation earned by individuals, and on the net profits earned from the operation of a business, profession or other activity.

3:32 TAXPAYER means a person, whether an individual, partnership, association, corporation, or any other entity, required by the ordinance to file a return of earnings or of net profits.

3:33 TANGIBLE PROPERTY shall be all property not defined as intangible property.

3:34 WORKING DAY is one for which an employee receives compensation whether the services are performed or are not performed, such as Sundays, holidays, etc.

ARTICLE 5:00
IMPOSITION OF TAX

Individuals, employees, partners or owners subject to tax in more than one municipality on the same income. See also Article 19:00 hereof for permissible credits.

5:01 RESIDENT EMPLOYEE

A. In the case of residents of the City of Solon, an annual tax (see tax rate schedule) is imposed on all salaries, wages, commissions and

other compensation earned and received, or earned and accrued, during the effective period of the Ordinance. For the purpose of determining the tax on earnings of resident taxpayers under Section 181.0501 of the ordinance, the source of earnings and the place or places in or at which the services were rendered, are immaterial. All such earnings wherever earned are taxable. The location of the place from which payment is made or where payment is received is immaterial.

B. The following are items which are subject to the tax imposed by Section 181.0501 of the ordinance.

1. Salaries, wages, bonuses and incentive payments earned by an individual whether directly or through an agent and whether in cash or in property for services rendered during the tax period as:
   (a) An officer, director or employee of a corporation (including charitable and other non-profit organizations), joint stock associations, or joint stock company;

   (b) An employee (as distinguished from a partner or member) of a partnership, limited partnership, or any form of unincorporated enterprise owned by one or more persons;

   (c) An employee (as distinguished from a proprietor) of a business, trade or profession conducted by an individual owner;

   (d) An officer or employee (whether elected, appointed or commissioned) of the United States Government or of a corporation created and owned or controlled by the United States Government, or any of its agencies; or of the State of Ohio or any of its political subdivision or agencies thereof; or any foreign country or dependency except as provided in Section 181.0901 of the ordinance.

   (e) An employee of any other entity or person, whether based upon hourly, daily, weekly, semi-monthly, monthly, annual, unit of production or piecework 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, subdivision, section or unit, or any other entity.

2. Commissions earned by a taxpayer whether directly or through an agent and whether in cash or in property for services rendered during the effective period of the ordinance, regardless of how computed or by whom or wheresoever paid.

(a) If amounts received as a drawing account exceed the commissions earned and the excess is not subject to the demand of the employer for repayment, the tax is payable on the amounts received as a drawing account.
(b) Amounts received from an employer for expenses and used as such by the individual receiving them are not deemed to be compensation if the employer deducts such expenses or advances as such from his gross income for the purpose of determining his net profits taxable under Federal law, and the employee is not required to include such receipts as income (or has directly offsetting business expense) on his Federal Income Tax Return.

(c) If commissions are included in the net earnings of the trade, business, profession, enterprise, or activity, carried on by an unincorporated entity of which the individual receiving such commission is owner or part owner and therefore subject to the tax on the net profits provision of the ordinance, they shall not be taxed under the provisions relating to salaries, wages or commissions earned.

3. Fees, unless such fees are properly includible as part of the net profits of a trade, business, profession, or enterprise regularly carried on by an unincorporated entity owned or partly owned by said individual. Example of fees taxable are those received by a director or officer of a corporation.

4. Other compensation shall include:

(a) Tips received by waiters and others
(b) Bonuses
(c) Gifts, gratuities in connection with employment
(d) Compensation paid to domestic servants, casual employees and other types of employees
(e) Benefits resulting from employers assuming a tax
(f) Fellowships, grants or stipends paid to a graduate student in the full amount except that any amount allocated in writing for tuition books and laboratory fees shall be excluded.
(g) Dismissal pay which is demandable as a matter of right by virtue of the contract of employment
(h) Incentive payments
(i) Tax Shelter Plans – Contributions by employees to a retirement system are not deductible by such employee. If such contributions are deducted by an employer from the earnings of an employee, such amounts are subject to withholding.

If an employer pays into a tax shelter plan on behalf of an employee in lieu of paying said amount as wages, said payments are considered additional compensation to the employee and are subject to withholding.

5. Vacation, sickness, etc. payments made to employees by an employer as vacation wages are taxable. Payments made to an employee by an employer, either directly or by an insurance company, under a wage continuation plan during periods of disability or sickness, are taxable. Such vacation, holiday, disability or sickness payments shall be apportioned in the same ratio as regular wages of the employee works in more than one community.

6. Where compensation is paid or received in property, its fair market value, at the time of receipt, shall be subject to the tax and to withholding. Board, lodging and similar items received by an employee in lieu of additional cash compensation shall be included in earnings at their fair market value.

   (a) In the case of domestics and other employees whose duties require them to live at their place of employment or assignment, board and lodging shall not be considered as taxable compensation.

5:02 NON-RESIDENT EMPLOYEE

A. In the case of individuals who are not residents of Solon there is imposed under Section 181.0501 of the ordinance, a tax (see tax rate schedule) on all salaries, wages, commissions and other compensation earned and received, or earned and accrued, on and after the effective date of the ordinance for work done or services rendered or performed within the City of Solon 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 which payment is made is immaterial.

B. The items subject to tax under Section 181.0501 if the ordinance are the same as those listed and defined in Article 5:01(B) hereof. For the methods of computing the extent of such work or services performed within Solon, in cases involving compensation for personal services partly within and partly without the City of Solon, see Article 13:02 hereof.

5:03 RESIDENT UNINCORPORATED BUSINESSES

A. In the case of resident unincorporated businesses, professions, enterprises undertakings or other entities conducted, operated, engaged in, prosecuted or carried on, irrespective of whether such taxpayer has an office or place of business in Solon, there is imposed an annual tax (see tax rate schedule) on the net profits earned during the effective period of the ordinance attributable to Solon determined by the separate accounting method or a formula provided for in Article 7:00 hereof, derived from sales made, work done or services performed or rendered and business or other activities conducted in Solon.

B. The tax imposed on resident associations or other unincorporated entities is upon the entities rather than the individual members or owners thereof. (For tax on that part of a resident owner's distributive share of net profits not taxed against the entity, see Article 5:04 hereof.)

C. The tax imposed by Section 181.0501 of the ordinance is imposed on all resident unincorporated entities having net profits attributable to Solon under the method of allocation provided for in the ordinance, regardless of where the owner or owners of such resident unincorporated business entity reside.

D. Resident unincorporated entities owned by one or more persons all of whom are residents of Solon having all income allocable to Solon having any income allocable to other municipalities not levying a similar tax, shall disregard the method of allocation provided for in the ordinance and pay the 1% tax on the entire net profits thereof shall constitute payment of all income tax due from the owners or members thereof of their distributive shares of the entity net profits and no separate returns or declarations of estimated tax need to be filed by the owners or members of the entity if such persons have no other taxable income. <u>A return and declaration of estimated tax shall be required from any owner or member having taxable income other than such distributive share of the net profits of such entity.</u>

5:04 RESIDENT'S DISTRIBUTIVE SHARE OF PROFITS OF A RESIDENT UNINCORPORATED BUSINESS ENTITY, NOT ATTRIBUTABLE TO SOLON.

In the case of a resident individual who is a member, partner, owner or part owner of a resident unincorporated entity, there is imposed an annual tax (see tax rate schedule) on such individual's distributive share of net profits earned during the effective period of the tax ordinance not attributable to Solon under the method of allocation provided for in Section 181.0701 of the tax ordinance, and not taxed against the entity. Provided, however, if any portion thereof is allocable to another taxing municipality, credit for tax due or paid such other taxing municipality shall be claimed in accordance with Article 19:00 hereof.

5:05 NON-RESIDENT UNINCORPORATED BUSINESSES

A. In the case of non-resident unincorporated businesses, professions, enterprises, undertakings, or other activities conducted, operated, engaged in, prosecuted or carried on, there is imposed an annual tax (see tax rate schedule) on the net profits earned during the effective period of the ordinance attributable to Solon, under the formula or separate accounting method provided for in the ordinance.

B. The tax imposed on non-resident unincorporated entities owned by one or more persons is upon the entities rather than the individual members or owners thereof, irrespective of where the members or owners reside. (For tax on that part of a resident owner's distributive share of net profits not taxed against the entity, see Article 5:06 hereof.)

5:06 RESIDENT'S SHARE OF PROFITS OF A NON-RESIDENT UNINCORPORATED BUSINESS ENTITY NOT ATTRIBUTABLE TO SOLON. SEE ARTICLE 19:00 FOR CREDITS.

In the case of a resident individual who is a member, partner, owner or part owner of a non-resident unincorporated entity, there is imposed an annual tax (see tax rate schedule) on such individual's distributive share of net profits earned during the effective period of the ordinance not attributable to the city where the entity is located under the method of allocation provided for in Section 181.0701 of the tax ordinance and not taxed against the entity. Provided, however, that such resident shall be entitled to credit for tax paid another taxing municipality in accordance with Article 19:00 hereof.

5:07 CORPORATIONS

A. In the case of corporation, whether domestic or foreign and whether or not such corporations have an office or place of business in Solon, there is imposed an annual tax (see tax rate schedule) on the net profits earned during the effective period of the ordinance attributable to Solon under the formula or separate accounting method provided for in the ordinance.

B. In determining whether a corporation is conducting a business or other activity in Solon, the provisions of Article 7:00 of these regulations shall be applicable.

C. Corporations which are required by the provisions of Section 5727.38 to 5727.41, inclusive, of the Revised Code of Ohio, to pay an excise tax in any taxable year as defined by the ordinance, may exclude that part of their gross receipts upon which the excise tax is paid. In such

case, expenses incurred in the production of such gross receipts shall not be deducted in computing net profits subject to the tax imposed by the ordinance.

5:08 EFFECTIVE PERIOD OF TAX

A. The tax imposed by Section 181.0501 of the ordinance shall be levied, collected and paid with respect to salaries, wages, bonuses, incentive payments, commission, fees and other compensation earned during the effective period of the ordinance.

B. The tax imposed by Section 181.0501 of the ordinance, with respect to net profits of trade, businesses, professions, enterprises, undertakings and other activities is on the net profits earned during the effective period of the ordinance.

5:09 AMPLIFICATION

In amplifications of the definition contained in Article 3:00 of these regulations but not in limitation thereof, the following additional information respecting net business profits is furnished.

A. NET PROFITS

1. Net profits as used in the ordinance and these regulations means net profits derived from any business, profession, or other activity or undertaking carried on for profit or normally carried on for profit.

2. Net profits as disclosed on any return filed pursuant to the provisions of the ordinance shall be computed by the same accounting method used in reporting net income to the Federal Internal Revenue Service (providing such method does not conflict with any provisions of the ordinance.)

3. Income from patents and copyrights is not to be included in net profits subject to the tax if the income from such patents or copyrights is subject to the State Intangible Tax is not deductible in determining city tax. Such items shall be clearly disclosed on an attachment to be filed with the city tax return.

B. GROSS RECEIPTS

1. Gross receipts shall include but not be limited to income in the form of commissions, fees, rental from real and tangible personal property, and other compensation for work or services performed or rendered as well as income from sales of stock in trade. See

Article 7:00 hereof.

2. From gross receipts there shall be deducted allowable expenses to arrive at the net profit subject to tax.

C. EXPENSES

1. All ordinary and necessary expenses of doing business, including reasonable compensation paid employees, shall be allowed but no deduction may be claimed for salary or withdrawal of a proprietor or of the partners, members, or other owners of an unincorporated business or enterprise.

   (a) If not claimed as part of the cost of goods sold or elsewhere in the return filed, there may be claimed or allowed a reasonable deduction for depreciation, depletion, obsolesence, losses resulting from theft or casualty, not compensated by insurance or otherwise of property used in the trade or business, but the amount may not exceed that recognized for the purpose of the Federal Income Tax. Provided, however, that loss on the sale, exchange or other disposition of depreciable property or real estate, used in the taxpayer's business shall not be allowed as a deductible expense.

   (b) Current amortization of emergency facilities under the Provisions of the Internal Revenue Code, if recognized as such for Federal Income Tax purposes, may be included as an expense deduction hereunder.

   (c) Where depreciable property is voluntarily destroyed only the cost of such demolition and the undepreciated balance thereof will be allowed as an expense in the year of such demolition, to the extent allowable for Federal Income Tax purposes.

   (d) Bad debts in a reasonable amount may be allowed in the year ascertained worthless and charged off; or if the reserve method is used, a reasonable addition to the reserve may be claimed, but in no event shall the amount exceed the amount allowable for Federal Income Tax purposes.

   (e) Only taxes directly connected with the business may be claimed as a deduction. If for any reason the income from property is not subject to the tax, then taxes on and other expenses of said property are not deductible. In any event, the following taxes are not deductible from income: (1) the tax under the ordinance; (2) Federal

or other taxes based upon income; (3) gift, estate or inheritance taxes; and (4) taxes or assessments for direct benefits or improvements to property which tend to appreciate the value thereof.

(f) In general, non-taxable income and expenses incurred in connection therewith are not to be considered in determining net profits.

(g) If the taxpayer reports income that is non-taxable under the ordinance and such amounts are deducted in order to reconcile the Solon tax return with the taxpayer's Federal Income Tax return, expenses attributable to this non-taxable income shall not be allowed. In the absence of records showing the actual expenses attributable to such non-taxable income, and upon approval of the administrator, such amount shall be deemed to equal five percent of such non-taxable income.

(h) Corporate contributions not to exceed five percent made to qualified charitable organizations recognized as such by the Internal Revenue Service will be permitted as a business expense. This regulation to be effective beginning with fiscal or calendar year 1969.

ARTICLE 7:00
DETERMINATION OF ALLOCATION OF TAX

A request to change the method of allocation must be made in writing before the end of the taxable year.

7:01 SEPARATE ACCOUNTING METHOD

A. The net profits allocable to Solon from business, professional, or other activities conducted in Solon by corporations or unincorporated entities (whether resident or non-resident) shall be determined from the records of the taxpayer if taxpayer has bona fide records which disclose with reasonable accuracy what portion of his net profits is attributable to that part of his activities conducted within Solon.

B. If the books and records of the taxpayer are used as the basis for apportioning net profits rather than the business allocation formula, a statement must accompany the return explaining the manner in which such apportionment is made in sufficient detail to enable the Administrator to determine whether the net profits attributable to Solon are apportioned with reasonable accuracy. See Article 7:03(B) hereof.

C. In determining the income allocable to Solon from the books and records of a taxpayer an adjustment may be made for the contributions made to the production of such income by headquarters activities of the taxpayer, whether such headquarters is within or without Solon.

7:02 BUSINESS ALLOCATION PERCENTAGE METHOD (TO BE USED IF UNABLE TO CONFORM TO ARTICLE 7:01 HEREOF)

A. Step 1:

Ascertain the percentage which the average net book value of real and tangible personal property, including leasehold improvements, owned or used in the business and situated within Solon is of the average net book value of all real and tangible personal property, including leasehold improvements, owned or used in the business wherever situated, during the period covered by the return. Average net book value of property may be computed on a monthly, quarterly, semi-annual, or annual basis, provided such method is consistently followed each year.

1. The percentage of taxpayer's real and tangible personal property within Solon is determined by dividing the average net book value of such property within Solon (without deduction of any incumbrances) by the average net book value of all such property within and without Solon. In determining such percentage, property rented to the taxpayer as well as real and tangible personal property owned by taxpayer must be considered.

(a) The net book value of real and tangible personal property rented by the taxpayer shall be determined by multiplying gross annual rents payable by eight (8).

(b) Gross rents means the actual sum of money or other consideration payable, directly or indirectly, by the taxpayer for the use or possession of property and includes:

(1) Any amount payable for the use or possession of real and tangible personal property or any part thereof, whether designated as a fixed sum of money or as a percentage of sales profits or otherwise;

(2) Any amount payable as additional rent or in lieu of rent such as interest, taxes, insurance, repairs, or other amounts required to be paid by the terms of a lease or other arrangement.

B. Step 2:

Ascertain the percentage which the total wages, salaries, commissions and other compensation of employees within Solon is of the total wages, salaries, commissions and other compensation of all the taxpayer's employees within and without Solon during the period covered by the return.

1. Salaries and reasonable compensation paid owners or credited to the account of owners or partners during the period covered by the return are considered wages for the purpose of this computation.

2. Wages, salaries, and other compensation shall be computed on the cash or accrual basis in accordance with the method of accounting used in the computation of the entire net income of the taxpayer.

3. In the case of an employee who performs services both within and without Solon, the amount treated as compensation for services performed within the City shall be deemed to be:

   (a) In the case of an employee whose compensation depends directly on the volume of business secured by him, such as a salesman on a commission basis, the amount received by him for the business attributable to his efforts within Solon.

   (b) In the case of an employee whose compensation depends on other results achieved, the proportion of the total compensation received which the value of his services within Solon bears to the value of all his services; and

   (c) In the case of an employee compensated on a time basis, the porportion of the total amount received by him which his working time within Solon is of his total working time.

C. Step 3:

Ascertain the percentage which the gross receipts of the taxpayer derived from sales made and services rendered in Solon is of the total gross receipts wherever derived during the period covered by the return. (See Articles 7:04 and 7:05 hereof.)

7:03 SUBSTITUTE METHOD

A. In the event a just and equitable result cannot be obtained under the formula, the Board, upon application of the taxpayer or the Administrator, may substitute other factors in the formula or prescribe other methods of allocating net income calculated to effect a fair and proper allocation.

B. Application to the Board to substitute other factors in the formula or to use a different method to allocate net profits must be made in writing not less than sixty (60) days before the end of the taxable year and shall state the specific grounds on which the substitution of factors or use of a different method is requested and the relief sought to be obtained. A copy thereof shall be served at the time of filing upon the taxpayer or Administrator as the case may be. No specific form need be followed in making such application. Once a taxpayer has filed under a substitute method, he must continue to file until given permission to change. In the event a substitute method of allocation is authorized, a statement should be attached to each annual return indicating that the allocation is in conformity with the ruling and setting forth the date of the filing.

7:04 SALES MADE IN THE CITY OF SOLON

A. All sales made through retail stores located within Solon to purchasers within or without Solon except such of said sales to purchasers outside Solon that are directly attributable to regular solicitations made outside Solon personally by taxpayer's employees.

B. All sales of tangible personal property delivered to purchasers within Solon if shipped or delivered from an office, store, warehouse, factory or place of storage located within Solon.

C. All sales of tangible personal property delivered to purchasers within Solon even though transported from a point outside Solon if the taxpayer is regularly engaged through its own employees in the solicitation or promotion of sales within Solon and the sale is directly or indirectly the result of such solicitation.

D. All sales of tangible personal property shipped from an office, store, warehouse, factory or place of storage within Solon to purchasers outside Solon if the taxpayer of not, through its own employees, regularly engaged in the solicitation or promotion of sales at the place of delivery.

E. Charges for work done or services performed incident to a sale, whether or not included in the price of the property shall be considered gross receipts from such sales.

F. In the application of the foregoing subparagraphs, a carrier shall be considered the agent of the seller regardless of the FOB point or other conditions of the sale; and the place at which orders are accepted or contracts legally consummated shall be immaterial. Solicitation of customers outside Solon by mail or phone from an office or place of business within Solon shall not be considered a solicitation of sales outside Solon.

7:05 TOTAL ALLOCATION

A. Step 4:

Add the percentages determined in accordance with Steps 1, 2 and 3 in Article 7:02 or such of the aforesaid percentages as may be applicable to the particular taxpayer's business and divide the total so obtained by the number of percentages used in ascertaining such total. The result so obtained is the business allocation percentage. In determining the average percentage, a factor shall not be excluded from the computation merely because said factor is found to be allocable entirely outside Solon. A factor is excluded only when it does not exist anywhere.

B. Step 5:

The business allocation percentage determined in Step 4 above shall be applied to the entire taxable net profits of the taxpayer wherever derived to determine the net profits allocable to Solon.

7:06 RENTALS

A. Rentals received by the taxpayer are to be included in the computation of net profits from business activities only if and to the extent that the rental, ownership, management or operation of the real estate from which such rentals are derived (whether so rented, managed or operated by the taxpayer individually or through agents or other representatives) constitutes a business activity of the taxpayer in whole or in part.

B. Where the gross monthly rental of any real properties, regardless of number and value aggregate in excess of $250.00 per month in any one month of a taxable year, it shall prima facie evidence that the rental, ownership, management or operation of such rental properties shall be subject to tax; provided that in case of commercial property, the owner shall be considered engaged in a business activity when the rental is based on a fixed or fluctuating percentage of gross or net sales, receipts or profits of the leasee, whether or not such

rental exceeds $250.00 per month, provided, further, that in the case of farm property, the owner shall be considered engaged in a business activity 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 $250.00 per month; and provided, further, that the person who operates a licensed rooming house shall be considered in business whether or not the gross income exceeds $250.00 per month.

1. The test of whether rental income constitutes a business activity is determined by the amount of gross rent yielded by the property or properties without regard to the number of registered owners of the property. The tax is then imposed against the business entity and not the separate owners (e.g., husband and wife own properties , under no formal agreement, which yield in excess of $250.00 in any month of the taxable year. A business entity return must be filed indicating the tax liability).

C. 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 be taken into consideration by the taxpayer.

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

E. Real property, as the term is used in this regulation, shall include commercial property, residential property, farm property, and any and all other types of real estate.

F. In determining the taxable income from rentals, the deductible expenses shall be of the same nature, extent and amount as are allowed by the Internal Revenue Service for Federal Income Tax purposes.

G. Owners of rental property who are non-residents of Solon whether individuals or business entities, are subject to tax only on the income from real property located in Solon and, in determining whether gross monthly rentals exceed $250.00, shall take into consideration only the income from such properties located within Solon.

H. Owners of rental property who are residents of Solon are subject to tax on the net income from rentals (to the extent above specified), regardless of the location of the real property owned excepting that, if any such property is located in and subject to a municipal income tax by another taxing municipality, credit shall be claimed for tax due or paid such other taxing municipality in accordance with Article 19:00 hereof.

I. Owners of rental property who are residents of Solon may offset net losses against net profits from all rental property located within Solon and any other municipality which does not levy a similar tax. Net profits and losses from Solon property and/or property in a non-taxing municipality may not be combined with net profits and losses in other municipalities levying a similar tax.

J. Owners of rental property who are not residents of Solon may offset net losses against net profits only between rental properties located in Solon.

K. Corporations owning or managing real estate are taxable only on the portion of income derived from property located in Solon.

L. Any person receiving rental income from commercial property, farm property, or a licensed rooming house, irrespective of the $250.00 limitation, must file a return whether or not there is any tax due.

7:07 OPERATING LOSS CARRY FORWARD

A. The portion of a net operating loss, based on income taxable under the ordinance, sustained in any taxable year subsequent to October 1, 1967, allocable to Solon may be applied against the portion of the profit of succeeding year(s) allocable to Solon until exhausted, but in no event for more than five (5) years. No portion of a net operating loss shall be carried back against net profits of any prior year.

The loss may continue to be carried forward in subsequent years only when in each year following that in which the loss occurred, the taxpayer has offset the profit of such years up to the entire amount of such profit by the amount of carry-forward loss needed to offset such profit. Any amount of carry-forward loss not so used is lost for subsequent years.

When succeeding losses are experienced, the first year can be carried forward for five (5) years, and the second, third, etc., need not be claimed until the first year has been used up. However, even in such cases the five-year limitation is followed.

B. In the event net profits are allocated both within and without Solon, the portion of net operating loss sustained shall be allocated to Solon in the same manner as provided herein for allocating net profits to Solon. The portion of a net operating loss to be carried forward shall be determined in the year the net operating loss is sustained, on the basis of the allocation factors applicable to that year.

C. In the case of fiscal years beginning prior to the effective date of the ordinance, the net operating loss deduction will be that portion of the operating loss that the number of months of the fiscal year after the effective date of the ordinance bears to the total number of months in such fiscal year.

1. A short fiscal year (a fiscal year of less than twelve (12) months) in cases where there has been a change in accounting period, where a new taxpayer selects a short fiscal year, or where a new taxpayer operates in Solon for less than his full accounting period, shall be considered as a full taxable fiscal year.

D. In any return in which a net operating loss deduction is claimed, a schedule should be attached showing:

1. Year in which net operating loss was sustained.
2. Method of accounting and allocation, used to determine portion of net operating loss allocable to Solon.
3. Amount of net operating loss used as a deduction in prior years.
4. Amount of net operating loss claimed as a deduction in current year.

E. The net operating loss of a business which loses its identity through merger, consolidation, etc., shall be allowed as a carry forward loss deduction to the surviving business entity to the extent permitted by the Internal Revenue Code.

F. In the case of a net operating loss in the filing of consolidated returns, see Article 11:04 hereof.

ARTICLE 9:00
EXEMPTIONS

9:02 INCOME, MEMBERS OF ARMED FORCES AND CERTAIN INSTITUTIONS

A. All military pay and allowances of any member of the Armed Forces of the United States are exempt from the tax imposed by the ordinance. This exemption includes not only the military pay and allowances received by the member himself, but also military pay and allowances, such as dependency allowances, received by another person by reason of the member's service. Any bonus or additional compensation paid to a person by the United States, State of Ohio, or any other state for active service in the Army, Navy, or Air Force, shall also be exempt from tax.

B. The income of religious, fraternal, charitable, scientific, literary, or education institutions is exempt from the tax imposed by the ordinance to the extent that such income is derived from tax exempt real estate, tax exempt tangible or intangible property or tax exempt activities. The income and profits of organizations exempt from Federal Income Tax under Section 501(a) of the Internal Revenue Code shall be exempt from taxation under the Ordinance.

9:02 PAYMENTS FROM GOVERNMENTS AND CERTAIN ORGANIZATIONS

Poor relief, unemployment insurance benefits, old age pensions, or similar payments, including disability benefits received from local, state, or Federal governments or charitable, religious, or educational organizations, are exempt from the tax imposed by the ordinance. The exempted benefits include all types of payments and allowances made or given such governments or organizations for the relief or correction of poverty, unemployment, delinquency, problems or health or advanced age, lack of education and similar problems. The exempted benefits include, for example, aid to dependent children and the aged; rent, food and clothing allowances or subsidies; job training allowances; Social Security and Medicare benefits; and workman's compensation benefits.

9:03 INSURANCE AND ANNUITY PROCEEDS, CERTAIN EMPLOYEE BENEFITS AND GIFTS

A. Proceeds of insurance paid by reason of the death of the insured, gratuities not in the nature of compensation for services rendered, pensions, disability benefits (not under a wage continuation plan), retirement benefits, and annuities are exempt from the tax imposed by the ordinance, irrespective of the source from which derived. The exemption includes inheritances, scholarships, and student grants-in-aid, but no fellowships described in Article 5:01 (B)(4)(f) hereof. Disability benefits include the proceeds of health and accident insurance and similar benefits. Benefits under a wage continuation plan are not exempt. Death benefits, pensions, retirement benefits, annuities and similar payments made to an employee or to the beneficiary of an employee under a retirement program or plan (whether formal or informal) after termination of employment are exempt from the tax; however, supplemental unemployment benefits are not exempt from taxation although not subject to withholding. Payments for longevity are not exempt.

B. Gifts not in connection with services rendered or work performed are exempt.

1. Religious Offerings. These items, which are goodwill offerings made by individuals for the performance of religious ceremonies such as baptisms, weddings, funerals, etc., received by clergymen are considered unearned income and are not taxable.

2. Cash or property received under a will or under Statute of Descent And Distribution is not taxable.

9:04 RECEIPTS OF CERTAIN ORGANIZATIONS AND ASSOCIATIONS

Receipts from seasonal or casual entertainment, amusement, sports events, and health and welfare activities when any such are conducted by charitable, religious, or educational organizations or associations are exempt from the tax imposed by the ordinance. This exemption refers only to the receipts of the organization and not to the compensation of employees.

9:05 ALIMONY

Alimony received is exempted from the tax imposed by the ordinance. Support payments made by one spouse for the benefit of the other spouse or children in connection with any divorce or separation, whether or not awarded by the court, shall be deemed alimony for purposes of this exemption.

9:06 NATURAL PERSONS UNDER AGE 18

Personal earnings of any natural person under 18 years of age are exempt from the tax imposed by the ordinance.

9:07 PERSONAL INJURIES AND DAMAGE TO PROPERTY

Compensation for personal injuries or for damages to property by way of Insurance or otherwise is exempt from the tax imposed by the ordinance.

9:08 INTEREST, DIVIDENDS AND OTHER REVENUE FROM INTANGIBLE PROPERTY

Interest, dividends and other revenue from intangible property are exempt from the tax imposed by the ordinance.

9:09 INVOLUNTARY CONVERSION AND OTHER EXEMPTIONS

Gains from involuntary conversion, cancellation of indebtedness, interest on Federal obligations, items of income already taxed by the State of Ohio from which Solon is specifically prohibited from taxing, and income of a decedent's estate during the period of administration

(except such income from the operation of a business) are exempt from the tax imposed by the ordinance.

9:10 TAXATION PROHIBITED BY FEDERAL GOVERNMENT

Salaries, wages, commissions and other compensation and net profits, the taxation of which is prohibited by the United States Constitution or any act of Congress limiting the power of the States or their political subdivisions to impose net income tax on income derived from interstate commerce, are exempt from the tax imposed by the ordinance.

9:11 TAXATION PROHIBITED BY STATE OF OHIO

Salaries, wages, commissions and other compensation and net profits, the taxation of which is prohibited by the Constitution of the State of Ohio or any act of the Ohio General Assembly limiting the power of the City of Solon to impose net income taxes, are exempt from the tax imposed by the ordinance.

9:12 GENERAL

No person shall be exempt from the imposition of this income tax unless specifically excluded or exempted by the laws of the State of Ohio or this ordinance. Upon request of the Administrator, any person who claims exemption from tax under the ordinance shall provide detailed information to show the basis of such claim. The information shall be furnished on a form supplied by the Administrator and be returned within thirty (30) days after receipt of the request.

ARTICLE 11:00
RETURNS

11:01 DATES AND REQUIREMENTS FOR FILING

A. On or before April 30th of the year following the effective date of the ordinance and on or before April 30th of each year thereafter, every person subject to the provisions of Section 181.0501 of the ordinance shall, except as herein provided, make and file with the Administrator, a return on a form prescribed by and obtainable upon request from the Administrator, whether or not a tax be due.

B. If the return is made for a fiscal year or any period less than a year, said return shall be made within four (4) months from the end of each fiscal year or other period.

C. Every person subject to the provisions of Section 181.0501 of the ordinance shall, except as herein provided, file a return setting

forth the aggregate amount of salaries, wages, commissions, and other personal service compensation, net profits from business or other activities, including the rental from use of real and tangible personal property, and other income taxable under the ordinance, for the period covered by the return and such other pertinent facts and information in detail as the Administrator may require.

D. Except as otherwise provided, a return must be filed by an employee who has taxable income not subject to withholding under either the ordinance or the ordinance of a reciprocal taxing municipality.

E. Any taxpayer having income, wages, or other compensation for which a return must be filed, and also having net profits from a business, may report the wage income and business operation on the same return. However, business losses cannot be offset against the wage or non-business income; losses are to be treated in accordance with Article 7:07 of these regulations.

F. Except as otherwise provided, the tax is on the unincorporated business, partnership, or association as an entity, whether resident or non-resident, and a return is required disclosing the net profits allocable to Solon and the tax paid thereon. However, any owner, or partner of an unincorporated business is required to file a return and the tax thereon to his community of residence on such income allocable outside of Solon and not previously subject to tax in accordance with Articles 5:04 and 5:06 hereof.

G. Trustees of trust and executors and administrators of estates having taxable income are required to file and pay the tax thereon.

11:02 INFORMATION REQUIRED AND RECONCILIATION WITH FEDERAL RETURNS

A. In returns filed hereunder, there shall be set forth the aggregate amount of salaries, wages, bonuses, incentive payments, commissions, fees and other compensation subject to the tax earned from each employer, taxable net profits and other pertinent information as the Administrator may require.

B. Where figures of total income, total deductions, and net profits are included as shown by a Federal return then any items of income as are not subject to Solon Income Tax and unallowable expenses shall be eliminated in determining net income subject to Solon Income Tax. The fact that any taxpayer is not required to file a Federal tax return does not relieve him from filing a Solon Income Tax return provided he has income as defined in

Section 181.0501 of the ordinance.

C. If a change in Federal income tax liability, as finally determined by the Federal Internal Revenue Service or by a judicial decision, results in an additional amount of tax payable to Solon, a report of such change shall be filed by the taxpayer within three (3) months from the final determination of the Federal tax liability. See Article 17:01 hereof.

D. If a change in Federal income tax liability results in a reduction of taxes owed and paid to Solon, a claim for refund shall be filed with the Administrator as prescribed in Section 181.1702 of the ordinance and Article 17:02 of these regulations.

E. Where credit is claimed for taxes due or paid another taxing municipality or for amounts distributed or to be distributed to Solon from a reciprocal taxing municipality for the account of the taxpayer, as provided for by Section 181.1902 of the ordinance, the amount of such credit shall be determined and claimed in accordance with Article 19:00 hereof.

11:03 EXTENSIONS

Upon written request of the taxpayer made on or before the date for filing the return, and for good cause shown, the Administrator may extend the time for filing such return for a period of not to exceed six (6) months, or to one (1) month beyond any extension requested of or granted by the Federal Internal Revenue Service. Whenever he deems such necessary, the Administrator may require a tentative return accompanied by payment of the estimated tax. No penalty will be assessed in those cases in which the return is filed and the final tax paid within the period as extended provided all other filing and payment requirements of the ordinance have been met. In any event such payments made after the due date, shall be subject to interest charges as provided in Article 15:00 hereof. Excepting that the time of claiming a reciprocal credit shall be as provided for by Section 181.1702 of the ordinance and no extension beyond the date so prescribed shall be permissible. Schedules and statements needed to support tax returns are to be filed within the time limits set forth for filing the tax returns.

11:04 CONSOLIDATED RETURNS

A. Consolidated returns may be filed by a group of corporations who are affiliated through stock ownership. For a subsidiary corporation to be included in a consolidated return, 80% of its stock must be owned by the other members of the affiliated group. A consolidated

return must include all companies which are so affiliated, along with all required schedules and amount and manner of determining income subject to Solon income tax.

B. Once a consolidated return has been filed for any taxable year, the consolidated group must continue to file consolidated returns in subsequent years unless:

1. Permission in writing is granted by the Administrator to file separate returns; or

2. A new corporation other than a corporation created or organized by a member of the group has become a member of the group during the taxable year; or

3. A corporate member of the group is sold or exchanged. Liquidating a corporation or merging one of the corporations of the group into another will not qualify the group for filing separate returns.

C. If a corporation becomes a member of the group during the taxable year, the consolidated return must include the income for the entire taxable year of the common parent corporation and any subsidiaries which were members of the group for the entire year, plus the income of each subsidiary which becomes a member of the group during the year for the period beginning with the date it became a member of the affiliated group. For the period prior to the time any subsidiary became a member of the group, separate returns must be filed for that subsidiary. When a subsidiary ceases to be a member of the affiliated group, the consolidated return must include the income of such subsidiary for the period during which it was a member of the group; but for the period after it ceases to be a member, separate returns must be filed. If a corporation has been a member of the affiliated group for less than one month of the taxable year of the group, it may be considered as not being part of the group.

Similarly, a subsidiary may be considered as being a member of the affiliated group during the entire taxable year of the group if the period during which it was not a member of the group does not exceed one month.

If a subsidiary is a member of the consolidated group for only part of a taxable year, the income considered to be earned in such fractional part of the year shall be that portion of the net income for the entire year which the actual number of calendar days it was a member of the group bears to the total number of days in

the taxable year, except when actual figures are available.

D. In determining the allocation fraction where a corporation becomes a member of the group or ceases to be a member of the group during the taxable year, the property fraction (Step 1 of the formula) shall be determined on the basis of the average net book value of the property during the period such corporation was a member of the group. The rental portion of the fraction, however, shall be computed at eight (8) times the annual rent. The gross receipts and wage fractions shall be based on the actual figures.

E. All subsidiary corporations must agree in writing to the filing of the consolidated return as they will be liable for the tax as well as will be the parent corporation.

F. The net operating loss carryover of a corporation which filed a separate return in a prior year may be carried over to a consolidated return year to the extent permitted by the Internal Revenue Code, but not to exceed the limitation of Section 181.0705 of the ordinance.

For purposes of this rule, to the extent that the loss can only be carried forward to the same corporation's taxable net income, the net income attributable to Solon in a year a loss is being utilized shall be computed by using only the same corporation's net income and allocation method.

G. In consolidating the net income, the taxable income of each corporation shall be computed in accordance with the provisions governing the taxable income of separate corporations except that there shall be eliminated unrealized profits and losses in transactions between members of the affiliated group.

H. In determining expenses that are not allowable because they are allocable to non-taxable income, such calculations shall be based on the consolidated net income.

11:05 ALLOCATION OF NET PROFITS – BY ADMINISTRATOR

In the case of a corporation that carried on transactions with its stockholders or with other corporations related by stock ownership, interlocking directorates, or some other method, or in case any person operates a division, branch, factory, office, laboratory or activity within Solon constituting a portion only of its total business, the Administrator shall require such additional information as he may deem necessary to ascertain whether net profits are properly allocated to Solon. If the

Administrator finds that net profits are not properly allocated to Solon by reason of transactions with stockholders or with other corporations related by stock ownership, interlocking directorates, or transactions with such division, branch, factory, office, laboratory or activity or by some other method, he shall make such allocation as he deems appropriate to produce a fair and proper allocation of net profits to Solon.

11:06 AMENDED RETURNS

A. Where necessary an amended return must be filed in order to report additional income and pay any additional tax due, or claim a refund of tax overpaid, subject to the requirements and/or limitations contained in the ordinance, such amended return shall be on a form obtainable on request from the Administrator. A taxpayer may not change the method of accounting or apportionment of net profits after the due date for filing the original return.

B. Within three (3) months from the final determination of any Federal tax liability affecting the taxpayer's Solon income tax liability, such taxpayer shall make and file an amended Solon income tax return showing income subject to the Solon income tax based upon such final determination of Federal tax liability, and pay any additional tax shown due thereon or make claim for refund of any overpayment.

ARTICLE 13:00
PAYMENT OF TAX

11:01 PAYMENT WITH RETURN

A. The payment due at the time of filing the return shall be the amount of the tax:

1. Withheld by the employer from employee wages pursuant to the provisions of the ordinance;

2. The amount due on a Declaration of Estimated Income Tax after taking into consideration any overpayment of previous years' tax which has not been otherwise applied, less amounts paid previously on said declaration.

B. Except as otherwise provided, should the return indicate an overpayment of the tax to which Solon is entitled under the provisions of the ordinance, such overpayment may be applied

against subsequent liability or, at the election of the taxpayer and so indicated on the return, such overpayment (or portion thereof) shall be refunded. See Article 17:02 hereof. Provided, however, that no additional taxes or refunds of less than One Dollar ($1.00) shall be collected or refunded. Provided, further, that an application for refund arising from an overpayment as a result of a reciprocity credit should be made with the taxing municipality to which the tax has been remitted.

C. Whenever the ordinance or these regulations require filing a return or payment of tax to the Administrator, or to the City of Solon such returns and/or payments shall be made directly to the City of Solon – Division of Taxation, 34200 Bainbridge Road, Solon, Ohio 44139.

13:02 WITHHOLDING – COLLECTION AT SOURCE

A. It is the duty of each employer who employs one or more persons on a salary, wage, commission or other compensation basis to deduct each time any such compensation is paid to an employee subject to the ordinance, the tax at the current rate from such salary, wage, bonus, incentive payment, commission or other compensation due by said employer to said employee. Except as otherwise provided, the tax shall be deducted by the employer from:

1. The gross amount of all salaries, wages, bonuses, incentive payments, commissions or other form of compensation paid to employees who are residents of Solon regardless of the place where the services are rendered.

2. All compensation paid to employees who are non-residents of Solon for services rendered, work performed, or other activities engaged in to earn such compensation within Solon.

B. All employers within or doing business within Solon are required to make the collections and deductions in this Article specified, regardless of the fact that the services on account of which any particular deduction is required as to residents of Solon were performed at a place of business of any such employer situated outside Solon.

Employers who do not maintain a permanent office or place of business in the City of Solon, but who are subject to tax on net profits under the ordinance, are considered to be employers within Solon subject to the requirement of withholding.

C. The mere fact that the tax is not withheld will not relieve the employee of the responsibility of filing a return and paying the tax on the compensation received.

D. Commissions and fees paid to professional men, brokers, and others who are independent contractors and not employees of the payor, are not subject to withholding or collection of the tax at the source. Such taxpayers must in all instances file returns and pay the tax pursuant to the provisions of Section 181.0501 through Section 181.0705 of the ordinance. See Articles 3:15 and 3:20 hereof.

E. In the case of employees who are non-residents of Solon, the amount to be deducted is the current rate of tax on the compensation paid with respect to personal services rendered in Solon.

Where a non-resident receives compensation for personal services, rendered or performed partly within and partly outside Solon, the withholding employer shall deduct, withhold and remit the tax on that portion of the compensation which is earned within Solon in accordance with the following rules of apportionment:

1. If the non-resident is a salesman, agent or other employee whose compensation on the basis of commissions depends directly on the volume of business transacted by him, the deduction and withholding shall attach to the portion of the entire compensation which the volume of business transacted by the employee within Solon bears to the volume of business transacted by him within and outside of Solon.

2. The deduction and withholding of personal service compensation of all other employees (including officers of corporations) shall attach to the portion of the personal service compensation of such employee which the total number of working days employed within Solon bears to the total number of working days employed within and outside Solon.

3. If it is impossible to apportion the earnings as provided above, because of (a) the peculiar nature of the services of the employee, or (b) the unusual basis of compensation, apportionment shall be made in accordance with the facts and the tax deducted and withheld accordingly. With respect to each such employee (or group of employees similarly or identically circumstanced), the employer shall furnish the Administrator a detailed statement of facts.

4. The occasional entry into Solon of a non-resident employee who performs the regular duties for which he is employed almost entirely, or entirely, outside such municipality, but also enters such municipality for the purpose of reporting, receiving instructions, accounting, etc., incidental to his duties, shall not be deemed to take such employee out of the class of those rendering their services entirely outside such municipality.

5. In apportioning the earnings of an employee, an employer may accept the written reports of his employee as to any of the items set forth in (1), (2), (3) above. However, the employer shall be responsible for any material error in an allocation as to employment within the City of Solon.

F. An employer shall withhold the tax on the full amount of any advances made to an employee on account of commissions (but not then on the commissions also).

G. An employer required to withhold the tax on compensation paid to an employee shall, in determining the amount on which the tax is to be withheld, ignore any amount allowed and paid to the employee for expenses necessarily and actually incurred by the employee in the actual performance of his services, provided such expenses are incurred in earning compensation, including commissions, and are not deducted as a business expense by the employee (other than as offset to an advance or reimbursement) under Article 5:00 of these regulations.

H. Except as otherwise provided, a Solon employer is required to withhold the current tax rate from the compensation paid to Solon residents regardless of where the services compensated for were performed, except as hereinafter set forth. Any Solon employer, who employs a Solon resident in another taxing municipality, which employer is subject to the withholding provisions of both ordinances, shall withhold and remit tax as follows:

(a) If the rate of tax levied by the other taxing municipality is is the same as is imposed by the Solon ordinance, the Solon employer shall withhold at the current rate of tax on the entire wage earned by such Solon resident and shall remit to such other taxing municipality the full amount of the tax withheld on the <u>wages earned</u> by such Solon resident in such other taxing municipality. The place of employment takes precedence over the place of residence.

(b) If the rate of tax levied by the other taxing municipality is less than the rate imposed by the Solon ordinance, such Solon employer shall withhold at the higher rate of tax on the entire wage earned by such Solon resident and shall remit to the other taxing municipality only the tax imposed by its ordinance on the income earned therein and shall remit the balance of the tax withheld to the City of Solon.

(c) If the rate of tax levied by the other taxing municipality is higher then the rate imposed by the Solon ordinance, such Solon employer shall withhold and remit to such other taxing municipality its full rate of tax on compensation earned therein by such Solon resident, and remit to the City of Solon only the tax withheld on wages earned other than in such higher taxing municipality.

In instances where the above provisions are applicable, the employer must advise the respective municipalities in which the employer is subject to the withholding provisions of the amount of salaries, wages, or other compensation earned within such municipalities, such information to be incorporated in a form approved by the Administrator.

I. An employer whose record shows that an employee is a non-resident of Solon and has no knowledge to the contrary shall be relieved of responsibility of withholding the tax on personal service compensation paid to such employee for services rendered or work done outside Solon by such employee, provided, however, that such employer must withhold the tax on compensation paid such employee after the Administrator notifies said employer in writing that such employee is a resident of Solon. All employees are required to notify the employer of any change of residence and the date thereof.

J. No person shall be required to withhold the tax on the wages or other compensation paid domestic servants employed exclusively in or about such person's residence, but such employee shall be subject to all of the requirements of the ordinance.

13:03 COLLECTION AT SOURCE – RETURN AND PAYMENT OF TAX WITHHELD AND STATUS OF EMPLOYERS

A. Every employer is deemed to be a Trustee of Solon in collecting and holding the tax required under the ordinance to be withheld, and the funds so collected by such withholding are deemed to be trust funds.

Except as otherwise provided, every such employer required to deduct and withhold the tax at the source is liable directly to Solon for the payment of such tax, whether actually collected by such employer or not.

Any tax deducted and withheld is to be considered paid to Solon whether or not the employer actually remits the tax to Solon, for purposes of determining employee payments or credits.

B. The deductions from salaries, wages, and other compensation required to be made by employers are to begin with compensation earned on and after the effective date of the income tax ordinance.

Any payments made for salaries, wages, and other compensation earned prior to the effective date of the income tax ordinance, shall not be subject to income tax withholding. The first return and payment required to be made, on account of such deductions, shall be made, filed, and paid to the Administrator by the end of the month following the close of the quarter, except as provided for in subparagraph (a) and (b) hereof.

Monthly reporting and remittances are required by the Solon income tax ordinance when the amount of tax withheld is $250.00 or more.

(a) An employer who deducts the tax in the amount as specified in the ordinance in the first or second month of a calendar quarter shall, on or before the 20th day of the following month, pay to the Administrator the amount of taxes so deducted. Said payment shall be on a Municipal Depositary Receipt (Form No. S-941) furnished by or obtainable upon request from the Solon Income Tax Department, setting forth the amount of tax deducted for the month. A receipted copy of such form shall be returned to the employer to be attached to and filed with the Employer's Quarterly Tax Return of Tax Withheld.

(b) Such employer who makes payments on a monthly basis for the first two months of a calendar quarter shall pay such tax deducted for the third month of a calendar year at the regular time for filing the Employer's Quarterly Return of Income Tax Withheld.

The employer (in addition to any return required to be filed with respect to his own earnings or net profits) shall, on or before the last day of the month next following each quarterly period make a return (Employer's Quarterly Return of Tax Withheld – Form

No. S-941) and pay to the Administrator the full amount of the tax so deducted or withheld , and not previously remitted, with respect to compensation paid all of his employees subject to the tax under the ordinance. The Employer's Quarterly Return of Taxes Withheld must be made on Form No. S-941 Furnished by or obtainable from the Solon Income Tax Department.

C. If more than the amount of tax required to be deducted by the ordinance is withheld from an employee's pay, such excess may be refunded by the employer or the Administrator, depending upon the circumstances and the time when the over-withholding is determined as follows:

1. Current Employees:

(a) If the over-withholding is discovered in the same quarterly period the employer shall make the necessary adjustment directly with the employee and the amount to be reported on the quarterly Form S-941as withheld shall be the corrected amount;

(b) If the over-withholding is discovered in a subsequent quarter of the same calendar year, the employer may make proper adjustment with the employee. In such case, Form S-941 for the quarter in which the adjustment is made shall reflect the total amount actually withheld for the quarter and the amount of the adjustment deducted therefrom.

(c) If the over-withholding is discovered in the following year, the employer should notify the Administrator of such over-withholding and the circumstances thereof. Upon proper verification, the Administrator shall refund to the employee the amount of such excess withholding.

2. Former Employees:

(a) In case too much has been withheld from an employee who is no longer employed by the employer, the employer shall notify the Administrator of the amount and circumstances of such over-withholding; and the Administrator, after verification, shall then refund to the employee the amount of such excess withholding; or

(b) If the error is discovered by the employee, such employee

shall file a claim with the Administrator; and, upon verification thereof by the employer, the Administrator shall refund to the employee the amount of such excess withholding.

D. Insufficient withholding – if less than the amount of tax required to be deducted is withheld from an employee, such deficiency shall be withheld from subsequent wages paid in the same calendar year. However, if the employee-employer relationship has terminated, or if the deficiency was for a prior year, the employer shall notify the Administrator of such deficiency, the reason therefor, and in a separate return pay the withholding deficiency. (Article 13:03 A and Section 181.1302 of the ordinance.)

E. On or before the 31st day of January, following any calendar year in which such deductions have been made by any employer, such employer shall file with the Administrator, in the form prescribed by the Administrator, an information return for each employee from whom Solon City Income Tax has been withheld, showing the name, address, and social security number of the employee, the total amount of taxable compensation paid during the year, and the amount of Solon City Income Tax withheld for such employees.

F. For the convenience of employers, such information return shall be made in one of three ways at the election of each employer, as follows:

1. Those employers using Form W-2 furnished commercially may submit a copy of such commercial W-2 providing the copy furnished to Solon clearly shows the information required in Subsection E immediately preceding;

2. Those employers not using Form W-2 furnished commercially, may obtain forms upon request from the Administrator;

3. Where the furnishing of this information as above indicated will create a district hardship, the employer, upon written request to the Administrator, may be permitted to furnish a list of all employees subject to the tax, which list shall show the employee's full name, last known address, social security number, gross amount of taxable compensation paid during the year and the amount of Solon city income tax withheld.

G. In addition to such information returns, and at the time the same are filed, such employer shall file with the Administrator Form

W-3 to enable the Administrator to reconcile the sum total of compensation paid and taxes withheld as disclosed by the total of the W-2's or lists of employees. The W-3 shall also reconcile to prior remittances and returns filed by the employer for such tax year with respect to taxes withheld.

H. In deducting and withholding the tax at the source and in payment of any tax due under the ordinance, a fractional part of a cent shall be disregarded unless it amounts to one-half cent (1/2) or more, in which case it shall be increased to one cent (1).

13:04 DECLARATION OF ESTIMATED TAX (TAX ON INCOME NOT COLLECTED AT SOURCE)

A. REQUIREMENT OF FILING

1. A declaration of estimated tax shall be filed by every taxpayer who anticipates receiving taxable income not subject to withholding.

2. Taxpayer's final return for the preceding year may be used as the basis for computing his declaration of estimated tax for the current year, or he may use the same figures used for estimating the Federal income tax adjusted to exclude any income or deductions not taxable or permissible under the Solon City Income Tax ordinance. In the event a taxpayer has not previously been required to file a return, a declaration of estimated tax on anticipated income shall be filed in good faith.

B. DATE OF FILING

1. Those taxpayers reporting on a calendar year basis shall file a declaration of estimated tax on or before April 30 of each year or within four (4) months of the date the taxpayer becomes subject to the tax for the first time.

2. Those taxpayers reporting on a fiscal year basis shall file a declaration of estimated tax within four (4) months of the date the taxpayer becomes subject to the tax for the first time.

C. FORM OF FILING

1(a) Such declaration of estimated tax shall be filed on a form furnished by or obtainable from the Administrator. (See Article 13:04A1hereof.)

(b) Should the declaration of estimated tax indicate an overpayment, such overpayment shall not be refunded until the final return has been filed. (See Article 13:01B and 17:02 hereof.)

2 . The original estimate of tax liability or any subsequent amendment thereof may be increased or decreased by filing an amended declaration of estimated tax on or before any quarterly payment date as set forth in Article 13:04D hereof. Such amendment may be made on the regular declaration Form or on quarterly billing forms.

D. DATES OF PAYMENTS

1. The estimated tax may be paid in full with the first declaration of estimated tax in each tax year or in equal installments on or before the last day of the fourth, seventh, tenth, and first months of the taxable year.

2. The declaration of estimated tax must be accompanied by at least one-fourth (1/4) of the estimated tax shown due thereon.

3. In the event an amended declaration of estimated tax has been filed, the unpaid balance shown due thereon shall be paid in equal installments over the remaining payment dates.

E. FINAL RETURNS REQUIRED

The filing of a declaration of estimated tax does not relieve the taxpayer of the necessity of filing a final return even though there is no change in the declared tax liability. A final return must be filed to obtain a refund of any overpayment of over one dollar ($1.00). (See Articles 13:01B and Section 17:02 hereof.)

ARTICLE 15:00
INTEREST AND PENALTIES

15:01 INTEREST

A. Except as provided in Article 15:03 hereof, all taxes imposed and all monies withheld, or required to be withheld, by employers under the provisions of this ordinance and remaining unpaid after they have become due shall bear interest, in addition to the amount of the unpaid tax or withholdings, at the rate of six percent (6%) per annum.

15:02 PENALTIES

A. In addition to interest as provided in Article 15:01 hereof, penalties based on the unpaid tax are hereby imposed as follows:

1. For failure to pay taxes due, other than taxes withheld: 6% per annum.

2. Underpaying Estimated Taxes. There is a charge of (See Penalty and Interest Schedules) for underpaying the tax when the difference of the amount actually paid and the amount that should have been paid of the estimated tax paid was 80% or less of the amount shown on the final return. The penalty for underpaying estimated taxes is figured separately for each installment.

3. For failure to remit taxes withheld from employees: 3% per month.

B. In addition to any other charges for interest and/or penalties which may be applicable, a charge of Five Dollars ($5.00) shall be added to the tax due when any check in payment of taxes is returned unpaid by the bank. This charge is to offset the cost of additional bookkeeping and processing and is made irrespective of any charge which may be levied against the maker by his bank. Notice by the Administrator to the taxpayer that a check has been returned unpaid is not required nor is notice of the above charge required. The tender of payment shall not be considered as received as long as this charge has not been paid.

15:03 EXCEPTIONS

A. No penalty shall be assessed on additional taxes found on audit to be due when a return was timely filed in good faith and the tax paid thereon within the prescribed time.

B. In the absence of fraud neither penalty nor interest shall be assessed on any additional taxes resulting from a Federal audit for Federal Income Tax purposes provided an amended return is filed and the additional tax paid within three (3) months after final determination of the Federal tax liability.

C. A taxpayer or employer shall have thirty (30) days after receipt of notice of any proposed imposition of interest and penalties within which to file a written protest or explanation with the Administrator. If no protest or explanation is filed within the prescribed time, the

proposed imposition of interest and penalties shall become and be the final assessment. Upon filing of a written protest or explanation, the Administrator shall determine the assessment which may or may not be the same as the proposed assessment.

15:04 ABATEMENT OF INTEREST AND PENALTY

A. Upon recommendation of the Administrator, the Board of Review may abate penalty or interest, or both, or upon an appeal from the refusal of the Administrator to recommend abatement of penalty and interest, the Board may nevertheless abate penalty or interest, or both.

15:05 VIOLATIONS

A. Any person who shall:

1. Fail, neglect or refuse to make any return or declaration required by this ordinance; or

2. Make any incomplete, false or fraudulent return; or

3. Fail, neglect or refuse to pay the tax, penalties, or interest imposed by this ordinance; or

4. Fail, neglect or refuse to withhold the tax from his employees or remit such withholding to the Administrator; or

5. Refuse to permit the Administrator or any duly authorized agent or employee to examine his books, records, papers, and Federal Income Tax Returns relating to the income or net profits of a taxpayer; or

6. Fail to appear before the Administrator and to produce his books, records, papers, or Federal Income Tax Returns relating to the income or net profits of a taxpayer upon order or subpoena of the Administrator; or

7. Refuse to disclose to the Administrator any information with respect to the income or net profit of a taxpayer; or

8. Fail to comply with the provisions of this ordinance or any order or subpoena of the Administrator authorized hereby; or

9. Give to an employer false information as to his true name, correct social security number, and residence address, or fail to promptly notify an employer of any change in residence

address and date thereof; or

10. Fail to use ordinary diligence in maintaining proper records of employees' residence addresses, total wages paid, and Solon City Income Tax withheld, or to knowingly give the Administrator false information; or

11. Attempt to do anything whatever to avoid the payment of the whole or any part of the tax, penalties, or interest imposed by this ordinance; shall be guilty of a misdemeanor and shall be fined not more than Five Hundred Dollars ($500.00) or imprisoned not more than six (6) months or both, for each offense.

15:06 LIMITATION ON PROSECUTIONS

A. Civil actions to recover municipal income taxes and penalties and interest on municipal income taxes shall be brought within three (3) years after the tax was due or the return was filed, whichever is later.

B. Prosecutions under the ordinance shall be commenced within three (3) years after the commission of the offense, provided that in the case of fraud, failure to file a return, or the omission of twenty five percent (25%) or more of income required to be reported, prosecutions may be commenced within six (6) years after the commission of the offense.

15:07 FAILURE TO RECEIVE FORMS NOT EXCUSE

A. The failure of any employer or person to receive or procure a return, declaration or other required form shall not excuse him from making any information return, declaration of return, from filing such form, or from paying the tax.

ARTICLE 17:00
COLLECTION OF UNPAID TAXES AND REFUNDS OF OVERPAYMENTS

17:01 UNPAID TAXES RECOVERABLE AS OTHER DEBTS

A. All taxes imposed by the ordinance and not paid when due become, together with interest and penalties thereon, a debt due the municipality from the taxpayer and are recoverable as are other debts by civil suit. Employers who are required, under Section 181.1302 of the ordinance, to withhold and remit the taxes required to be withheld at the source, and who fail to withhold

and/or remit, become liable to the municipality in a civil action to enforce the payment of the debt created by such failure.

B. No additional assessment shall be made by the Administrator after three (3) years from the time the return was due or filed, whichever is later. Provided, however, there shall be no period of limitation on such additional assessments in the case of a return that omits a substantial portion of income, or filing a false or fraudulent return to evade payment of the tax, or failure to file a return. Failure to report 25% or more of gross income shall be considered an omission of a substantial portion of income subject to this tax.

C. In those cases in which the Commissioner of Internal Revenue and the taxpayer have executed a waiver of the Federal Statute of Limitations, the period within which an assessment may be made by the Administrator is extended to one (1) year from the time of final determination of Federal tax liability.

17:02 REFUNDS OF TAXES ERRONEOUSLY PAID

A. Taxes erroneously paid shall not be refunded unless a claim for refund is made within three (3) years from the date on which such payment was made, or the return was due, or three (3) months after the determination of the Federal Income Tax liability, whichever is later.

B. No refund shall be made to any taxpayer until he has complied with all provisions of the ordinance and has furnished all information required by the Administrator.

C. Overpayments will be either refunded or credited to the taxpayer's current year's liability at his option. Where no election has been made by the taxpayer, overpayments of any year's taxes shall be applied as follows:

1. To taxes owed for any previous years in the order in which such taxes become due.

2. To his current estimated tax liability.

17:03 LIMITATION

A. Where the total amount due or refund claimed for a tax year is is less than One Dollar ($1.00) such amount shall not be collected or refunded.

ARTICLE 21:00
DUTIES AND AUTHORITY OF THE ADMINISTRATOR

21:01 DISBURSEMENT OF FUNDS COLLECTED. (Refer to the ordinance.)

ARTICLE 23:00
DUTIES AND AUTHORITY OF THE ADMINISTRATOR

23:01 DUTY TO RECEIVE TAX IMPOSED

A. It shall be the duty of the Administrator to receive the tax imposed by the ordinance in the manner prescribed herein from the taxpayers; to keep an accurate record thereof, and to report all monies so received.

23:02 DUTY TO ENFORCE COLLECTION

A. It shall be the duty of the Administrator to enforce payment of all taxes owed the City of Solon, to keep accurate records for the minimum of five (5) years showing the amount due from each taxpayer required to file a declaration and make any return, including taxes withheld, and to show the dates and amounts of payments thereof.

23:03 AUTHORITY TO MAKE AND ENFORCE REGULATIONS

A. The Administrator is charged with the administration and enforcement of the provisions of the ordinance and is, subject to the approval of the Board of Review, empowered to adopt, promulgate, and enforce rules and regulations relating to any matter or thing pertaining to the administration and enforcement of the ordinance. The Administrator has the authority to correct or adjust any return submitted, when a correction or adjustment is necessary to accomplish the intent of the ordinance.

B. Any taxpayer or employer desiring a special ruling on any matter pertaining to the ordinance or these rules and regulations, should submit to the Administrator in writing all the facts involved and the ruling sought.

C. These regulations, together with all amendments and supplements hereto and all changes herein, will be on file at the office of the Administrator, City of Solon, and will be open to public inspection. The Administrator's office is located at 34200 Bainbridge Road, Solon,

Ohio 44139.

23:04 AUTHORITY TO ARRANGE INSTALLMENT PAYMENTS

A. Except as otherwise provided in these regulations, the Administrator is authorized to arrange for the payment of unpaid taxes, interest, and penalties on a schedule of installment payments when the taxpayer has proved to the Administrator that, due to certain hardship conditions, he is unable to pay the full amount of the tax due. Such authorization shall not be granted until proper returns are filed by the taxpayer for all amounts owed by him under the ordinance.

B. Failure to make any deferred payment when due shall cause the total unpaid amount, including penalty and interest, to become payable on demand and the provisions of Chapters 15 and 17 of the Income Tax Ordinance shall apply.

23:05 AUTHORITY TO DETERMINE AMOUNT OF TAX DUE

A. Whenever the Administrator has been unable to secure information from the taxpayer as to his taxable income for any year, or the taxpayer has filed a return which does not show the proper amount of tax due, he may determine the amount of tax appearing to be due and assess the taxpayer upon the basis of such determination, together with the interest and penalties as prescribed in Chapter 15 of the Income Tax Ordinance.

B. Such determination of tax may be adjusted upon submission by the taxpayer of actual records from which his tax may be computed.

23:06 AUTHORITY TO MAKE INVESTIGATION

A. The Administrator, or his duly authorized employee, is authorized to examine the books, papers, records, and Federal Income Tax returns of any employer, taxpayer, or person subject to the ordinance, or whom the Administrator believes is subject to the provisions of the ordinance, for the purpose of verifying the accuracy of any return made; or, if no return was made, to ascertain and determine the tax due under the ordinance.

B. An employer or taxpayer shall furnish, within ten (10) days following a written request by the Administrator,

or his duly authorized agent, the means, facilities, and opportunity for making examinations and investigations authorized by the ordinance.

23:07 AUTHORITY TO COMPEL PRODUCTION OF RECORDS

A. The Administrator, or any person acting in his capacity, is authorized to examine any person, under oath, concerning any income which was, or should have been, returned for taxation, or any transaction tending to effect such income. The Administrator may compel the production of books, papers, and records, and the attendance of all persons before him whether as parties or witnesses, whenever he believes such persons have knowledge of the facts concerning any supposed income or supposed transaction of the taxpayer.

B. The Administrator's order to examine any document mentioned in the preceding paragraph shall state whether the examination is to be at the office of the taxpayer or at the office of the Administrator.

C. The Administrator may order the appearance before him, or his duly authorized agent, or any party whom he believes to have any knowledge of a taxpayer's income or withholdings, or any information pertaining to the taxpayer under investigation, whether or not the individual so ordered has actual custody of the records of the taxpayer being investigated. The Administrator is specifically authorized to order the appearance of the local manager or representative of any taxpayer.

D. Persons required to attend any hearings shall be notified not less than ten (10) days prior to the time of the hearing. The notice shall show the time and place of the hearing and what books, papers, or records the witness is to make available at such hearing.

E. The notice shall be served by the Administrator, or his duly authorized agent, by delivering it to the person named personally, or by leaving the notice at his usual place of business or residence, or by mailing it to the person by registered or certified mail, return receipt requested, addressed to his usual place or business or residence.

23:08 REFUSAL TO PRODUCE RECORDS

A. Refusal by any employer, supposed employer, taxpayer, or supposed taxpayer, or the refusal of any such person to appear before the Administrator or his duly authorized agent, to submit to such examination or to produce the records requested constitutes a misdemeanor punishable by fine or imprisonment, or both, as prescribed by Section 181.1501 of the ordinance.

23:09 CONFIDENTIAL NATURE OF INFORMATION

A. Any information gained as a result of any returns, investigations, verifications or hearings before the Administrator or the Board, required by the ordinance or authorized by these rules and regulations shall be confidential and no disclosure thereof shall be made except for official purposes or as ordered by a court of competent jurisdiction. Any person divulging such information shall be guilty of a misdemeanor punishable by a maximum fine of One Thousand Dollars ($1,000.00) or imprisonment for not more than six (6) months, or both.

B. In addition to the above penalty, any employee of the City of Solon who violates the provisions of this section relative to the disclosure of confidential information shall be guilty of an offense punishable by immediate dismissal.

23:10 TAXPAYER REQUIRED TO RETAIN RECORDS

A. All employers and taxpayers are required to keep such records as will enable the filing of true and accurate returns whether of taxes withheld at the source or of taxes payable upon earnings or net profits, or both. Such records shall be preserved for a period of not less than five (5) years from the date the final return is filed and paid or the withholding taxes are paid.

ARTICLE 25:00
BOARD OF REVIEW

25:01 BOARD OF REVIEW ESTABLISHED

A. A Board of Review consisting of the Finance Director, Director of Law, and a member of City Council is hereby created. The Board shall select, each year, for

a one-year term, one of its members to serve as Chairman and one to serve as Secretary. A majority of the Board shall constitute a quorum. The Board shall adopt its own procedural rules and shall keep a record of its transactions. Any hearing by the Board may be conducted privately and the provisions of Article 23:09 hereof with reference to the confidential character of information required to be disclosed by the ordinance shall apply to such matters as may be heard before the Board of Appeal.

25:02 DUTY TO APPROVE REGULATIONS AND TO HEAR APPEALS

A. All rules and regulations and amendments or changes thereto, which are adopted by the Administrator under the authority conferred by the ordinance, must be approved by the Board of Review before the same become effective. The Board shall hear and pass on appeals from any ruling or decision of the Administrator, and, at the request of the taxpayer or Administrator, is empowered to substitute alternate methods of allocation.

25:03 RIGHT OF APPEAL

A. An appeal from a ruling of the Administrator by a taxpayer or employer is effected by filing a written notice of appeal with the Board at Solon, within thirty (30) days after the announcement of the Administrator's ruling or decision from which the appeal is taken. A copy of such notice of appeal must be filed with the Administrator.

B. The Board, by a majority vote, may affirm, modify or reverse, in whole or in part any such ruling or decision of the Administrator.

C. Hearings before the Board shall be private unless the taxpayer Requests, in writing, a public hearing.

ARTICLE 27:00
OTHER PROVISIONS

27:01 DECLARATION OF LEGISLATIVE INTENT. (Refer to the ordinance.)

27:02 COLLECTION OF TAX AFTER TERMINATION OF TITLE TEN. (Refer to the ordinance.)