

# Mt. Orab Business Income Tax Facts

The Village of Mt. Orab has enacted a local income tax on the net profits of all businesses located within the Village of Mt. Orab, or conducting business within the limits of Mt. Orab. The Mt. Orab Income Tax rate of 1% (.01) is based on the net profits of a business. All business transactions that originate within Mt. Orab are subject to this income tax regardless of the final destination of the product or service. If a business has locations both within and outside the limits of Mt. Orab only the portion of net income attributable to the Mt. Orab location is subject to this tax.

## Definitions

**Declaration of Estimated Tax** - an estimate of the net profit for the current calendar (fiscal) year. Use last years amount of net profit rounded to the nearest \$100. Multiply the estimated net profits by 1% (.01). Indicate the amount of any tax credit from previous year(s). Subtract the tax credits (if any) from your estimated Mt. Orab tax liability to determine the balance of your estimated tax due. You may pay the full amount of this estimate when filing your return otherwise, you must pay at least one-fourth (1/4), with the balance being paid in quarterly installments. The Income Tax Bureau will send notices when each quarterly installment becomes due.

**Employee** - one who works for wages, salary, commission or other type of compensation in the service of an employer.

**Employer** - an individual, partnership, corporation, non-profit entity, governmental agency or other association that employs one or more persons on a salary, wage, commission or other compensation. An employer does not include a person who employs only domestic help for such person's private residence.

**Filing Deadline** - the last date for submitting your Mt. Orab Income Tax return is April 15 of each year. The W-3 Annual Employer Reconciliation is due February 28 of each year. The filing deadline for W-1 Employer Report of Taxes Withheld is thirty (30) days following the month or quarter being reported.

**Independent Agent** - any person who performs duties in association with a distinct but separate business. Under Mt. Orab Tax laws independent agents are considered sole proprietorship and subject to the Mt. Orab Income Tax.

**Itinerant Business (12 Day Occasional Entry Rule)** - any non-resident business who provides products or services for a period of less than 12 days in a calendar year inside the limits of the Village of Mt. Orab. Itinerant businesses are not subject to the Mt. Orab Income Tax.

**Itinerant Employer** - any non-resident business who provides products or services inside the Village of Mt. Orab for a period of less than 12 days in a calendar year shall not be required to deduct and withhold tax from employees.

**Non-Taxable Income** - proceeds from capital gains, except for ordinary gains, interest income, dividends and other non-taxable income.

**Non-Deductible Expenses** - expenses for capital losses, excluding ordinary losses, expenses incurred in the production of non-taxable income, taxes based on income, net operating loss, payments to partners, contributions and other nondeductible expenses.

**Net Operating Loss** - a business net operating loss can be carried forward up to three (3) years and applied towards business profit. Net operating losses cannot be carried backward against prior net profits or used to offset any earned wages reported on a W-2 form.

**Rental Income** - the net profits from rental of three (3) or more residential or one (1) or more commercial rental units is subject to the Mt. Orab Income Tax.

**Tax Extension** - an extension for filing your tax return for filers who are unable to meet the regular deadline. An extension request extends the due date for filing a return six (6) months from the original due date of the return.

**Taxable Gross Income** - all income received from products sold and/or services rendered in which the sale of said

products or services originated within the limits of Mt. Orab regardless of the final destination of the products or services.

**Taxable Net Profits** - includes the net gain from a business, or profession including those pertaining to capital gains and losses of a business after deduction of all ordinary and necessary expenses without deduction of salaries paid to partners or owners of a business.

#### Business Tax Forms

**BR - Business Return** - annual business income tax return due by April 30 or four (4) months after the end of the fiscal year.

**Q1 - Quarterly Installment of Estimated Tax** - statement of estimated tax due each quarter (April 30, July 31, October 31, and January 31) based on the previous year's tax return.

**W-1 - Employer's Report of Taxes Withheld** - monthly or quarterly report of Mt. Orab tax withheld from employee's wages. Employers with monthly payroll of over \$5,000 per month are required to file this form monthly.

**W-3 - Withholding Tax Reconciliation** - annual return used to reconcile the amount of employee tax withheld with the total taxable wages paid to Mt. Orab.

**Current Residency List** - a listing of current residents of rental property filed twice annually with the Income Tax Bureau.

#### Tax Bureau Services

**Tax Preparation** - The Income Tax Bureau will help assist businesses to prepare their tax return free of charge.

**Tax Consultations** - The Income Tax Bureau will provide any business with assistance or answer questions regarding the Mt. Orab Income Tax. In addition, a special appointment can be arranged upon request.

**Substitution of Forms** - The Income Tax Bureau will accept a substitute tax form if the substitute form contains essentially the same information as the original form.

#### Questions?...

**Who has to file a Business Mt. Orab Tax Return (Form BR)?** - Any business located inside or conducting business inside Mt. Orab except Itinerant businesses (see definitions).

**Our business is located inside Mt. Orab, but all of our sales are to locations outside of Mt. Orab, do we still need to file a Mt. Orab tax return?** Yes, all business transactions that originate in Mt. Orab are subject to the Mt. Orab income tax regardless of the final destination of the product.

**What should be done if a business has one (or more) locations located outside the Village of Mt. Orab?** The business will need to determine what portion of net profit was generated from the Mt. Orab location and pay the proper amount of tax.

**Our business received a Mt. Orab Tax Return in the mail but we are not required to file, what should we do?** Contact the Income Tax Bureau and inform them of the reason why your business is not required to file a Mt. Orab Tax return.

**Our business operates on a fiscal year, what should we do?** Please inform the Mt. Orab Income Tax Bureau of your fiscal year and file your annual return within four (4) months following the end of your fiscal year.

**How do we request an extension for filing an annual return?** In order to receive an extension for filing your Mt. Orab tax return, you must request a federal extension first, then send a letter requesting a Mt. Orab tax extension and include a copy of your federal extension filed. You will be granted a six (6) month extension from the original due date of the tax return. Please note however, that in order to avoid any late penalties, you will be required to pay at least 90% of your expected tax liability when you file a request for an extension.

**What are the office hours of the Income Tax Bureau?** The regular office hours are from 9:00 to 5:00 weekdays.

**Can a special appointment be made for a different time?** Yes, you can call the Income Tax Bureau anytime at (937) 444-2945 and leave a message requesting a special appointment time.

**Where is the Income Tax Bureau located?** The Income Tax Bureau office is located at 211 South High Street (the Village Building).

If you have any additional questions regarding the Mt. Orab Income Tax, please contact the Mt. Orab Tax Commissioner.

**Income Tax Bureau  
Village of Mt. Orab  
P.O. Box 268  
Mt. Orab, Ohio 45154**

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