



# **Ohio Municipal Net Profit Tax**

## **General Information for Taxpayers**

## **Ohio Municipal Net Profit Tax (MNP)**

### **General Instructions and Information for Taxpayers**

The enactment of Amended Substitute House Bill 49 (132nd General Assembly) provides business taxpayers the option, beginning with the 2018 tax year, to file one municipal net profit tax return through the Ohio Business Gateway for processing by the Ohio Department of Taxation (the Department). The Department will handle all administrative functions for those centrally filed returns and will distribute payments to the appropriate municipal corporations. The Department will also handle audits and appeals.

Currently, businesses are required to file separate returns with each municipal corporation in which they conduct business.

### **Registration (Opt-in) for Taxpayers**

Taxpayers can register to file with the Department through the Ohio Business Gateway at [www.business.ohio.gov](http://www.business.ohio.gov).

Taxpayers that choose to file with the Department must make an election on or before the fifteenth day of the fourth month of their taxable year. For example, taxpayers that operate on a calendar year basis are required to opt-in to file with the commissioner on or before April 15th of the taxable year they intend to file with the Department. The election will remain in effect until terminated by the taxpayer.

Upon registering with the Department for the municipal net profit tax, the registration applies to all municipal corporations in which you are subject to the municipal net profit tax. Only one return will be filed, with the Department, for all municipal corporations and all payments will be made to the Department.

The administration of the tax for periods prior to taxable year 2018 and for periods which the taxpayer has not opted-in with the Department will be handled by the applicable municipal corporations or third-party administrators.

### ***Ineligible Elections***

Sole proprietors and disregarded entities are not eligible to opt-in with the Department and should continue to file with the appropriate municipal

corporations. A disregarded entity is a single-member limited liability company, a qualifying subchapter S subsidiary, or another entity if the company, subsidiary, or entity is a disregarded entity for federal income tax purposes.

Upon registration, the taxpayer is asked whether they grant the Department permission to list their company's information (name, address, FEIN) on the Department's website. This will allow municipal corporations to self-serve to see who has opted in. Only those taxpayers that agree to this limited waiver of confidentiality will be listed.

### **Electronic Filing / Payment**

1. Electronic Filing – Municipal net profit taxpayers are required to file each annual tax return and declaration of estimated taxes electronically through the Gateway at [www.business.ohio.gov](http://www.business.ohio.gov).
2. Electronic Payment – Municipal net profit taxpayers are required to remit each tax payment electronically either by ACH debit through the Gateway or by electronic funds transfer (EFT) through the Ohio Treasurer of State at [www.tos.ohio.gov](http://www.tos.ohio.gov).

### **Declaration of Estimated Taxes (MNP ES)**

Each quarter, taxpayers must submit a declaration of estimated taxes for the current taxable year, unless the estimated annual tax liability is less than two hundred dollars (\$200), in which case no estimated payments are required for that year.

Payments of estimated taxes (the amount a taxpayer reasonably estimates to be the total amount of its tax liabilities to all municipal corporations for the taxable year) for the current taxable year are due as follows:

1. 22.5% must be paid by the fifteenth day of the fourth month of their taxable year.
2. 45% must be paid by the fifteenth day of the sixth month of their taxable year.
3. 67.5% percent must be paid by the fifteenth day of the ninth month of their taxable year.
4. 90% must be paid by the fifteenth day of the twelfth month of their taxable year.

Taxpayers with a short table year must pay 90% of their combined tax liability by the fifteenth day of the twelfth month of their taxable year.

Please see Table 1 to find the applicable due dates based on your fiscal year-end.

If the due date falls on a weekend or holiday, the report or payment is due the next business day.

Any underpayment of estimated taxes can result in interest penalty being added to the tax due. See R.C. 718.88. Any remaining tax due must be remitted on or before the return due date, without extension. The underpayment or late payment of taxes due may result in interest and penalties.

### **Tax Return (MNP 10)**

A taxpayer must file an annual return for each taxable year it has elected to file with the commissioner. Annual tax returns are due on the fifteenth day of the fourth month following the end of the taxpayer's taxable year. See Table 2 for annual return due dates, which are based on your fiscal year-end. A taxpayer may request a 6-month extension of time to file. The extension request will be granted if it is received by the commissioner on or before the due date of the annual return or if the taxpayer has requested an extension for filing the federal income tax return. Please note, this is an extension of time to file not an extension of time to pay.

A taxpayer that is a member of an affiliated group of corporations may elect to file a consolidated tax return for a taxable year if at least one member of the affiliated group filed a consolidated federal income tax return for that taxable year. An election to file a consolidated tax return is binding for a period of five years unless a change in reporting is required under federal law. The election is binding for each subsequent five-year period unless the taxpayer elects to discontinue filing a consolidated tax return on or before the 15th day of the 4th month of the year following the last year of a five-year consolidated tax return election period.

The binding five-year period created by an election to file a consolidated return or an election to discontinue filing a consolidated tax return is binding on the Department whether the election was made with the municipal corporation or with the Department. Any elections made with a municipal

corporation carry over to the administration of the tax by the Department. The tax return filed with the Department will allow a taxpayer to file a consolidated return in one municipal corporation and on a separate basis in another municipal corporation. If you wish to pursue this method of filing, please contact the Department prior to registering.

If the three-factor apportionment formula does not fairly represent the extent of your business activity in a municipal corporation, you may request, or the tax commissioner may require, that you use an alternative apportionment method involving separate accounting, the exclusion or inclusion of one or more factors, or a modification of one or more factors. You must request alternative apportionment in writing along with a tax return, timely-filed appeal of an assessment, or timely-filed amended tax return. In the event the Ohio Business Gateway is unable to accommodate your requested alternative apportionment formula, you must file a paper return along with a request detailing your chosen apportionment method and an explanation as to why your method more fairly represents the extent of your business activity in a municipal corporation.

If you have a formal or informal agreement regarding alternative apportionment with a municipal corporation, it is not binding on the tax commissioner. You must request alternative apportionment with the filing of your tax return. The tax commissioner will consider each request on a case-by-case basis. If a municipal corporation has agreed to allow the alternative apportionment, that will be a significant factor considered in evaluating the request and documentation of such prior agreements should be provided with the request.

Currently taxpayers are not required to make a payment if the amount of tax due is less than \$10.01 to an individual municipal corporation. The state administered return will look at the total tax liability in all municipal corporations. For example, if \$5.00 is owed to three separate municipal corporations, a \$15.00 payment is required on the annual tax return.

The annual tax return will include a box that the taxpayer may check to authorize another person to communicate with the Department about matters pertaining the tax return. To authorize a representative to communicate with the

Department for other matters, the taxpayer may fill out a form TBOR 1, Declaration of Tax Representative, available at <http://www.tax.ohio.gov/Forms.aspx>.

### **Refunds (MNP REF)**

Taxpayers can request refunds either on the tax return or by using the refund claim form (MNP REF). The form MNP REF can be found on our website at <http://www.tax.ohio.gov/Forms.aspx>.

Refund applications must be filed within three years of the erroneous payment date and do not accrue interest if they are paid within ninety days of the determination.

### **Assessments**

If a taxpayer fails to file a return or pay any tax due in full, the commissioner will send out a delinquency notice and/or bill to cure any deficiency. If a taxpayer fails to resolve the matter at the delinquency or billing stage, the commissioner will issue a notice of assessment to the taxpayer for any deficiency for the period the tax return or payment is due.

If an assessment is not paid in full within sixty days of the day the assessment was issued, it may be certified to the Ohio Attorney General's Office for collection.

### **Appeals**

A taxpayer that disagrees with any portion of a notice of assessment may appeal the assessment by filing a petition for reassessment with the commissioner within sixty days of the date the taxpayer receives the assessment. If the petition has been properly filed, the taxpayer may raise additional objections in writing prior to the final determination date. One of the Department's hearing officers will schedule an informal hearing with the taxpayer and/or the taxpayer's representative, which provides the taxpayer an opportunity to present its arguments against the assessment notice. Hearings may be held in person or via phone. A taxpayer may waive its right to a hearing and may instead provide documentation for consideration.

After the hearing, the commissioner will review all documentation provided and will issue a final

determination deciding the matter.

Taxpayers who disagree with a final determination can appeal to the board of tax appeals. To do so, the taxpayer should file a notice of appeal with both the board and the commissioner within sixty days of the date of service of the final determination.

### **Audit**

Any municipal corporation may refer a taxpayer for audit if the municipal corporation has additional information that could result in a change of tax liability. The commissioner will review the referral and may conduct an audit based on that information. Please note, audits are not restricted to referrals from municipal corporations and can be conducted at the discretion of the commissioner.

The commissioner or any authorized agent may examine the books, papers, records, and federal and state income tax returns of any taxpayer filing the municipal net profit tax with the Department by sending a written request to the taxpayer. Taxpayers are required to preserve any records or documents for six years following the end of a taxable year.

### **Contact Us**

More information, including FAQs, can be found on the Department's website at <http://www.tax.ohio.gov/faq.aspx>.

If you are interested in receiving Tax Alerts regarding the municipal net profit tax, please subscribe at <http://www.tax.ohio.gov/ohtaxalert.aspx>.

For questions regarding the municipal net profit tax, please contact the Department at 1-844-238-0403 or via email at [MNPTax@tax.state.oh.us](mailto:MNPTax@tax.state.oh.us).

Table 1

<b>Month of FY End</b>	<b>First Quarter / Annual Return</b>	<b>Second Quarter</b>	<b>Third Quarter</b>	<b>Fourth Quarter</b>
December	April 15	June 15	September 15	December 15
January	May 15	July 15	October 15	January 15
February	June 15	August 15	November 15	February 15
March	July 15	September 15	December 15	March 15
April	August 15	October 15	January 15	April 15
May	September 15	November 15	February 15	May 15
June	October 15	December 15	March 15	June 15
July	November 15	January 15	April 15	July 15
August	December 15	February 15	May 15	August 15
September	January 15	March 15	June 15	September 15
October	February 15	April 15	July 15	October 15
November	March 15	May 15	August 15	November 15

Table 2

<b>Month of FY End</b>	<b>Annual Return</b>
December	April 15
January	May 15
February	June 15
March	July 15
April	August 15
May	September 15
June	October 15
July	November 15
August	December 15
September	January 15
October	February 15
November	March 15



**Department of  
Taxation**

P.O. Box 16158  
Columbus, OH 43216-6158  
(644) 238-0403

MNP ES  
Prescribed 9/18

## Municipal Net Profit Declaration of Estimated Taxes

Account number \_\_\_\_\_ FEIN \_\_\_\_\_

Estimated Payment ☐ First quarter ☐ Second quarter ☐ Third quarter ☐ Fourth quarter

Company name \_\_\_\_\_

Address (number and street) \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ ZIP code \_\_\_\_\_

### Net Profit Estimated Taxes and Estimated Payments

For calendar year \_\_\_\_\_ or fiscal year beginning date \_\_\_\_\_ and ending date \_\_\_\_\_

1. Municipality Code	2. Municipality Name	3. Estimated Annual Tax Liability	4. Estimated Tax Due	5. Municipal Overpayment Carryforward	6. Estimated Tax Due after Municipal Overpayment Carryforward

7. Total Estimated Tax Due after Municipal Overpayment Carryforward (sum all values in column 6)

\$ \_\_\_\_\_

8. Previous Estimated Payments & State Overpayment Carryforward

\$ \_\_\_\_\_

9. Balance Due (line 7 minus line 8)

\$ \_\_\_\_\_

Mail to: Ohio Dept. of Taxation, P.O. Box 16158, Columbus, OH 43216-6158

**Sign Here (required):** I declare under penalties of perjury that this return or claim (including any accompanying schedules and statements) has been examined by me and to the best of my knowledge and belief is a true, correct, and complete return and report.

\_\_\_\_\_  
Taxpayer or authorized preparer's signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Printed name

\_\_\_\_\_  
Date (MM/DD/YY)

Make additional copies of this schedule as necessary