



# Municipal Tax Update Webcast

January 25, 2019

To watch the archived Webcast - [Click Here](#)

\*Please note: CPE is only available for live webcasts, it is not available for webcasts on demand.

# Today's Agenda

- ▶ Welcome / Tools & Enhancements / eFile & MeF / Bills
- ▶ Business Returns:
  - Form 27
  - NOL CF Phase-in & Examples
- ▶ Individual Returns:
  - Form 37, Form 10A, Form 32
  - NOL CF Phase-in & Examples
- ▶ Impact of TCJA
- ▶ Selected Pass-through Issues & Examples
- ▶ Q&A & Wrap-up





# Tools & Enhancements e-File & MeF Taxpayer Bills

Don Smith  
Executive Director



Fast File

MyAccount



Individuals



Businesses



Tax Professionals



Tax Law Updates



Rita Municipalities



Resources



Tax Rates



About



Contact



FAQ's

Contact Us >

Feedback >




## Welcome

Welcome to the fresh new look of Ohio's Regional Income Tax Agency – RITA – with a newly-designed website to make your municipal tax administration service more easily accessible and navigable online. With new forms, tools and communication strategies that simplify and increase transparency, we are helping individuals, businesses and tax professionals navigate the obligations of local taxes in their RITA member municipality.

Fast File

MyAccount

-  **Individuals**
-  **Businesses**
-  **Tax Professionals**
-  **Tax Law Updates**
-  **Rita Municipalities**
-  **Resources**
-  **Tax Rates**
-  **About**
-  **Contact**
-  **FAQ's**



[Contact Us >](#)
[Feedback >](#)

**Resources for Tax Professionals**

RITA strives to provide efficient and effective information to tax preparers and tax software vendors. RITA is dedicated to sharing noteworthy information, including the latest updates to municipal income tax laws.

**Register to Receive Email Notifications from RITA.**

Use RITA's **Occasional Entrant Flow Chart** to assist in determining where workplace withholding should occur under the 20-day rule.

Use RITA's **S-Corp. Owner Residence Tax Treatment Summary** to see how RITA Member Municipalities tax resident owners of S-Corporations.


**News and Important Updates - Page 1**

**Testing Prodigal**  
Posted on: 10/3/2018  
Testing Prodigal

**Smoke testing in DVP**  
Posted on: 10/18/2018  
Smoke testing in DVP

**Website and eServices**

**What is the Regional Income Agency?**  
To learn more about RITA click



[Contact Us >](#)
[Feedback >](#)

**Forms and Instructions**

2017
2016
2015
2014
2013
2012
2011
2010

<b>Form 37</b> Individual Municipal Income Tax Return	<a href="#">Form</a> <a href="#">Instructions</a>
<b>Form 37 Excel Auto Calc</b> Excel based Individual Municipal Income Tax Return for simple but common tax situations, view instructions for limitations	<a href="#">Form</a> <a href="#">Instructions</a>
<b>Exemption</b> Use this form if you are exempt from filing an Individual Municipal Income Tax Return	<a href="#">Form</a>
<b>Form 10A</b> Application for Municipal Income Tax Refund	<a href="#">Form</a>
<b>Form 32-EXT</b> Estimated Income Tax and/or Extension of Time to File	<a href="#">Form</a>
<b>Request for Allocation of Payments</b> Use this form to allocate existing payments/credits between separate individual accounts	<a href="#">Form</a>
<b>Postal Wage Amendment Statement Form</b>	<a href="#">Form</a>
<b>Form 75</b> Individual Registration Form	<a href="#">Form</a>
<b>Request for Appealable Assessment</b>	<a href="#">Form</a>

Welcome to the free designed website to navigable online. With transparency, we

obligations of local taxes in their RITA member municipality.

Fast File

MyAccount

Individuals

Businesses

Tax Professionals

Tax Law Updates

Rita Municipalities

Resources

Tax Rates

About

Contact

FAQ's

Fast File

MyAccount

- Individuals
- Businesses
- Tax Professionals
- Tax Law Updates
- Rita Municipalities**
- Resources
- Tax Rates
- About
- Contact
- FAQ's

## RITA Municipalities

RITA Member List    RITA JEDD, JEDZ and ENTPZ Member List

Aberdeen	Empire	Middleport	Rosford
Addyston	Fairborn	Midvale	Sabina
Adelphi	Fairport Harbor	Mifflin	Saint Clairsville
Amanda	Fairview Park	Milan	Saint Paris
Amsterdam	Fayette	Milford	Salineville
Andover	Fort Jennings	Milford Center	Sandusky
Antwerp	Fostoria	Miller City	Sardinia
Arlington Heights	Fredericktown	Millersport	Seven Hills
Ashley	Fremont	Mineral City	Shaker Heights
Ashville	Gahanna	Minerva Park	Shawnee Hills
Aurora	Galena	Mingo Junction	Sheffield Lake
Avon	Gallon	Mogadore	Sheffield Village
Avon Lake	Garfield Heights	Moreland Hills	Sherwood
Baltic	Gettysburg	Morral	Silver Lake
Baltimore	Girard	Moscow	Silverton
Bay Village	Glenwillow	Mount Sterling	Smithfield
Beachwood			
Beaverdam			
Bedford Heights			
Belle Center			
Bellefontaine			
Bellevue			

Contact Us >

Feedback >



What is the Regional Income Tax Agency?  
To learn more about RITA click here

Fast File

MyAccount

- Individuals
- Businesses
- Tax Professionals
- Tax Law Updates
- Rita Municipalities**
- Resources
- Tax Rates**
- About
- Contact
- FAQ's

## Tax Rates Table

Alphabetical Municipality Filter:

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

New Municipalities and Tax Rate Changes:

ALL

EXPORT PRINT

2018 2017 2016 2015 2014 2013 2012

**Bold indicates a rate that went into effect January 1st in the selected year.**

\* Indicates a new municipality that went into effect January 1st in the selected year.

Municipality	Code	Tax Rate	Credit Factor (Tax Credit)	Credit Rate (Credit Limit)
Aberdeen	023	1.000 %	100.000 %	1.000 %
Addyston	018	1.500 %	100.000 %	1.500 %
Adelphi	022	1.000 %	0.000 %	0.000 %
Amanda	044	1.000 %	0.000 %	0.000 %
Amsterdam	039	1.000 %	100.000 %	1.000 %
Andover	015	1.500 %	100.000 %	1.500 %
Antwerp	031	1.000 %	50.000 %	1.000 %

Welcome to the first of its kind, user-friendly, mobile designed website that is now fully navigable online. With new forms, tools and communication strategies that simplify and increase transparency, we are helping individuals, businesses and tax professionals navigate the obligations of local taxes in their RITA member municipality.

Fast File

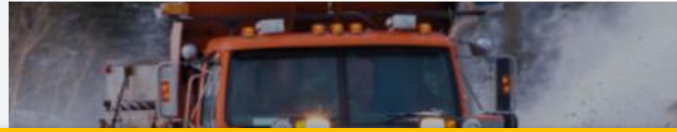
MyAccount

-  **Individuals**
-  **Businesses**
-  **Tax Professionals**
-  **Tax Law Updates**
-  **Rita Municipalities**
-  **Resources**
-  **Tax Rates**
-  **About**
-  **Contact**
-  **FAQ's**

Fast File

MyAccount

-  Individuals
-  Businesses
-  Tax Professionals
-  Tax Law Updates
-  RITA Municipalities
-  Resources
-  Tax Rates
-  About
-  Contact
-  FAQs



### Tax Rates Table

Alphabetical Municipality Filter:

ABCDEFGHIJKLMN OPQRSTUVWXYZ

New Municipalities and Tax Rate Changes:

New Municipalities ▾

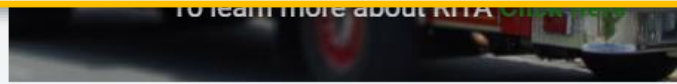
EXPORT PRINT

- 2018
- 2018**
- 2017
- 2016
- 2015
- 2014
- 2013

**Bold** indicates a rate that went into effect January 1st in the selected year.

\* Indicates a new municipality that went into effect January 1st in the selected year.

Municipality	Code	Tax Rate
<b>Amelia</b> New as of 07/01/2018	042	0.000 %
as of 07/01/2018		1.000 %
<b>Barnesville *</b>	034	1.000 %
<b>Barnesville JEDD I *</b>	061	1.000 %
<b>Barnesville JEDD II *</b>	062	1.000 %
<b>Chesterville</b> New as of 07/01/2018	126	0.000 %



Welcome to the fresh new look of our redesigned website to make you more navigable online. With new forms and transparency, we are helping you

fulfill your obligations of local taxes in their RITA member municipality.

Contact Us >

Feedback >



Municipality	Code	Tax Rate	Credit Factor	Credit Rate
Amelia	42	0.00%	0.00%	0.00%
as of 07/01/2018	42	1.00%	0.00%	0.00%
Barnesville	34	1.00%	100.00%	1.00%
Barnesville JEDD I	61	1.00%	0.00%	0.00%
Barnesville JEDD II	62	1.00%	0.00%	0.00%
Chesterville	126	0.00%	0.00%	0.00%
as of 07/01/2018	126	1.00%	0.00%	0.00%
Felicity	296	1.00%	100.00%	1.00%
Golf Manor	332	1.70%	100.00%	1.70%
Jackson	374	0.00%	0.00%	0.00%
as of 07/01/2018	374	1.00%	100.00%	1.00%
as of 11/24/2018	374	0.00%	0.00%	0.00%
Lodi	422	1.00%	0.00%	0.00%
Malvern	455	1.00%	100.00%	1.00%
Medina	487	1.25%	25.00%	0.75%
Medina Montville JEDD	149	1.25%	0.00%	0.00%
Milford JEDD V	628	0.00%	0.00%	0.00%
as of 07/01/2018	628	1.00%	0.00%	0.00%
New Washington	556	1.50%	100.00%	0.75%
Newton Falls	547	1.00%	100.00%	1.00%
Niles	539	2.00%	100.00%	2.00%
North College Hill	563	1.50%	0.00%	0.00%
Payne	718	0.00%	0.00%	0.00%
as of 09/01/2018	718	1.00%	0.00%	0.00%
Sebring	713	2.00%	100.00%	2.00%
Stoutsville	876	1.00%	0.00%	0.00%
Washingtonville	909	0.50%	0.00%	0.00%
as of 11/26/2018	909	0.00%	0.00%	0.00%
Williamsburg JEDD	865	0.00%	0.00%	0.00%
as of 07/01/2018	865	1.00%	0.00%	0.00%
Williamsport	866	0.50%	0.00%	0.00%
Windham	893	1.50%	100.00%	0.50%



Fast File

MyAccount



Individuals



Businesses



Tax Professionals



Tax Law Updates



Rita Municipalities



Resources



Tax Rates



About



Contact



FAQ's

Fast File

MyAccount



Individuals



Businesses



Tax Professionals

Tax Resources And News

Tax Seminar Presentations

Individual Forms And Instructions

Business Forms And Instructions

EFile Options For Tax Software Vendors

MeF (MODERNIZED EFILE) Software Vendors

Municipal Income Tax Changes



Tax Law Updates



Rita Municipalities

Contact Us >

Feedback >



## Modernized eFile Approved Software Vendors

The software vendors listed below have been approved to provide RITA returns. Products and other information are listed after testing with the software vendor is complete. If you are a software vendor that wants to participate in the MeF program, please submit a completed **RITA MeF Application** - to start the process.

**Tax Professionals News and Important Updates** will provide notifications related to the current MeF program.

Tax Year 2017 Tax Year 2016 Tax Year 2015 Tax Year 2014

Official Company Name:	MAC
Product Name:	Drake 2017
Mailing Address:	111 OAK, AURORA, OH 44202
Support:	9188595848
Web Address:	<a href="http://www.google.com">www.google.com</a>
Official Company Name:	MAC
Product Name:	Intuit 2017
Mailing Address:	111 OAK, AURORA, OH 44202
Support:	9188595848
Web Address:	<a href="http://www.google.com">www.google.com</a>

Welcome to the fresh new look of Ohio's Regional Income Tax Agency – RITA – with a newly-designed website to make your municipal tax administration service more easily accessible and navigable online. With new forms, tools and communication strategies that simplify and increase transparency, we are helping individuals, businesses and tax professionals navigate the obligations of local taxes in their RITA member municipality.



Fast File

MyAccount

-  **Individuals**
-  **Businesses**
-  **Tax Professionals**
-  **Tax Law Updates**
-  **Rita Municipalities**
-  **Resources**
-  **Tax Rates**
-  **About**
-  **Contact**
-  **FAQ's**

Fast File

MyAccount

-  **Individuals**
-  **Businesses**
-  **Tax Professionals**
- Tax Resources And News**
- Tax Seminar Presentations**
- Individual Forms And Instructions**
- Business Forms And Instructions**
- EFile Options For Tax Software Vendors**
- MeF (MODERNIZED EFILE) Software Vendors**
- Municipal Income Tax Changes**
-  **Tax Law Updates**
-  **Rita Municipalities**

### MeF Partner Status at January 25, 2019

	FORM 37	FORM 27
ATX		
BLOCKWORKS		
DRAKE		
GoSystem/ONESOURCE		
LACERTE		
PROCONNECT TAX ONLINE		
PROSYSTEMFX		
TAXACT DESKTOP VERSION		
TAXACT ONLINE		
ULTRA TAX CS		X

Welcome to the fresh new look of Ohio's Regional Income Tax Agency – RITA – with a newly-designed website to make your municipal tax administration service more easily accessible and navigable online. With new forms, tools and communication strategies that simplify and increase transparency, we are helping individuals, businesses and tax professionals navigate the obligations of local taxes in their RITA member municipality.

**Fast File**

**MyAccount**

- Individuals**
- Businesses**
- Tax Professionals**
- Tax Law Updates**
- Rita Municipalities**
- Resources**
- Tax Rates**
- About**
- Contact**
- FAQ's**

**RITA Individual FastFile**

- 2017 Local Tax Total Due:**
- Extension
  - Personal Info**
    - Filing Status
    - Your Name
    - Social Security Numbers
    - Contact Info
    - Residence
  - Income**
    - W-2
    - W-2G
    - Schedule C
    - Schedule E
    - 1099 - Misc
    - 4797
    - Schedule F
  - Credits**
  - Review and File**
  - Restart**

**Income Checklist**

Select the income types you received in 2017 and then click **OR**  
You can click on the "Guide Me" button at the bottom of this page about each income type.

- Wage Income (Form W-2)
- Gambling Winning Income (Form W-2G)
- Schedule C - Business Income
- Schedule E - Supplemental Income or Loss
- 1099 - Miscellaneous Income
- 4797-Sales of Business Property Income
- Schedule F - Farm Income

**Step by Step Guidance**

We can lead you step by step through all of the income types.

[Guide Me >](#)

[Back](#)

Welcome to the fresh new redesigned website to make navigating online. With new transparency, we are obligated

**Tax Filing Complete**

You have successfully FastFiled your RITA Individual Form 37 for tax year 2017. You will receive an email confirmation sent to the email address you provided. We recommend that you also print this Confirmation Page, by clicking "Print" below.

Please **DO NOT** mail this return or any other supporting documentation to RITA.  
**NOTE:** RITA may request additional information in order to verify your municipal tax return.

**Taxpayer Information**

**Submission Date:** 11/1/2018

**Federal Extension for Tax Year 2017:** Y

Single

TONY TIGER

222 TIGER LANE

BRECKSVILLE OH 44141

UNITED STATES OF AMERICA

3305551212

GRRR@GMAIL.COM

**Declaration of Estimated Tax**

<b>Estimate for 2018:</b>	\$200.00
<b>75% of 2018 Estimate:</b>	\$150.00

**Residences**

BRECKSVILLE effective 1/1/2017

**Tax Calculation Summary**

<b>Total Wage/Gambling Income Entered:</b>	\$100,000.00
<b>Total Non W-2 Income Entered:</b>	\$9,000.00
<b>Credit for Tax Withheld:</b>	\$2,000.00
<b>Tax Due After Credit for Tax Withheld:</b>	\$180.00
<b>Estimated Tax Payments for Tax Year 2017:</b>	\$225.00
<b>Prior Year Credit Carried Forward From 2016:</b>	\$0.00
<b>Total Estimated Payment / Credit:</b>	\$225.00
<b>Balance Due for 2017:</b>	\$0.00
<b>Total Due Now:</b>	\$105.00
<b>Payment Amount:</b>	\$105.00

**W-2 Wage Income**

Employer	Taxable Income	Workplace Withholding	Residential Withholding
KELLOGG CORP	\$100,000.00	\$2,225.00	\$0.00

**Payment Summary**

**Payment Method:** Credit to Next Year Taxes

**Amount Credited:** \$45.00

**Payment Amount:** \$105.00

**Confirmation Number:** bfe1a94567

**Confirming Name:** TONY TIGER

**Confirming Email:** GRRR@GMAIL.COM

**Schedule C**

EIN	Net Income/Loss
561234567	\$10,000.00

**Schedule E**

EIN	Net Income/Loss	Type
	(\$1,000.00)	RENTAL

You may print out a copy of this page for your records.

[Print](#) [File Another Return >](#)





# Form 27 Updates Resulting from HB5 NOL Implementation

Alicia Kline - Business Compliance Manager

Shylo Carmody - Business Examiner



- ▶ Applicable Laws
- ▶ Form Updates
- ▶ Examples
- ▶ Exceptions to Every Rule
- ▶ Additional Points to Consider



# Applicable Law

# 718.01(A)(1)

Definition of municipal taxable income:

*"Municipal taxable income" means the following: (a) For a person other than an individual, income apportioned or sitused to the municipal corporation under section 718.02 of the Revised Code, as applicable, reduced by any pre-2017 net operating loss carryforward available to the person for the municipal corporation.*

## 718.01(SS)(1)

Definition of pre-2017 net operating loss carryforward:

*"Pre-2017 net operating loss carryforward" means any net operating loss incurred in a taxable year beginning before January 1, 2017, to the extent such loss was permitted, by a resolution or ordinance of the municipal corporation that was adopted by the municipal corporation before January 1, 2016, to be carried forward and utilized to offset income or net profit generated in such municipal corporation in future taxable years.*



## 718.01(D)(2)

### Definition of net profit:

*"Net profit" for a person other than an individual means adjusted federal taxable income reduced by any net operating loss incurred by the person in a taxable year beginning on or after January 1, 2017, subject to the limitations of division (D)(3) of this section.*

## 718.01(D)(3)(d)

Law concerning the pre-2017 NOL carryforward deduction:

*Any pre-2017 net operating loss carryforward deduction that is available may be utilized before a taxpayer may deduct any amount pursuant to division (D)(3) of this section.*

## 718.01(D)(3)(a)

Law referring to the taxable income limitation:

*The amount of such net operating loss shall be deducted from net profit to the extent necessary to reduce municipal taxable income to zero, with any remaining unused portion of the net operating loss carried forward to not more than five consecutive taxable years following the taxable year in which the loss was incurred, but in no case for more years than necessary for the deduction to be fully utilized.*

## 718.01(D)(3)(c)(i)

Law concerning the phase in of the 50% NOL limitations and its duration:

*For taxable years beginning in 2018, 2019, 2020, 2021, or 2022, a person may not deduct, for purposes of an income tax levied by a municipal corporation that levies an income tax before January 1, 2016, more than fifty per cent of the amount of the deduction otherwise allowed by division (D)(3) of this section.*

## 718.01(D)(3)(c)(ii)

Law concerning when the 50% NOL application changes back to 100%:

*For taxable years beginning in 2023 or thereafter, a person may deduct, for purposes of an income tax levied by a municipal corporation that levies an income tax before January 1, 2016, the full amount allowed by division (D)(3) of this section without regard to the limitation of division (D)(3)(b)(i) of this section.*



# Form 27 Updates

# Pre-2017 vs. Post-2017

- ▶ The law is ambiguous as to which loss to use first:
  - ▶ Pre-2017 NOL (old) or Post-2017 NOL (new)
  - ▶ As a result, the Form 27 has been designed to allow taxpayers to determine which order to use their NOLs.

Please Note:      **Pre-2017** (old) means 2016, 2015, 2014, and 2013  
                         **Post-2017** (new) means for 2017 and later

# 2018 RITA Net Profit Tax Return

Form 27

Form **27** Regional Income Tax Agency  
RITA Net Profit Tax Return

2018 **RITA**  
REGIONAL INCOME TAX AGENCY

800.860.7482  
TDD 440.526.5332  
ritaohio.com

FOR CALENDAR YEAR [ ] OR FISCAL YEAR BEGINNING [ ] AND ENDING [ ]  
The federal return **MUST** be attached to be considered a complete tax return. Please also attach all applicable schedules and 1099-MISC to avoid delays.

Check if:  Initial RITA Return  Moved out of RITA [ ]  Extension  
 Amended Return  Out of Business [ ]  
 Consolidated Return (Attach Form 851)  Alternate Method Federal Business Activity Code # [ ]  
 Consolidated filer with 80% ownership of a Pass-Through Entity (see Instructions, Page 3) Business Activity [ ]

BUSINESS:  C CORPORATION  PARTNERSHIP  LLC SMALL EMPLOYER:  
 S CORPORATION  ESTATE  TRUST

Company Name [ ] Federal Identification Number: [ ]  
Address # [ ] Street [ ] Suite # [ ]  
City [ ] State [ ] Zip Code [ ]

1. INCOME PER ATTACHED FEDERAL RETURN (per attached Federal Form 1120 (Line 28), 1120S (Sch. K - Line 18), 990T (Line 30), 1065 (Sch. K - Analysis of Net Income (Loss), Page 5 - Line 1), 1041 (Line 17) or the equivalent) 1 [ ] .00  
2. A. ITEMS NOT DEDUCTIBLE (from Page 3, Schedule X, Line G) Add 2A [ ] .00  
B. ITEMS NOT TAXABLE (from Page 3, Schedule X, Line Q) Deduct 2B [ ] .00  
C. ENTER EXCESS OF LINE 2A OR 2B 2C [ ] .00  
3. A. ADJUSTED FEDERAL TAXABLE INCOME (Line 1 plus or minus Line 2C) 3A [ ] .00  
B. PRE-APPORTIONED LOSSES FROM TAX YEARS BEGINNING ON OR AFTER 1/1/17 (subject to 50% apportionment)     
Check this box if utilizing a NOL incurred prior to 1/1/17 first. See instructions.   
Checkbox instructions: If you check the box you must use the Worksheet on Page 4 of the Net Profit Instructions. References for Line 3B(i) through Line 4 are found on the worksheet.  
i. TOTAL UNUTILIZED PRE-APPORTIONED LOSSES FROM TAX YEARS BEGINNING ON OR AFTER 1/1/17 3B(i) [ ] .00  
ii. PRE-APPORTIONED LOSSES FROM TAX YEARS BEGINNING ON OR AFTER 1/1/17 UTILIZED in TAX YEAR 2018 3B(ii) [ ] .00  
iii. Income/Loss Subject to Apportionment (Line 3A less Line 3B(ii)) 3B(iii) [ ] .00  
C. AMOUNT ALLOCABLE TO RITA (If Schedule Y, Page 4 is used [ ] % of Line 3b(iii)) 3C [ ] .00  
D. LESS POST APPORTIONED LOSSES FOR TAX YEAR BEGINNING PRIOR TO 1/1/17 (Per previous Municipal Income Tax Returns (schedule must be submitted)) 3D [ ] .00  
4. AMOUNT SUBJECT TO MUNICIPAL INCOME TAX (Line 3C less Line 3D) 4 [ ] .00  
5. MUNICIPAL INCOME TAX DUE (see Instructions) (NOTE: Must equal Schedule B on Page 2) 5 [ ] .00  
6. A. PAYMENTS ON DECLARATIONS OF ESTIMATED MUNICIPAL INCOME TAX 6A [ ] .00  
B. AMOUNT OF PREVIOUS YEAR CREDITS 6B [ ] .00  
C. TOTAL CREDITS ALLOWABLE (Line 6A + 6B) 6C [ ] .00  
7. A. BALANCE DUE (Line 5 less Line 6C) AMOUNT PAYABLE TO RITA MUST ACCOMPANY THIS FORM 7A [ ] .00  
B. OVERPAYMENT CLAIMED (If Line 6C exceeds Line 5 enter difference here and check the desired box) 7B [ ] .00  
(Cannot be split between refund and credit) Refund  Credit



## Worksheet for Line 3B through Line 4. Pre-AppORTIONED Losses from Tax Years Beginning on or After 1/1/17

If you check the box at Line 3B, attach a schedule that shows the net operating loss and how it is being utilized. The schedule is subject to review. Below is an example of this method and sample worksheet.

**NOL PHASE-IN EXCEPTIONS:** For municipalities and taxing jurisdictions that first imposed a tax on or after January 1, 2016, net operating loss carryforward amounts are not phased-in and may be used in full. The following municipalities and taxing jurisdictions prohibit net operating loss carryforward for tax years beginning prior to 1/1/2017: AMELIA, ASHLEY, BETHEL, BLOOMVILLE, CHESTERVILLE, CIRCLEVILLE-PICKAWAY TWP JEDD, CLARKSVILLE, DARBYVILLE, GETTYSBURG, HANOVER, JACKSON, KIRKERSVILLE, LODI, LYONS, MARENGO, MILLERSPORT, NEWTONSVILLE, NEY, OSTRANDER, PAYNE, SMITHFIELD, SOUTH VIENNA, ST. LOUISVILLE, STOUTSVILLE, WASHINGTONVILLE, WAYNE LAKES, WILLIAMSBURG JEDD, WILLIAMSPORT.

Enter Municipality Name	EXAMPLE	Column 1 Municipality#1	Column 2 Municipality#2	Column 3 Municipality#3	Column 4 Total
1. Enter Adjusted Federal Taxable Income (AFTI) from Tax Year 2018 Form 27, Page 1, Line 3A.	\$ 50,000				
2. Enter Apportionment % from Schedule Y, Step 5. Enter the total of all percentages on Page 1, line 3C%.	25 %				
3. Row 1 multiplied by Row 2, this is the Apportioned Income and ENTER Total (Column 4) on Tax Year 2018 Form 27, Page 1, Line 3C.	12,500				
4. Enter Post Apportioned Loss Utilized (from NOL schedule - attach to your form). ENTER Total (Column 4) on Tax Year 2018 Form 27, Page 1, Line 3D.	\$ 2,000				
5. Row 3 less Row 4.	\$ 10,500				
6. Divide Row 5 by Row 2 to calculate the gross amount of income that must be used in this calculation.	42,000				
7. Enter Pre-AppORTIONED Net Operating Loss	\$ 1,000				
8. 50% of the lesser of Row 7 or Row 6. ENTER the HIGHEST dollar amount on Tax Year 2018 Form 27, Page 1, Line 3BII. NOTE: DO NOT ENTER AMOUNTS from a RITA municipality on the NOL-PHASE-IN EXCEPTIONS list, leave blank.	\$ 500				
9. If there is an amount in Row 8, ENTER the difference of Row 6 less Row 8. Cannot be less than zero. If Row 8 is blank, enter the difference of Row 6 less Row 7. ENTER Total (Column 4) of Row 9 on Tax Year 2018 Form 27, Page 1, Line 3B(III).	\$ 41,500				
10. Row 9 multiplied by Row 2 for the Apportioned Income after net operating loss. ENTER Total (Column 4) on Tax Year 2018 Form 27, Page 1, Line 4. Enter each municipality on Schedule B.	\$ 10,375				
11. Enter Tax Rate of RITA Municipality	2 %				
12. Row 10 multiplied by Row 11. ENTER Total (Column 4) on Tax Year 2018 Form 27, Page 1, Line 5. Enter amounts for each municipality on Schedule B. If the tax liability for a municipality is \$10 or less, enter a zero in the tax due field of Schedule B.	\$ 208				

# A Quick Word about “Un-apportionment”

- ▶ Sometimes referred to as “Gross Up”
- ▶ Why determine an Un-apportioned amount?
  - ▶ Because the income was apportioned in order to apply the Pre-2017 NOL, in order to properly apply the Post-2017 (pre-apportioned) NOL, we must give the income the same value it had prior to being apportioned for municipal purposes and therefore reverse this apportionment.
- ▶ The un-apportioned income / **Gross Up** is calculated by dividing the subtotal (Apportioned Income less the Pre-2017 NOL) by the apportionment percentage



# Examples

Please Note: Pre-2017 (Old) means 2016, 2015, 2014, and 2013

Post-2017 (New) means for 2017 and later

## Example 1 & 2 Fact Pattern

AFTI	\$	200,000.00
Post-2017 (New) NOL	\$	50,000.00
Pre-2017 (Old) NOL	\$	75,000.00
Apportionment Factor		100%

# Example 1 & 2 Overview

<b>Use New NOL 1st- standard form option</b>		
AFTI	\$	200,000.00
Post-2017 (New) NOL	\$	25,000.00
subtotal	\$	175,000.00
Apportioned Income	\$	175,000.00
Pre-2017 (Old) NOL	\$	75,000.00
Taxable Income	\$	100,000.00
New NOL remaining	\$	25,000.00
Old HB5 remaining	\$	-
Total NOL Remaining	\$	25,000.00

<b>Use old NOL 1st- optional alternative</b>		
Appn Inc	\$	200,000.00
Pre-2017 (Old) NOL	\$	75,000.00
subtotal	\$	125,000.00
Gross Up	\$	125,000.00
Post-2017 (New) NOL	\$	25,000.00
Taxable Income	\$	100,000.00
New NOL remaining	\$	25,000.00
Old HB5 remaining	\$	-
Total NOL Remaining	\$	25,000.00

# Example 1 Form 27

## Using Post-2017 NOL first

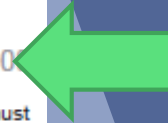
1. INCOME PER ATTACHED FEDERAL RETURN (per attached Federal Form 1120 (Line 28), 1120S (Sch. K - Line 18), 990T (Line 30), 1065 (Sch. K - Analysis of Net Income (Loss), Page 5 - Line 1), 1041 (Line 17) or the equivalent)	1	200,000.00
2. A. ITEMS NOT DEDUCTIBLE (from Page 3, Schedule X, Line G)	Add 2A	0.00
B. ITEMS NOT TAXABLE (from Page 3, Schedule X, Line Q)	Deduct 2B	0.00
C. ENTER EXCESS OF LINE 2A OR 2B	2C	0.00
3. A. ADJUSTED FEDERAL TAXABLE INCOME (Line 1 plus or minus Line 2C)	▶ 3A	200,000.00
B. PRE-APPORTIONED LOSSES FROM TAX YEARS BEGINNING ON OR AFTER 1/1/17 (subject to 50%) Check this box if utilizing a NOL incurred prior to 1/1/17 first. See instructions.	▶ <input type="checkbox"/>	Checkbox instructions: If you check the box you must use the Worksheet on Page 4 of the Net Profit Instructions. References for Line 3B(i) through Line 4 are found on the worksheet.
i. TOTAL UNUTILIZED PRE-APPORTIONED LOSSES FROM TAX YEARS BEGINNING ON OR AFTER 1/1/17	▶ 3B(i)	50,000.00
ii. PRE-APPORTIONED LOSSES FROM TAX YEARS BEGINNING ON OR AFTER 1/1/17 UTILIZED in TAX YEAR 2018	▶ 3B(ii)	25,000.00
iii. Income/Loss Subject to Apportionment (Line 3A less Line 3B(ii))	▶ 3B(iii)	175,000.00
C. AMOUNT ALLOCABLE TO RITA If Schedule Y, Page 4 is used	3C	175,000.00
D. LESS POST APPORTIONED LOSSES FOR TAX YEAR BEGINNING PRIOR TO 1/1/17 Per previous Municipal Income Tax Returns (schedule must be submitted)	▶ 3D	75,000.00
4. AMOUNT SUBJECT TO MUNICIPAL INCOME TAX (Line 3C less Line 3D)	▶ 4	100,000.00
5. MUNICIPAL INCOME TAX DUE (see Instructions) NOTE: Must equal Schedule B on Page 2	▶ 5	2,000.00

# Example 2 Form 27

## Using Pre-2017 NOL first

1. INCOME PER ATTACHED FEDERAL RETURN (per attached Federal Form 1120 (Line 28), 1120S (Sch. K - Line 18), 990T (Line 30), 1065 (Sch. K - Analysis of Net Income (Loss), Page 5 - Line 1), 1041 (Line 17) or the equivalent)	1	200,000	.00
2. A. ITEMS NOT DEDUCTIBLE (from Page 3, Schedule X, Line G)	Add 2A	0	.00
B. ITEMS NOT TAXABLE (from Page 3, Schedule X, Line Q)	Deduct 2B	0	.00
C. ENTER EXCESS OF LINE 2A OR 2B	2C	0	.00
3. A. ADJUSTED FEDERAL TAXABLE INCOME (Line 1 plus or minus Line 2C)	▶ 3A	200,000	.00
B. PRE-APPORTIONED LOSSES FROM TAX YEARS BEGINNING ON OR AFTER 1/1/17 (subject to 50%) Check this box if utilizing a NOL incurred prior to 1/1/17 first. See instructions.	▶ <input checked="" type="checkbox"/>		
i. TOTAL UNUTILIZED PRE-APPORTIONED LOSSES FROM TAX YEARS BEGINNING ON OR AFTER 1/1/17	▶ 3B(i)	50,000	.00
ii. PRE-APPORTIONED LOSSES FROM TAX YEARS BEGINNING ON OR AFTER 1/1/17 UTILIZED in TAX YEAR 2018	▶ 3B(ii)	25,000	.00
iii. Income/Loss Subject to Apportionment (Line 3A less Line 3B(ii))	▶ 3B(iii)	100,000	.00
C. AMOUNT ALLOCABLE TO RITA If Schedule Y, Page 4 is used	3C	200,000	.00
D. LESS POST APPORTIONED LOSSES FOR TAX YEAR BEGINNING PRIOR TO 1/1/17 Per previous Municipal Income Tax Returns (schedule must be submitted)	▶ 3D	75,000	.00
4. AMOUNT SUBJECT TO MUNICIPAL INCOME TAX (Line 3C less Line 3D)	▶ 4	100,000	.00
5. MUNICIPAL INCOME TAX DUE (see Instructions) NOTE: Must equal Schedule B on Page 2	▶ 5	2,000	.00

Checkbox instructions: If you check the box you must use the Worksheet on Page 4 of the Net Profit Instructions. References for Line 3B(i) through Line 4 are found on the worksheet.



# Example 2 Form 27 Worksheet

Using Pre-2017 NOL first

Enter Municipality Name	Brecksville
1. Enter Adjusted Federal Taxable Income (AFTI) from Tax Year 2018 Form 27, Page 1, Line 3A.	200,000
2. Enter Apportionment % from Schedule Y, Step 5. Enter the total of all percentages on Page 1, line 3C%.	100.0000%
3. Row 1 multiplied by Row 2, this is the Apportioned Income and ENTER Total (Column 4) on Tax Year 2018 Form 27, Page 1, Line 3C.	200,000
4. Enter Post Apportioned Loss Utilized (from NOL schedule - attach to your form). ENTER Total (Column 4) on Tax Year 2018 Form 27, Page 1, Line 3D.	75,000
5. Row 3 less Row 4.	125,000
6. Divide Row 5 by Row 2 to calculate the gross amount of income that must be used in this calculation.	125,000
7. Enter Pre-Apportioned Net Operating Loss	50,000
8. 50% of the lesser of Row 7 or Row 6. <b>ENTER the HIGHEST dollar amount on Tax Year 2018 Form 27, Page 1, Line 3Bii. NOTE: DO NOT ENTER AMOUNTS from a RITA municipality on the NOL-PHASE-IN EXCEPTIONS list, leave blank.</b>	25,000
9. If there is an amount in Row 8, ENTER the difference of Row 6 less Row 8. Cannot be less than zero. If Row 8 is blank, enter the difference of Row 6 less Row 7. ENTER Total (Column 4) of Row 9 on Tax Year 2018 Form 27, Page 1, Line 3B(iii).	100,000
10. Row 9 multiplied by Row 2 for the Apportioned Income after net operating loss. ENTER Total (Column 4) on Tax Year 2018 Form 27, Page 1, Line 4. Enter each municipality on Schedule B.	100,000
11. Enter Tax Rate of RITA Municipality	2.00%
12. Row 10 multiplied by Row 11. ENTER Total (Column 4) on Tax Year 2018 Form 27, Page 1, Line 5. Enter amounts for each municipality on Schedule B. If the tax liability for a municipality is \$10 or less, enter a zero in the tax due field of Schedule B.	2,000



1. INCOME PER ATTACHED FEDERAL RETURN  
(per attached Federal Form 1120 (Line 28), 1120S (Sch. K - Line 18), 990T (Line 30), 1085 (Sch. K - Analysis of Net Income (Loss), Page 5 - Line 1), 1041 (Line 17) or the equivalent)

2. A. ITEMS NOT DEDUCTIBLE (from Page 3, Schedule X, Line G)

B. ITEMS NOT TAXABLE (from Page 3, Schedule X, Line Q)

C. ENTER EXCESS OF LINE 2A OR 2B

3. A. ADJUSTED FEDERAL TAXABLE INCOME (Line 1 plus or minus Line 2C) **▶** 3A

B. PRE-APPORTIONED LOSSES FROM TAX YEARS BEGINNING ON OR AFTER 1/1/17 (subject to 50%)  
Check this box if utilizing a NOL incurred prior to 1/1/17 first. See instructions. **▶**

Checkbox instructions: If you check the box you must use the Worksheet on Page 4 of the Net Profit Instructions. References for Line 3B(i) through Line 4 are found on the worksheet.

i. TOTAL UNUTILIZED PRE-APPORTIONED LOSSES FROM TAX YEARS BEGINNING ON OR AFTER 1/1/17 **▶** 3B(i)

ii. PRE-APPORTIONED LOSSES FROM TAX YEARS BEGINNING ON OR AFTER 1/1/17 UTILIZED in TAX YEAR 2018 **▶** 3B(ii)

iii. Income/Loss Subject to Apportionment (Line 3A less Line 3B(ii)) **▶** 3B(iii)

C. AMOUNT ALLOCABLE TO RITA  
If Schedule Y, Page 4 is used  % of Line 3b(iii) **▶** 3C

D. LESS POST APPORTIONED LOSSES FOR TAX YEAR BEGINNING PRIOR TO 1/1/17  
Per previous Municipal Income Tax Returns (schedule must be submitted) **▶** 3D

4. AMOUNT SUBJECT TO MUNICIPAL INCOME TAX  
(Line 3C less Line 3D) **▶** 4

5. MUNICIPAL INCOME TAX DUE (see Instructions)  
NOTE: Must equal Schedule B on Page 2 **▶** 5

Enter Municipality Name	Brecksville
1. Enter Adjusted Federal Taxable Income (AFTI) from Tax Year 2018 Form 27, Page 1, Line 3A.	200,000
2. Enter Apportionment % from Schedule Y, Step 5. Enter the total of all percentages on Page 1, line 3C%.	100.0000%
3. Row 1 multiplied by Row 2, this is the Apportioned Income and ENTER Total (Column 4) on Tax Year 2018 Form 27, Page 1, Line 3C.	200,000
4. Enter Post Apportioned Loss Utilized (from NOL schedule - attach to your form). ENTER Total (Column 4) on Tax Year 2018 Form 27, Page 1, Line 3D.	75,000
5. Row 3 less Row 4.	125,000
6. Divide Row 5 by Row 2 to calculate the gross amount of income that must be used in this calculation.	125,000
7. Enter Pre-Apportioned Net Operating Loss	50,000
8. 50% of the lesser of Row 7 or Row 6. ENTER the HIGHEST dollar amount on Tax Year 2018 Form 27, Page 1, Line 3Bii. NOTE: DO NOT ENTER AMOUNTS from a RITA municipality on the NOL-PHASE-IN EXCEPTIONS list, leave blank.	25,000
9. If there is an amount in Row 8, ENTER the difference of Row 6 less Row 8. Cannot be less than zero. If Row 8 is blank, enter the difference of Row 6 less Row 7. ENTER Total (Column 4) of Row 9 on Tax Year 2018 Form 27, Page 1, Line 3B(iii).	100,000
10. Row 9 multiplied by Row 2 for the Apportioned Income after net operating loss. ENTER Total (Column 4) on Tax Year 2018 Form 27, Page 1, Line 4. Enter each municipality on Schedule B.	100,000
11. Enter Tax Rate of RITA Municipality	2.00%
12. Row 10 multiplied by Row 11. ENTER Total (Column 4) on Tax Year 2018 Form 27, Page 1, Line 5. Enter amounts for each municipality on Schedule B. If the tax liability for a municipality is \$10 or less, enter a zero in the tax due field of Schedule B.	2,000

# Example 1 & 2 Form 27

## Comparison

1. INCOME PER ATTACHED FEDERAL RETURN (per attached Federal Form 1120 (Line 28), 1120S (Sch. K - Line 18), 990T (Line 30), 1065 (Sch. K - Analysis of Net Income (Loss), Page 5 - Line 1), 1041 (Line 17) or the equivalent)	1	200,000.00	1	200,000.00
2. A. ITEMS NOT DEDUCTIBLE (from Page 3, Schedule X, Line G)	Add 2A	0.00	2A	0.00
B. ITEMS NOT TAXABLE (from Page 3, Schedule X, Line Q)	Deduct 2B	0.00	2B	0.00
C. ENTER EXCESS OF LINE 2A OR 2B	2C	0.00	2C	0.00
3. A. ADJUSTED FEDERAL TAXABLE INCOME (Line 1 plus or minus Line 2C)	▶ 3A	200,000.00	3A	200,000.00
B. PRE-APPORTIONED LOSSES FROM TAX YEARS BEGINNING ON OR AFTER 1/1/17 (subject to 50%) Check this box if utilizing a NOL incurred prior to 1/1/17 first. See instructions.	▶ <input type="checkbox"/>		▶ <input checked="" type="checkbox"/>	
i. TOTAL UNUTILIZED PRE-APPORTIONED LOSSES FROM TAX YEARS BEGINNING ON OR AFTER 1/1/17 ▶ 3B(i)		50,000.00		.00
ii. PRE-APPORTIONED LOSSES FROM TAX YEARS BEGINNING ON OR AFTER 1/1/17 UTILIZED in TAX YEAR 2018 ▶ 3B(ii)		25,000.00	3B(ii)	25,000.00
iii. Income/Loss Subject to Apportionment (Line 3A less Line 3B(ii)) ▶ 3B(iii)		175,000.00	3B(iii)	100,000.00
C. AMOUNT ALLOCABLE TO RITA If Schedule Y, Page 4 is used	3C	175,000.00	3C	200,000.00
D. LESS POST APPORTIONED LOSSES FOR TAX YEAR BEGINNING PRIOR TO 1/1/17 Per previous Municipal Income Tax Returns (schedule must be submitted)	▶ 3D	75,000.00	3D	75,000.00
4. AMOUNT SUBJECT TO MUNICIPAL INCOME TAX (Line 3C less Line 3D)	▶ 4	100,000.00	4	100,000.00
5. MUNICIPAL INCOME TAX DUE (see Instructions) NOTE: Must equal Schedule B on Page 2	▶ 5	2,000.00	5	2,000.00

Checkbox instructions: If you check the box you must use the Worksheet on Page 4 of the Net Profit Instructions. References for Line 3B(i) through Line 4 are found on the worksheet.

Checkbox instructions: If you check the box you must use the Worksheet on Page 4 of the Net Profit Instructions. References for Line 3B(i) through Line 4 are found on the worksheet.

## Example 3 & 4 Fact Pattern

AFTI	\$	100,000.00
Post-2017 (New) NOL	\$	25,000.00
Pre-2017 (Old) NOL	\$	10,000.00
Apportionment Factor		40%

# Example 3 & 4 Overview

Use New NOL 1st- standard form option		
AFTI	\$	100,000.00
Post-2017 (New) NOL	\$	12,500.00
subtotal	\$	87,500.00
Apportioned Income	\$	35,000.00
Pre-2017 (Old) NOL	\$	10,000.00
Taxable Income	\$	25,000.00
New NOL remaining	\$	12,500.00
Old HB5 remaining	\$	-
Total NOL Remaining	\$	12,500.00

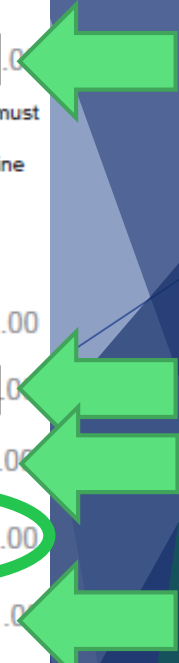
Use old NOL 1st- optional alternative		
Appn Inc	\$	40,000.00
Pre-2017 (Old) NOL	\$	10,000.00
subtotal	\$	30,000.00
Gross Up	\$	75,000.00
Post-2017 (New) NOL	\$	12,500.00
Taxable Income	\$	25,000.00
New NOL remaining	\$	12,500.00
Old HB5 remaining	\$	-
Total NOL Remaining	\$	12,500.00

# Example 3 Form 27

## Using Post-2017 NOL first

1. INCOME PER ATTACHED FEDERAL RETURN (per attached Federal Form 1120 (Line 28), 1120S (Sch. K - Line 18), 990T (Line 30), 1065 (Sch. K - Analysis of Net Income (Loss), Page 5 - Line 1), 1041 (Line 17) or the equivalent)	1	100,000	.00
2. A. ITEMS NOT DEDUCTIBLE (from Page 3, Schedule X, Line G)	Add 2A	0	.00
B. ITEMS NOT TAXABLE (from Page 3, Schedule X, Line Q)	Deduct 2B	0	.00
C. ENTER EXCESS OF LINE 2A OR 2B	2C	0	.00
3. A. ADJUSTED FEDERAL TAXABLE INCOME (Line 1 plus or minus Line 2C)	▶ 3A	100,000	.00
B. PRE-APPORTIONED LOSSES FROM TAX YEARS BEGINNING ON OR AFTER 1/1/17 (subject to 50%) Check this box if utilizing a NOL incurred prior to 1/1/17 first. See instructions. ▶ <input type="checkbox"/>			
i. TOTAL UNUTILIZED PRE-APPORTIONED LOSSES FROM TAX YEARS BEGINNING ON OR AFTER 1/1/17 ▶ 3B(i)		25,000	.00
ii. PRE-APPORTIONED LOSSES FROM TAX YEARS BEGINNING ON OR AFTER 1/1/17 UTILIZED in TAX YEAR 2018 ▶ 3B(ii)		12,500	.00
iii. Income/Loss Subject to Apportionment (Line 3A less Line 3B(ii)) ▶ 3B(iii)		87,500	.00
C. AMOUNT ALLOCABLE TO RITA If Schedule Y, Page 4 is used <input type="text" value="40"/> % of Line 3b(iii) ▶ 3C		35,000	.00
D. LESS POST APPORTIONED LOSSES FOR TAX YEAR BEGINNING PRIOR TO 1/1/17 Per previous Municipal Income Tax Returns (schedule must be submitted) ▶ 3D		10,000	.00
4. AMOUNT SUBJECT TO MUNICIPAL INCOME TAX (Line 3C less Line 3D) ▶ 4		25,000	.00
5. MUNICIPAL INCOME TAX DUE (see Instructions) NOTE: Must equal Schedule B on Page 2 ▶ 5		500	.00

Checkbox instructions: If you check the box you must use the Worksheet on Page 4 of the Net Profit Instructions. References for Line 3B(i) through Line 4 are found on the worksheet.



# Example 4 Form 27

## Using Pre-2017 NOL first

1. INCOME PER ATTACHED FEDERAL RETURN (per attached Federal Form 1120 (Line 28), 1120S (Sch. K - Line 18), 990T (Line 30), 1065 (Sch. K - Analysis of Net Income (Loss), Page 5 - Line 1), 1041 (Line 17) or the equivalent)	1	100,000.00
2. A. ITEMS NOT DEDUCTIBLE (from Page 3, Schedule X, Line G)	Add 2A	0.00
B. ITEMS NOT TAXABLE (from Page 3, Schedule X, Line Q)	Deduct 2B	0.00
C. ENTER EXCESS OF LINE 2A OR 2B	2C	0.00
3. A. ADJUSTED FEDERAL TAXABLE INCOME (Line 1 plus or minus Line 2C)	▶ 3A	100,000.00
B. PRE-APPORTIONED LOSSES FROM TAX YEARS BEGINNING ON OR AFTER 1/1/17 (subject to 50%) Check this box if utilizing a NOL incurred prior to 1/1/17 first. See instructions.	▶ <input checked="" type="checkbox"/>	Checkbox instructions: If you check the box you must use the Worksheet on Page 4 of the Net Profit instructions. References for Line 3B(i) through Line 4 are found on the worksheet.
i. TOTAL UNUTILIZED PRE-APPORTIONED LOSSES FROM TAX YEARS BEGINNING ON OR AFTER 1/1/17 ▶ 3B(i)	▶	25,000.00
ii. PRE-APPORTIONED LOSSES FROM TAX YEARS BEGINNING ON OR AFTER 1/1/17 UTILIZED in TAX YEAR 2018	▶ 3B(ii)	12,500.00
iii. Income/Loss Subject to Apportionment (Line 3A less Line 3B(ii))	▶ 3B(iii)	62,500.00
C. AMOUNT ALLOCABLE TO RITA If Schedule Y, Page 4 is used	3C	40,000.00
D. LESS POST APPORTIONED LOSSES FOR TAX YEAR BEGINNING PRIOR TO 1/1/17 Per previous Municipal Income Tax Returns (schedule must be submitted)	▶ 3D	10,000.00
4. AMOUNT SUBJECT TO MUNICIPAL INCOME TAX (Line 3C less Line 3D)	▶ 4	25,000.00
5. MUNICIPAL INCOME TAX DUE (see Instructions) NOTE: Must equal Schedule B on Page 2	▶ 5	500.00

# Example 4 Form 27 Worksheet

Using Pre-2017 NOL first

Enter Municipality Name	Brecksville
1. Enter Adjusted Federal Taxable Income (AFTI) from Tax Year 2018 Form 27, Page 1, Line 3A.	100,000
2. Enter Apportionment % from Schedule Y, Step 5. Enter the total of all percentages on Page 1, line 3C%.	40.0000%
3. Row 1 multiplied by Row 2, this is the Apportioned Income and ENTER Total (Column 4) on Tax Year 2018 Form 27, Page 1, Line 3C.	40,000
4. Enter Post Apportioned Loss Utilized (from NOL schedule - attach to your form). ENTER Total (Column 4) on Tax Year 2018 Form 27, Page 1, Line 3D.	10,000
5. Row 3 less Row 4.	30,000
6. Divide Row 5 by Row 2 to calculate the gross amount of income that must be used in this calculation.	75,000
7. Enter Pre-Apportioned Net Operating Loss	25,000
8. 50% of the lesser of Row 7 or Row 6. <b>ENTER the HIGHEST dollar amount on Tax Year 2018 Form 27, Page 1, Line 3Bii. NOTE: DO NOT ENTER AMOUNTS from a RITA municipality on the NOL-PHASE-IN EXCEPTIONS list, leave blank.</b>	12,500
9. If there is an amount in Row 8, ENTER the difference of Row 6 less Row 8. Cannot be less than zero. If Row 8 is blank, enter the difference of Row 6 less Row 7. ENTER Total (Column 4) of Row 9 on Tax Year 2018 Form 27, Page 1, Line 3B(iii).	62,500
10. Row 9 multiplied by Row 2 for the Apportioned Income after net operating loss. ENTER Total (Column 4) on Tax Year 2018 Form 27, Page 1, Line 4. Enter each municipality on Schedule B.	25,000
11. Enter Tax Rate of RITA Municipality	2.00%
12. Row 10 multiplied by Row 11. ENTER Total (Column 4) on Tax Year 2018 Form 27, Page 1, Line 5. Enter amounts for each municipality on Schedule B. If the tax liability for a municipality is \$10 or less, enter a zero in the tax due field of Schedule B.	500

1. INCOME PER ATTACHED FEDERAL RETURN (per attached Federal Form 1120 (Line 28), 1120S (Sch. K - Line 18), 990T (Line 30), 1065 (Sch. K - Analysis of Net Income (Loss), Page 5 - Line 1), 1041 (Line 17) or the equivalent)	1	100,000.00
2. A. ITEMS NOT DEDUCTIBLE (from Page 3, Schedule X, Line G)	Add 2A	0.00
B. ITEMS NOT TAXABLE (from Page 3, Schedule X, Line Q)	Deduct 2B	0.00
C. ENTER EXCESS OF LINE 2A OR 2B	2C	0.00
3. A. ADJUSTED FEDERAL TAXABLE INCOME (Line 1 plus or minus Line 2C)	▶ 3A	100,000.00
B. PRE-APPORTIONED LOSSES FROM TAX YEARS BEGINNING ON OR AFTER 1/1/17 (subject to 50%) Check this box if utilizing a NOL incurred prior to 1/1/17 first. See instructions.	▶ <input checked="" type="checkbox"/>	Checkbox instructions: If you check the box you must use the Worksheet on Page 4 of the Net Profit Instructions. References for Line 3B(i) through Line 4 are found on the worksheet.
i. TOTAL UNUTILIZED PRE-APPORTIONED LOSSES FROM TAX YEARS BEGINNING ON OR AFTER 1/1/17	▶ 3B(i)	25,000.00
ii. PRE-APPORTIONED LOSSES FROM TAX YEARS BEGINNING ON OR AFTER 1/1/17 UTILIZED in TAX YEAR 2018	▶ 3B(ii)	12,500.00
iii. Income/Loss Subject to Apportionment (Line 3A less Line 3B(ii))	▶ 3B(iii)	62,500.00
C. AMOUNT ALLOCABLE TO RITA If Schedule Y, Page 4 is used	3C	40,000.00
D. LESS POST APPORTIONED LOSSES FOR TAX YEAR BEGINNING PRIOR TO 1/1/17 Per previous Municipal Income Tax Returns (schedule must be submitted)	▶ 3D	10,000.00
4. AMOUNT SUBJECT TO MUNICIPAL INCOME TAX (Line 3C less Line 3D)	▶ 4	25,000.00
5. MUNICIPAL INCOME TAX DUE (see Instructions) NOTE: Must equal Schedule B on Page 2	▶ 5	500.00

Enter Municipality Name	Brecksville
1. Enter Adjusted Federal Taxable Income (AFTI) from Tax Year 2018 Form 27, Page 1, Line 3A.	100,000
2. Enter Apportionment % from Schedule Y, Step 5. Enter the total of all percentages on Page 1, line 3C%.	40.0000%
3. Row 1 multiplied by Row 2, this is the Apportioned Income and ENTER Total (Column 4) on Tax Year 2018 Form 27, Page 1, Line 3C.	40,000
4. Enter Post Apportioned Loss Utilized (from NOL schedule - attach to your form). ENTER Total (Column 4) on Tax Year 2018 Form 27, Page 1, Line 3D.	10,000
5. Row 3 less Row 4.	30,000
6. Divide Row 5 by Row 2 to calculate the gross amount of income that must be used in this calculation.	75,000
7. Enter Pre-Apportioned Net Operating Loss	25,000
8. 50% of the lesser of Row 7 or Row 6. ENTER the HIGHEST dollar amount on Tax Year 2018 Form 27, Page 1, Line 3Bii. NOTE: DO NOT ENTER AMOUNTS from a RITA municipality on the NOL-PHASE-IN EXCEPTIONS list, leave blank.	12,500
9. If there is an amount in Row 8, ENTER the difference of Row 6 less Row 8. Cannot be less than zero. If Row 8 is blank, enter the difference of Row 6 less Row 7. ENTER Total (Column 4) of Row 9 on Tax Year 2018 Form 27, Page 1, Line 3B(iii).	62,500
10. Row 9 multiplied by Row 2 for the Apportioned Income after net operating loss. ENTER Total (Column 4) on Tax Year 2018 Form 27, Page 1, Line 4. Enter each municipality on Schedule B.	25,000
11. Enter Tax Rate of RITA Municipality	2.00%
12. Row 10 multiplied by Row 11. ENTER Total (Column 4) on Tax Year 2018 Form 27, Page 1, Line 5. Enter amounts for each municipality on Schedule B. If the tax liability for a municipality is \$10 or less, enter a zero in the tax due field of Schedule B.	500



# Example 3 & 4 Form 27

## Comparison

1. INCOME PER ATTACHED FEDERAL RETURN <small>(per attached Federal Form 1120 (Line 28), 1120S (Sch. K - Line 16), 990T (Line 30), 1065 (Sch. K - Analysis of Net Income (Loss), Page 5 - Line 1), 1041 (Line 17) or the equivalent)</small>	1	100,000.00	1	100,000.00
2. A. ITEMS NOT DEDUCTIBLE (from Page 3, Schedule X, Line G)	Add 2A	0.00	2A	0.00
B. ITEMS NOT TAXABLE (from Page 3, Schedule X, Line Q)	Deduct 2B	0.00	2B	0.00
C. ENTER EXCESS OF LINE 2A OR 2B	2C	0.00	2C	0.00
3. A. ADJUSTED FEDERAL TAXABLE INCOME (Line 1 plus or minus Line 2C)	▶ 3A	100,000.00	3A	100,000.00
B. PRE-APPORTIONED LOSSES FROM TAX YEARS BEGINNING ON OR AFTER 1/1/17 (subject to 50%) <small>Check this box if utilizing a NOL incurred prior to 1/1/17 first. See instructions.</small>	▶ <input type="checkbox"/>		▶ <input checked="" type="checkbox"/>	
I. TOTAL UNUTILIZED PRE-APPORTIONED LOSSES FROM TAX YEARS BEGINNING ON OR AFTER 1/1/17	▶ 3B(i)	25,000.00		.00
II. PRE-APPORTIONED LOSSES FROM TAX YEARS BEGINNING ON OR AFTER 1/1/17 UTILIZED IN TAX YEAR 2018	▶ 3B(ii)	12,500.00	3B(ii)	12,500.00
III. Income/Loss Subject to Apportionment (Line 3A less Line 3B(ii))	▶ 3B(iii)	87,500.00	3B(iii)	62,500.00
C. AMOUNT ALLOCABLE TO RITA <small>If Schedule Y, Page 4 is used</small>	3C	35,000.00	3C	40,000.00
D. LESS POST APPORTIONED LOSSES FOR TAX YEAR BEGINNING PRIOR TO 1/1/17 <small>Per previous Municipal Income Tax Returns (schedule must be submitted)</small>	▶ 3D	10,000.00	3D	10,000.00
4. AMOUNT SUBJECT TO MUNICIPAL INCOME TAX <small>(Line 3C less Line 3D)</small>	▶ 4	25,000.00	4	25,000.00
5. MUNICIPAL INCOME TAX DUE (see instructions)	▶ 5	500.00	5	500.00

Checkbox instructions: If you check the box you must use the Worksheet on Page 4 of the Net Profit Instructions. References for Line 3B(i) through Line 4 are found on the worksheet.

Checkbox instructions: If you check the box you must use the Worksheet on Page 4 of the Net Profit Instructions. References for Line 3B(i) through Line 4 are found on the worksheet.



# Example 5 & 6 Fact Pattern

AFTI	\$	5,126,387.00
Post-2017 (New) NOL	\$	6,000,000.00
Pre-2017 (Old) NOL	\$	250,000.00
Apportionment Factor		67.3834%

Old NOL Detail		
Fairborn	\$	-
Independence	\$	200,000.00
North Royalton	\$	50,000.00
Total Old NOL	\$	250,000.00
Apportionment Factor Detail		
Fairborn		18.0984%
Independence		40.1952%
North Royalton		9.0898%
Total Apportionment Factor		67.3834%

# Example 5 & 6 Overview

Use New NOL 1st- standard form option		
AFTI	\$	5,126,387.00
Post-2017 (New) NOL	\$	2,563,193.50
subtotal	\$	2,563,193.50
Apportioned Income	\$	1,727,166.93
Pre-2017 (Old) NOL	\$	250,000.00
Taxable Income	\$	1,477,166.93
New NOL remaining	\$	3,436,806.50
Old HB5 remaining	\$	-
Total NOL Remaining	\$	3,436,806.50

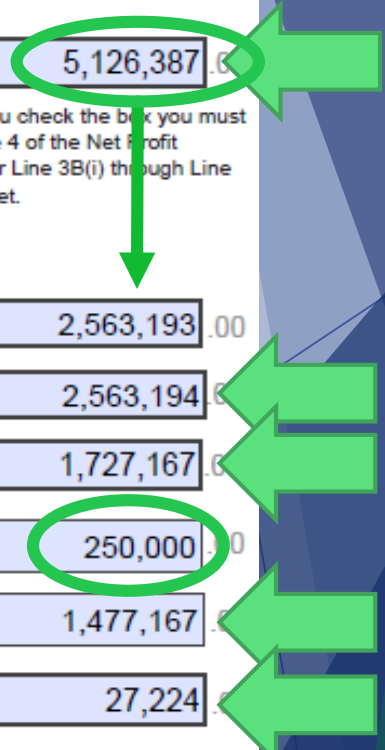
Use old NOL 1st- optional alternative		
Appn Inc	\$	3,454,333.86
Pre-2017 (Old) NOL	\$	250,000.00
subtotal	\$	3,204,333.86
Gross Up	\$	4,755,375.74
Post-2017 (New) NOL	\$	2,377,687.87
Taxable Income	\$	1,602,166.93
New NOL remaining	\$	3,622,312.13
Old HB5 remaining	\$	-
Total NOL Remaining	\$	3,622,312.13

# Example 5 Form 27

## Using Post-2017 NOL first

1. INCOME PER ATTACHED FEDERAL RETURN  
(per attached Federal Form 1120 (Line 28), 1120S (Sch. K - Line 18), 990T (Line 30),  
1065 (Sch. K - Analysis of Net Income (Loss), Page 5 - Line 1), 1041 (Line 17) or the equivalent)
2. A. ITEMS NOT DEDUCTIBLE (from Page 3, Schedule X, Line G)  
  
B. ITEMS NOT TAXABLE (from Page 3, Schedule X, Line Q)  
  
C. ENTER EXCESS OF LINE 2A OR 2B
3. A. ADJUSTED FEDERAL TAXABLE INCOME (Line 1 plus or minus Line 2C)  
  
B. PRE-APPORTIONED LOSSES FROM TAX YEARS BEGINNING ON OR AFTER 1/1/17 (subject to 50%)  
Check this box if utilizing a NOL incurred prior to 1/1/17 first. See instructions.  
  - i. TOTAL UNUTILIZED PRE-APPORTIONED LOSSES FROM  
TAX YEARS BEGINNING ON OR AFTER 1/1/17
  - ii. PRE-APPORTIONED LOSSES FROM TAX YEARS BEGINNING ON OR AFTER 1/1/17 UTILIZED  
in TAX YEAR 2018
  - iii. Income/Loss Subject to Apportionment (Line 3A less Line 3B(ii))
- C. AMOUNT ALLOCABLE TO RITA  
If Schedule Y, Page 4 is used
- D. LESS POST APPORTIONED LOSSES FOR TAX YEAR BEGINNING PRIOR TO 1/1/17  
Per previous Municipal Income Tax Returns (schedule must be submitted)
4. AMOUNT SUBJECT TO MUNICIPAL INCOME TAX  
(Line 3C less Line 3D)
5. MUNICIPAL INCOME TAX DUE (see Instructions)  
NOTE: Must equal Schedule B on Page 2

1	16,713,652.00
Add 2A	994,629.00
Deduct 2B	12,581,894.00
2C	11,587,265.00
▶ 3A	5,126,387.00
▶ <input type="checkbox"/>	Checkbox instructions: If you check the box you must use the Worksheet on Page 4 of the Net Profit Instructions. References for Line 3B(i) through Line 4 are found on the worksheet.
▶ 3B(i)	6,000,000.00
▶ 3B(ii)	2,563,193.00
▶ 3B(iii)	2,563,194.00
3C	1,727,167.00
▶ 3D	250,000.00
▶ 4	1,477,167.00
▶ 5	27,224.00



# Example 6 Form 27

## Using Pre-2017 NOL first

1. INCOME PER ATTACHED FEDERAL RETURN (per attached Federal Form 1120 (Line 28), 1120S (Sch. K - Line 18), 990T (Line 30), 1065 (Sch. K - Analysis of Net Income (Loss), Page 5 - Line 1), 1041 (Line 17) or the equivalent)	1	16,713,652.00
2. A. ITEMS NOT DEDUCTIBLE (from Page 3, Schedule X, Line G)	Add 2A	994,629.00
B. ITEMS NOT TAXABLE (from Page 3, Schedule X, Line Q)	Deduct 2B	12,581,894.00
C. ENTER EXCESS OF LINE 2A OR 2B	2C	11,587,265.00
3. A. ADJUSTED FEDERAL TAXABLE INCOME (Line 1 plus or minus Line 2C)	▶ 3A	5,126,387.00
B. PRE-APPORTIONED LOSSES FROM TAX YEARS BEGINNING ON OR AFTER 1/1/17 (subject to 50% Check this box if utilizing a NOL incurred prior to 1/1/17 first. See instructions.)	▶ <input checked="" type="checkbox"/>	Checkbox instructions: If you check the box you must use the Worksheet on Page 4 of the Net Profit Instructions. References for Line 3B(i) through Line 4 are found on the worksheet.
i. TOTAL UNUTILIZED PRE-APPORTIONED LOSSES FROM TAX YEARS BEGINNING ON OR AFTER 1/1/17	▶ 3B(i)	6,000,000.00
ii. PRE-APPORTIONED LOSSES FROM TAX YEARS BEGINNING ON OR AFTER 1/1/17 UTILIZED in TAX YEAR 2018	▶ 3B(ii)	2,563,193.00
iii. Income/Loss Subject to Apportionment (Line 3A less Line 3B(ii))	▶ 3B(iii)	7,165,759.00
C. AMOUNT ALLOCABLE TO RITA If Schedule Y, Page 4 is used	3C	3,454,334.00
D. LESS POST APPORTIONED LOSSES FOR TAX YEAR BEGINNING PRIOR TO 1/1/17 Per previous Municipal Income Tax Returns (schedule must be submitted)	▶ 3D	250,000.00
4. AMOUNT SUBJECT TO MUNICIPAL INCOME TAX (Line 3C less Line 3D)	▶ 4	1,602,167.00
5. MUNICIPAL INCOME TAX DUE (see Instructions) NOTE: Must equal Schedule B on Page 2	▶ 5	29,724.00

# Example 6 Form 27 Worksheet

Using Pre-2017 NOL first

	Fairborn	Independence	North Royalton	Column 4 Total
Enter Municipality Name				
1. Enter Adjusted Federal Taxable Income (AFTI) from Tax Year 2018 Form 27, Page 1, Line 3A.	5,126,387	5,126,387	5,126,387	5,126,387
2. Enter Apportionment % from Schedule Y, Step 5. Enter the total of all percentages on Page 1, line 3C%.	18.0984%	40.1952%	9.0898%	67.3834%
3. Row 1 multiplied by Row 2, this is the Apportioned Income and ENTER Total (Column 4) on Tax Year 2018 Form 27, Page 1, Line 3C.	927,794	2,060,562	465,978	3,454,334
4. Enter Post Apportioned Loss Utilized (from NOL schedule - attach to your form). ENTER Total (Column 4) on Tax Year 2018 Form 27, Page 1, Line 3D.	-	200,000	50,000	250,000
5. Row 3 less Row 4.	927,794	1,860,562	415,978	3,204,334
6. Divide Row 5 by Row 2 to calculate the gross amount of income that must be used in this calculation.	5,126,387	4,628,816	4,576,316	5,126,387
7. Enter Pre-Apportioned Net Operating Loss	6,000,000	6,000,000	6,000,000	6,000,000
8. 50% of the lesser of Row 7 or Row 6. <b>ENTER the HIGHEST dollar amount on Tax Year 2018 Form 27, Page 1, Line 3Bii. NOTE: DO NOT ENTER AMOUNTS from a RITA municipality on the NOL-PHASE-IN EXCEPTIONS list, leave blank.</b>	2,563,194	2,314,408	2,288,158	2,563,194
9. If there is an amount in Row 8, ENTER the difference of Row 6 less Row 8. Cannot be less than zero. If Row 8 is blank, enter the difference of Row 6 less Row 7. ENTER Total (Column 4) of Row 9 on Tax Year 2018 Form 27, Page 1, Line 3B(iii).	2,563,193	2,314,408	2,288,158	7,165,760
10. Row 9 multiplied by Row 2 for the Apportioned Income after net operating loss. ENTER Total (Column 4) on Tax Year 2018 Form 27, Page 1, Line 4. Enter each municipality on Schedule B.	463,897	930,281	207,989	1,602,167
11. Enter Tax Rate of RITA Municipality	1.50%	2%	2%	
12. Row 10 multiplied by Row 11. ENTER Total (Column 4) on Tax Year 2018 Form 27, Page 1, Line 5. Enter amounts for each municipality on Schedule B. If the tax liability for a municipality is \$10 or less, enter a zero in the tax due field of Schedule B.	6,958	18,606	4,160	29,724

1. INCOME PER ATTACHED FEDERAL RETURN (per attached Federal Form 1120 (Line 28), 1120S (Sch. K - Line 18), 990T (Line 30), 1085 (Sch. K - Analysis of Net Income (Loss), Page 5 - Line 1), 1041 (Line 17) or the equivalent)	1	16,713,652.00
2. A. ITEMS NOT DEDUCTIBLE (from Page 3, Schedule X, Line G)	Add 2A	994,629.00
B. ITEMS NOT TAXABLE (from Page 3, Schedule X, Line Q)	Deduct 2B	12,581,894.00
C. ENTER EXCESS OF LINE 2A OR 2B	2C	11,587,265.00
3. A. ADJUSTED FEDERAL TAXABLE INCOME (Line 1 plus or minus Line 2C)	▶ 3A	5,126,387.00
B. PRE-APPORTIONED LOSSES FROM TAX YEARS BEGINNING ON OR AFTER 1/1/17 (subject to 50%) Check this box if utilizing a NOL incurred prior to 1/1/17 first. See instructions. ▶ <input checked="" type="checkbox"/>	Checkbox instructions: If you check the box you must use the Worksheet on Page 4 of the Net Profit Instructions. References for Line 3B(i) through Line 4 are found on the worksheet.	
i. TOTAL UNUTILIZED PRE-APPORTIONED LOSSES FROM TAX YEARS BEGINNING ON OR AFTER 1/1/17 ▶ 3B(i)	6,000,000.00	
ii. PRE-APPORTIONED LOSSES FROM TAX YEARS BEGINNING ON OR AFTER 1/1/17 UTILIZED in TAX YEAR 2018 ▶ 3B(ii)	2,563,193.00	
iii. Income/Loss Subject to Apportionment (Line 3A less Line 3B(ii)) ▶ 3B(iii)	7,165,759.00	
C. AMOUNT ALLOCABLE TO RITA If Schedule Y, Page 4 is used <input type="checkbox"/> 67.3834 % of Line 3b(iii)	3C	3,454,334.00
D. LESS POST APPORTIONED LOSSES FOR TAX YEAR BEGINNING PRIOR TO 1/1/17 Per previous Municipal Income Tax Returns (schedule must be submitted) ▶ 3D	250,000.00	
4. AMOUNT SUBJECT TO MUNICIPAL INCOME TAX (Line 3C less Line 3D) ▶ 4	1,602,167.00	
5. MUNICIPAL INCOME TAX DUE (see Instructions) ▶ 5	29,724.00	

NOTE: Must equal Schedule B on Page 2

	Fairborn	Independence	North Royalton	Column 4 Total
Enter Municipality Name	Fairborn	Independence	North Royalton	Column 4 Total
1. Enter Adjusted Federal Taxable Income (AFTI) from Tax Year 2018 Form 27, Page 1, Line 3A.	5,126,387	5,126,387	5,126,387	5,126,387
2. Enter Apportionment % from Schedule Y, Step 5. Enter the total of all percentages on Page 1, line 3C%.	18.0984%	40.1952%	9.0898%	67.3834%
3. Row 1 multiplied by Row 2, this is the Apportioned Income and ENTER Total (Column 4) on Tax Year 2018 Form 27, Page 1, Line 3C.	927,794	2,060,562	465,978	3,454,334
4. Enter Post Apportioned Loss Utilized (from NOL schedule - attach to your form). ENTER Total (Column 4) on Tax Year 2018 Form 27, Page 1, Line 3D.	-	200,000	50,000	250,000
5. Row 3 less Row 4.	927,794	1,860,562	415,978	3,204,334
6. Divide Row 5 by Row 2 to calculate the gross amount of income that must be used in this calculation.	5,126,387	4,628,816	4,576,316	5,126,387
7. Enter Pre-Apportioned Net Operating Loss	6,000,000	6,000,000	6,000,000	6,000,000
8. 50% of the lesser of Row 7 or Row 6. <b>ENTER the HIGHEST dollar amount on Tax Year 2018 Form 27, Page 1, Line 3Bii. NOTE: DO NOT ENTER AMOUNTS from a RITA municipality on the NOL-PHASE-IN EXCEPTIONS list, leave blank.</b>	2,563,193	2,314,408	2,288,158	2,563,193
9. If there is an amount in Row 8, ENTER the difference of Row 6 less Row 8. Cannot be less than zero. If Row 8 is blank, enter the difference of Row 6 less Row 7. ENTER Total (Column 4) of Row 9 on Tax Year 2018 Form 27, Page 1, Line 3B(iii).	2,563,194	2,314,408	2,288,158	7,165,759
10. Row 9 multiplied by Row 2 for the Apportioned Income after net operating loss. ENTER Total (Column 4) on Tax Year 2018 Form 27, Page 1, Line 4. Enter each municipality on Schedule B.	463,897	930,281	207,989	1,602,167
11. Enter Tax Rate of RITA Municipality	1.50%	2%	2%	
12. Row 10 multiplied by Row 11. ENTER Total (Column 4) on Tax Year 2018 Form 27, Page 1, Line 5. Enter amounts for each municipality on Schedule B. If the tax liability for a municipality is \$10 or less, enter a zero in the tax due field of Schedule B.	6,958	18,606	4,160	29,724

# Example 5 & 6 Form 27

## Comparison

Line	Description	Value	Value
1	INCOME PER ATTACHED FEDERAL RETURN (per attached Federal Form 1120 (Line 28), 1120S (Sch. K - Line 18), 990T (Line 30), 1065 (Sch. K - Analysis of Net Income (Loss), Page 5 - Line 1), 1041 (Line 17) or the equivalent)	16,713,652.00	16,713,652.00
Add 2A	A. ITEMS NOT DEDUCTIBLE (from Page 3, Schedule X, Line G)	994,629.00	994,629.00
Deduct 2B	B. ITEMS NOT TAXABLE (from Page 3, Schedule X, Line Q)	12,581,894.00	12,581,894.00
2C	C. ENTER EXCESS OF LINE 2A OR 2B	11,587,265.00	11,587,265.00
▶ 3A	A. ADJUSTED FEDERAL TAXABLE INCOME (Line 1 plus or minus Line 2C)	5,126,387.00	5,126,387.00
▶ <input type="checkbox"/>	B. PRE-APPORTIONED LOSSES FROM TAX YEARS BEGINNING ON OR AFTER 1/1/17 (subject to 50%) Check this box if utilizing a NOL incurred prior to 1/1/17 first. See instructions.		<input checked="" type="checkbox"/>
▶ 3B(i)	I. TOTAL UNUTILIZED PRE-APPORTIONED LOSSES FROM TAX YEARS BEGINNING ON OR AFTER 1/1/17	6,000,000.00	.00
▶ 3B(ii)	II. PRE-APPORTIONED LOSSES FROM TAX YEARS BEGINNING ON OR AFTER 1/1/17 UTILIZED in TAX YEAR 2018	2,563,193.00	2,563,193.00
▶ 3B(iii)	III. Income/Loss Subject to Apportionment (Line 3A less Line 3B(ii))	2,563,194.00	7,165,759.00
3C	C. AMOUNT ALLOCABLE TO RITA If Schedule Y, Page 4 is used	1,727,167.00	3,454,334.00
▶ 3D	D. LESS POST APPORTIONED LOSSES FOR TAX YEAR BEGINNING PRIOR TO 1/1/17 Per previous Municipal Income Tax Returns (schedule must be submitted)	250,000.00	250,000.00
▶ 4	4. AMOUNT SUBJECT TO MUNICIPAL INCOME TAX (Line 3C less Line 3D)	1,477,167.00	1,602,167.00
▶ 5	5. MUNICIPAL INCOME TAX DUE (see Instructions)	27,224.00	29,724.00



# Difference when considering which NOL is to use first

- ▶ When the Post-2017 NOL CF is greater than the current year taxable income less Pre-2017 NOL CF, it matters which NOL is used first.
  - ▶ It is more favorable to the taxpayer (in the current tax year) to use the Post-2017 NOL CF first to reduce more of the income (except when the Pre-2017 NOL CF can reduce the income to zero)
  - ▶ Said differently, whenever the loss would be, in effect, limited to 50% of the income regardless of which NOL CF is used first, it benefits the taxpayer (in the current year) to take the Post-2017 NOL CF first. This is because more of the income can be offset.



# Exceptions to Every Rule

# Exception when considering which NOL to use first

- ▶ When the Pre-2017 NOL CF exceeds the current year income and the apportionment is less than 100%, the TP benefits from using the Pre-2017 NOL CF 1<sup>st</sup> because they are left with more total NOL CF available to future years.

## Example 7 & 8 Fact Pattern

AFTI	\$	200,000.00
Post-2017 (New) NOL	\$	50,000.00
Pre-2017 (Old) NOL	\$	250,000.00
Apportionment Factor		75%

# Example 7 & 8 Overview

<b>Use New NOL 1st- standard form option</b>	
AFTI	\$ 200,000.00
Post-2017 (New) NOL	\$ 25,000.00
subtotal	\$ 175,000.00
Apportioned Income	\$ 131,250.00
Pre-2017 (Old) NOL	\$ 131,250.00
Taxable Income	\$ -
New NOL remaining	\$ 25,000.00
Old HB5 remaining	\$ 118,750.00
Total NOL Remaining	\$ 143,750.00

<b>Use old NOL 1st- optional alternative</b>	
Appn Inc	\$ 150,000.00
Pre-2017 (Old) NOL	\$ 150,000.00
subtotal	\$ -
Gross Up	\$ -
Post-2017 (New) NOL	\$ -
Taxable Income	\$ -
New NOL remaining	\$ 50,000.00
Old HB5 remaining	\$ 100,000.00
Total NOL Remaining	\$ 150,000.00

# Additional Points to Consider:

- ▶ RITA offers the TP the option to use the new loss first if it benefits them.
- ▶ Modernized eFiling (MeF) makes these calculations easier and is available with software vendors who have completed testing with us. For a current list of approved vendors, please visit <http://www.ritaohio.com/TaxProfessionals/Home/MefPartners>.
- ▶ Form 27 Excel Auto Calc will be available soon and is a great tool to aid in completing the form.



# Individual Forms Update

Form 32 Est-Ext, 10a and 37

Scott Dunford - Individual Tax Processing Manager

# Form 32 Est-Ext.

- Developed to allow taxpayers to create or amend estimates, make balance due payments on extended returns, and request a RITA extension if no Federal extension is requested.
  - Sections are re-ordered for better flow.
    - Section 1 is now to declare estimate
    - Section 2 is to make and allocate payment
    - Section 3 is the extension
    - Section 4 is the verification Section.



# Form 32 Est - Ext

FORM 32 EST-EXT	Regional Income Tax Agency Estimated Income Tax and/or Extension of Time to File	 <b>RITA</b> <small>REGIONAL INCOME TAX AGENCY</small>	800.860.7482 TDD 440.526.5332 ritaohio.com
--------------------	--	---	--

SSN #: \_\_\_\_\_ Spouse's SSN#: \_\_\_\_\_

Name: \_\_\_\_\_

Spouse's Name: \_\_\_\_\_

Address #: \_\_\_\_\_ Street: \_\_\_\_\_ Suite: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

\*\*See PAGE 2 for EXTENSION instructions\*\*

## SECTION 1: ESTIMATED INCOME TAX DECLARATION

Use this section to report or update your Annual Estimated Income Tax Liability. If you anticipate owing \$200 or more in municipal income tax, you must estimate your taxes and make quarterly payments as your income is earned. If your estimated payments are either less than 90% of the tax due, or not equal to or greater than your prior year's total tax liability, you will be subject to penalty and interest. Form 37 Instructions "Worksheet 2" may be used to calculate your Estimated Income Tax Liability.

	Tax Year	Amount
Total Estimated Income Tax	_____	\$ _____ .00

## SECTION 2: PAYMENT (Balance due on annual return and/or estimated payment)

1. Anticipated Tax Balance Due on 2018 Annual Return (Extension Payment) \$ \_\_\_\_\_ .00
2. 2019 Estimated Tax Payment (not less than 1/4 of Total Estimate) \$ \_\_\_\_\_ .00
- If you are making an estimated payment enter the amount on Line 2. This line will NOT update your 2018 total estimated tax liability. If you anticipate owing \$200 or more in municipal income tax, you must estimate your taxes and make quarterly payments as your income is earned. If you need to report or update your 2018 Total Estimated Tax Liability, go to Section 3, page 2. If your estimated payments are either less than 90% of the tax due, or not equal to or greater than your prior year's total tax liability, you will be subject to penalty and interest.

3. Amount Paid (Add Lines 1 and 2) \$ \_\_\_\_\_ 0.00  
(make check payable to RITA see page 2 for mailing address)

4. Allocate to applicable RITA Municipalities Balance Due from Line 1 and/or Estimated Tax from Line 2.

Municipality:	Tax Year:	Amount:
_____	_____	\$ _____ .00
_____	_____	\$ _____ .00
_____	_____	\$ _____ .00
_____	_____	\$ _____ .00
_____	_____	\$ _____ .00

Total allocation (equal Line 3 above) \$ \_\_\_\_\_ 0.00

## SECTION 3: EXTENSION OF TIME TO FILE

If you have a copy of your federal extension, you do NOT have to fill out this section. SKIP to SECTION 2. Check this box if you have not requested or received a federal extension and you are requesting a 6 month extension to file for the tax year 2018.

If you have requested or received an extension to file your federal income tax return, your municipal income tax return is extended as well. It is not necessary to file a copy of your federal extension with RITA by the annual filing due date. Attach a copy of the federal extension when filing your municipal income tax return on or before the extended due date.

If you have not requested or received a federal income tax filing extension, you may receive a six-month extension for filing your municipal income tax return by indicating your request in Section 1 below, and submitting this request on or before the filing due date of April 15, 2019.

**An extension to file the annual return is not an extension to pay - the tax owed is still due by the annual filing due date. Please complete Section 2 to pay the tax due for tax year 2018 and the first quarter of estimated payments due for tax year 2019.**

## SECTION 4: VERIFICATION

Taxpayer – Under penalties of perjury, I declare that to the best of my knowledge and belief, the statements made herein are true and correct.

Your Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Spouse's Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
(if filing jointly, BOTH must sign)

Preparer other than taxpayer – Under penalties of perjury, I declare that to the best of my knowledge and belief, the statements made herein are true and correct, that I am authorized by the taxpayer to prepare this Declaration and/or Extension.

Signature of Preparer: \_\_\_\_\_ Date: \_\_\_\_\_

Printed Name of Preparer: \_\_\_\_\_

May RITA discuss this Declaration/Extension with the preparer above?  Yes  No

Mail Declaration/Extension to:

**With Payment** made payable to RITA:  
REGIONAL INCOME TAX AGENCY  
P.O. BOX 6600  
CLEVELAND, OH 44101-2004

**Without Payment:**  
REGIONAL INCOME TAX AGENCY  
P.O. BOX 477900  
BROADVIEW HEIGHTS 44147-7900

# Form 32 Est-Ext.

- Please complete all relevant sections.
- When making payment in section 2, please allocate the amounts on lines 1 and 2 for the balance due for 2018 and the amount applied to the 2019 estimate if applicable.
- If you need to allocate the payments to more than one municipality, please do so in section 4. Please do not use “generic” names in section 4, be specific.

# Form 10A - Application for Refund

- Form used to request a refund of overpaid tax.
  - Primarily used for tax withheld by employers, but can also be used to request overpayments on individual accounts.
  - Major Change for this year is the elimination of 2106 expenses for most taxpayers.
    - Can only be claimed by qualified performing artists, fee basis state or local government officials or employees with impairment related work expenses.

# Form 10a Pg 1.

- Complete demographic section at the top with full name, address and SSN.
- Select a reason for refund from 1-10.
- Complete the Claim section at the bottom of the form.
  - If you are a RITA resident, or will owe tax to other municipalities as a non-RITA resident you can allocate money to your account to cover this
  - List the amount of net refund claimed on line 6.

<b>Form 10A</b> Regional Income Tax Agency Application for Municipal Income Tax Refund		<b>RITA</b> REGIONAL INCOME TAX AGENCY		800.860.7482 TDD 440.526.5332 ritaohio.com
Your first name and middle initial		Last name		Your social security number
Current home address (number and street)		Apt #		Tax year of claim
City, state, and ZIP code		Daytime phone number		Evening phone number

**Reason for Claim**

Check the Box below that applies.

- A separate 10a is required: if you have multiple W-2 forms or for each municipality from which a refund is requested.
- No refunds will be issued without the proper documentation indicated by reason for claim.

- Age Exemption.** Date of Birth: \_\_\_\_/\_\_\_\_/\_\_\_\_. Attach a copy of your W-2 Form and proof of birthdate (birth certificate, driver's license, etc). If you were under 18 for only part of the year, you must either: 1) have your employer sign the completed Employer Certification on page 2; or 2) attach a copy of your pay stub for the pay period in which your birthday fell. Exceptions to the 18 years of age or older exemption exist. For more information, visit ritaohio.com, select the RITA municipality in which you worked and review the Special Notes section that relates to the appropriate tax year.
- Un-reimbursed business expenses.** For Tax Year 2018, the un-reimbursed employee expense deduction has been eliminated for federal income tax purposes. Tax Year 2018 municipal income tax refunds for this reason are not available for most employees. Qualified performing artists, fee-basis state or local government officials and employees with impairment-related work expenses may claim a refund for this reason. For Tax Year 2017 and prior, attach a copy of your W-2 Form, the federal Schedule A and federal Form 2106 filed with your federal 1040. Employer does NOT need to complete the Employer Certification.
- Days worked outside of municipality** for which the employer withheld tax. Attach a copy of your W-2 Form, a completed Log of Days Out Worksheet on page 3, and a completed Calculation for Days Worked Out of RITA on page 3. In addition, your employer must complete and sign the Employer Certification Parts 1 and 2 on page 2.
- Employer withheld at a rate higher than the municipality's tax rate.** Attach a copy of your W-2 Form. Your employer must complete and sign the Employer Certification Parts 1 and 2 on page 2.
- Employer withheld too much (over-withheld) resident municipality tax.** Attach a copy of your W-2 Form. Your employer must sign the Employer Certification Part 2 on page 2.
- Withheld by mistake** for the municipality of \_\_\_\_ when I actually worked in the municipality of \_\_\_\_\_. Attach a copy of your W-2 Form. Your employer must sign the Employer Certification Part 2 on page 2. Indicate the address where you actually worked.
 

Work Location Street Address	City	State	Zip
- Over-the-road truck driver.** The wages of an interstate trucker regularly assigned to drive in more than one state are only taxable by the trucker's municipality of residence. Truck drivers assigned to drive in multiple Ohio municipalities only may be eligible to receive a 90% refund from their principal place of work. Your employer must complete and sign the Employer Certification Part 2 on page 2.
- Military Spouse Residency Relief Act.** Attach copies of W-2 Form, Form DD 2058, valid military spouse ID card and service member's most recent LES.
- Other (Indicate Reason).** Attach W-2 Form and other applicable documentation. Your employer must complete and sign the Employer Certification Parts 1 and/or 2 on page 2.
- Refund of overpayment on account** If you have already filed Form 37 or are not required to file. Employer certification is not required.

**Claim**

1 Employer Federal ID #	Employer Name
2 RITA Municipality for which tax was withheld (from W-2, Box 20). RITA cannot refund tax withheld to a Non-RITA municipality	1
3 Amount of income not taxable. For reason 2 enter your 2106 expenses less the 2% limitation. Enter -0- for reasons 4 and 5. For all other reasons enter the amount of wages you are claiming are not taxable	3
4 Amount of over withholding claimed (Box A-9 on page 2)	4
5 Amount of over withholding you want applied as a payment to your individual or joint account instead of being refunded to you. Enter -0- if you want all of your refund sent to you	5
Provide the social security number of the account to which you want the amount on line 5 to be credited	SSN of account to be credited
6 Net amount to be refunded. Subtract line 5 from line 4. Amounts \$10 or less will not be refunded.	6

# Form 10a, pg. 2

- If applicable, the Employer Certification section is required to be completed.
- Employer must complete parts 1 and 2, and provide a signature in part 2.
- Taxpayer signs the bottom of the form.
- Mail to the P.O. Box in the lower right corner once complete.

Name of employee shown on page 1	Employee's SSN	Tax Year of Claim
----------------------------------	----------------	-------------------

## Employer Certification – Part 1

### A. Refund/Credit Calculation

A 1 Total Wages from employee's W-2 Form		A-1	
2	Enter name of municipality for which tax was withheld	A-2	
3	Amount of municipal tax withheld to the municipality indicated on line A-2		A-3
4	List the complete address of the municipality where the employee physically performed the work or services. If the employee did not work within the limits of a municipality, skip lines A-5, A-6 and A-7, and enter -0- on line A-8	A-4	
		Work location street address	
		City, State, Zip Code	
5	Enter the amount of municipal taxable wages earned in the municipality indicated on line A-4	A-5	
6	Enter the tax rate of the municipality indicated on line A-4	A-6	
7	Tax due to municipality where employee physically worked. Multiply line A-5 by the tax rate on line A-6	A-7	
8	If the municipality indicated on line A-4 is a RITA municipality, enter the amount from line A-7; otherwise enter -0-		A-8
9	Amount of over-withheld tax to be refunded or credited. Subtract line A-8 from line A-3. Amounts \$10 or less will not be refunded or credited. Enter total on Page 1, line 4.		A-9

### B. Employee's Home Address

According to our records, this employee's home address for the period covered by this claim was:

Employee's Home Street Address	City	State	Zip
--------------------------------	------	-------	-----

### C. Employee's Employment Dates

If the employee is still employed, enter "n/a" as the date of separation.

Date of Hire	Date of Separation
--------------	--------------------

## Employer Certification – Part 2

### D. Employer Representative's Explanation of Reason for Refund and Signature

The undersigned employer representative states that during the year referenced above the employer withheld municipal income tax from the above named employee in excess of the employee's liability as calculated above; that the above referenced employee was employed during the period referenced above; that the employer has examined this claim for refund in its entirety including any accompanying schedules and statements; and that the employer representative can attest that the information reported on this claim is true and accurate.

In addition, the undersigned employer representative verifies that no portion of the over-withheld tax has been or will be refunded directly to the employee by the employer, and that no adjustments to the employer's withholding account related to this claim have been or will be made.

Representative's Signature \_\_\_\_\_ Representative's Title \_\_\_\_\_ Date \_\_\_\_\_ Representative's Phone Number \_\_\_\_\_

Print Representative's Name \_\_\_\_\_ Print Representative's Title \_\_\_\_\_ Explanation of Reason for Refund (example—"taxpayer works from home 4 days") \_\_\_\_\_

### Taxpayer's Signature

Under penalties of perjury, I declare that I have examined this claim, and to the best of my knowledge and belief, it is true, correct and complete. I understand that this information may be released to the tax administrator of the resident or workplace municipality and the Internal Revenue Service. I further understand that if this refund changes my RITA residence tax, an amended return must be filed before the refund will be issued. I also understand that if I have an unpaid balance due, this refund will be applied to that balance due.

Taxpayer's Signature \_\_\_\_\_ Date \_\_\_\_\_ Taxpayer's Daytime Phone \_\_\_\_\_ Taxpayer's Evening Phone \_\_\_\_\_

### To avoid delays:

- Mail this form along with the required documents indicated under your "Reason for Claim" on page 1 to the address shown at right; and
- If filing Form 37, attach the 10A to the completed return and mail them together.

Mail with required documentation to:

Regional Income Tax Agency  
PO Box 470638  
Broadview Hts. OH 44147-0638

# Form 10a, pg. 3

- If applying for a refund for days worked out of the municipality, the days out calculation should be completed.
  - Ensures accurate accounting for days both in and out of the municipality.
  - Days out log is required for all days out requests. If additional space is needed, or the information is contained in a different format, that is acceptable to attach to the 10a.

Name of employee shown on page 1	Employee's SSN	Tax Year of Claim
----------------------------------	----------------	-------------------

## Calculation of Days Worked Outside of RITA Municipality

1	<b>Total workdays available.</b> If you normally work a 5 day workweek and you worked for your employer for the entire year, enter 260 (52 weeks times 5 days). Otherwise, enter the number of days you normally worked in a week times the number of weeks worked (cannot exceed 260).	1	
2	<b>Days not worked.</b> Enter total number of days included on line 1 that you did not work due to holidays, personal days, sick days, and vacation days	2	
3	<b>Total days actually worked.</b> Subtract line 2 from line 1	3	
4	<b>Days worked out of town.</b> A log of days out, destination and reason for travel must be included (see below). For purposes of this refund claim, if you worked in another municipality that has an income tax, the wages earned in that municipality are subject to tax in that municipality.	4	
5	<b>Days worked in the municipality for which tax was withheld.</b> Subtract line 4 from line 3	5	
6	<b>Percentage of wages earned in the municipality.</b> Divide line 5 by line 3	6	
7	<b>Total municipal taxable wages.</b> Enter the larger of Box 5 or 18 from your W-2	7	
8	<b>Wages taxable to municipality for which tax was withheld.</b> Multiply line 6 by line 7	8	
9	<b>Wages not taxable to municipality for which tax was withheld.</b> Subtract line 8 from line 7. Enter here and on Page 1, line 3	9	
10	<b>Amount of over withholding claimed.</b> Multiply line 9 by the tax rate of the municipality for which tax was withheld. Enter here and on Page 1, line 4	10	Tax Rate

## Log of Days Out

List the names of the municipalities/locations where you worked while traveling, the reason for your travel, and the number of days worked at your travel destination. Your own worksheet is acceptable. Use additional paper if necessary.

Work Location	Reason	# Days	Work Location	Reason	# Days
1.			21.		
2.			22.		
3.			23.		
4.			24.		
5.			25.		
6.			26.		
7.			27.		
8.			28.		
9.			29.		
10.			30.		
11.			31.		
12.			32.		
13.			33.		
14.			34.		
15.			35.		
16.			36.		
17.			37.		
18.			38.		
19.			39.		
20.			40.		
Total number of days worked out of town					

# Form 10A - Application for Refund

## Helpful Hints:

- Send in all required information with the form on submission including, W-2 forms, employer certification, days out logs and any other documents required for your specific request.
- If you are a resident of RITA, a refund will not be issued until the 2018 form 37 is filed and processed.
- Mail form 37 and 10a in together, it will help in processing both.
- Electronically filed returns should send the paper W-2 form with the 10a.

# Form 37 - Individual Municipal Return

This form is used by all individuals, residents and non-residents to report taxable income to RITA municipalities.

- Essentially unchanged from TY 2017.
- 2 new worksheets to account for NOL phase in.
- Can be used to report any income type, by any individual.
- Main parts are Section A, Section B, Schedule J and Schedule P.



# Form 37 Pg. 1

- Demographic section. Names, current address, SSN.
- Informational check boxes. Filing status, extension, amended return, RITA residence.
- City/Village Township of residence section.
- Section A for reporting W-2 and W-2G income.
- Taxpayer and preparer signature lines.

**Form 37**

Regional Income Tax Agency  
**RITA Individual Income Tax Return 2018**  
Do not use staples, tape or glue

REGIONAL INCOME TAX AGENCY

800.860.7482  
 TDD 440.526.5332  
 ritaohio.com

Your social security number	Spouse's social security number
Your first name and middle initial	Last name
If a joint return, spouse's first name and middle initial	Last name
CURRENT MAILING address (number and street)	Apt #
City, state, and ZIP code	
Daytime phone number	Evening phone number

**Filing Status:**

Single or Married Filing Separately

Joint

If you have an EXTENSION check here and attach a copy:  EXTENSION

If this is an AMENDED return, check here:

In the space provided below, state why you are filing an AMENDED return. Attach an explanation if you require additional space.

**Residency Status in RITA Municipalities:**

Full-Year  Part-Year  Non-Resident

**City/Village/Township of Residence - Required**

In the boxes below, indicate the physical location of your residence(s) for all of 2018 and up to and including the date you file this return. This may be different from your mailing address. In addition, if you moved during 2018, list the effective date of the move into the city/village/township, city/village/township and address in the appropriate boxes. **Why?** Mailing address does not always correspond to the city/village/township in which you live. This required information determines the appropriate taxing jurisdiction for municipal income tax purposes. If you moved more than once, supply the additional information on a separate sheet.

Effective Date	City/ Village/ Township	Address
1/1/2018		

**Section A**

List all income from W-2 wages and W-2G winnings reported in 2018 and the amount of local/city tax withheld while living in a RITA municipality. In general, unless you moved into or out of a RITA municipality during the year, your taxable wages cannot be less than Medicare wages (Box 5 of your W-2). List all tax withheld for your resident municipality in Column 3 **ONLY** (even if you worked in the municipality where you lived). In Column 4, indicate the name of the municipality in which you physically worked. This may be different from the employer's address shown on the W-2. If you did not work in a city or village enter "None" in Column 4. **DO NOT ENTER SCHOOL DISTRICT TAX IN COLUMNS 2 or 3.**

	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6		
	W-2/W-2 G Income (see instructions for qualifying wages)	Local/City Tax Withheld for Workplace/ Winning Municipality	Local/City Tax Withheld for Resident Municipality	Workplace/ Winning Municipality (City or village where you worked)	Resident Municipality (City or village where you lived)	Dates Wages Were Earned		Date of winnings
	From Date MM/DD/YY	Thru Date MM/DD/YY	Date Won MM/DD/YY					
Paperclip Local/City copy of W2/W2G Forms and Check or Money Order Here. Do not use staples, tape or glue.								
<b>Totals</b>	0	0	0					

For Full or Part Year Residents in RITA Municipalities - Enter Section A, Column 1 Total onto Page 2, Line 1a; enter Column 2 Total onto Page 2, Line 4a; and enter Column 3 Total onto Page 2, Line 7a. For Non-Residents required to file on workplace wages - Go to Page 3, Schedule K, Line 34 to calculate tax due.

**Caution** Tax balances are due by **April 15, 2019**. Submitting an incomplete form could subject you to penalty and interest if a tax balance is due. If you want RITA to calculate your taxes, please use the online eFile system at ritaohio.com. It is easy to use, secure and will calculate your taxes immediately.

Under penalties of perjury, I declare that I have examined this return, and to the best of my knowledge and belief, it is true, correct, and accurately lists all amounts and sources of municipal taxable income I received during the tax year.

Your Signature	Date	Preparer's Name (Please Print)	Date
Spouse's Signature if a joint return	Date	Preparer's Signature	ID Number

May RITA discuss this return with the preparer shown above?  Yes  No Preparer Phone #: \_\_\_\_\_

Filing is mandatory for most residents: see "Filing Requirements" on page 1 of the Instructions for Form 37 exemptions.

# Form 37 Pg. 2

- Section B.
  - Lines 1-22 used for residents of RITA municipalities to compute tax due to resident and workplace municipalities.
  - Non-Residents use lines 10-22 to account for tax due RITA workplaces.
  - Credit rate worksheet for residents to compute line 5b.

## Section B

<b>For NON W-2/ Schedule income</b> see Pages 3-5 before starting Section B.	<b>1 a</b> Total W-2/W-2G income from Page 1, Section A, Column 1.	<b>1a</b>		
	<b>b</b> Total self-employment, rental, partnership, and (if applicable) S-Corp. income as well as any other taxable income from Page 3, Schedule J, Line 29, Column 7. If less than zero, enter -0-.	<b>1b</b>		
	<b>2</b> Total taxable income. Add Lines 1a and 1b.	<b>2</b>		
	<b>3</b> Multiply Line 2 by the tax rate of your resident municipality from the tax table. Enter the tax rate of your resident municipality here: _____		<b>3</b>	
<b>Withheld taxes</b> shown on your W-2 forms are reported on either Line 4a or 7a.	<b>4 a</b> Tax withheld for all municipalities other than your municipality of residence from Page 1, Section A, Column 2. Do not enter estimated tax payments.	<b>4a</b>		
	<b>b</b> Direct payments from Page 3, Schedule K, Line 37. Do not enter tax withheld from your wages and/or estimated tax payments on this line.	<b>4b</b>		
	<b>5 a</b> Add Lines 4a and 4b.	<b>5a</b>		
If your resident city/village has a Credit Rate of 0%; enter -0- on Line 5b through Line 6 and go to Line 7a. You do not need to complete the Credit Rate Worksheet.	<b>b</b> Total tentative credit from Credit Rate Worksheet, Column E located at the bottom of this page. Your resident municipality's credit rate: _____	<b>5b</b>		
	<b>c</b> Enter the smaller of Line 5a or Line 5b.	<b>5c</b>		
	<b>6</b> Multiply Line 5c by the credit factor of your resident municipality from the tax table. Your resident municipality's credit factor: _____	<b>6</b>		
Refunds: To avoid delays in processing your refund, mail your return to the PO BOX address listed in the lower right hand corner of this page. Refunds of tax withheld from your wages must be applied for on Form 10A. Download Form 10A at <a href="http://ritaohio.com">ritaohio.com</a>	<b>7 a</b> Tax withheld for your resident municipality from Page 1, Section A, Column 3. Do not enter estimated tax payments (see instructions).	<b>7a</b>		
	<b>b</b> Tax paid by your partnership/S-Corp./trust to YOUR RESIDENT municipality (from Worksheet R)	<b>7b</b>		
	<b>8</b> Total credits allowable. (Add Lines 6, 7a, and 7b.)		<b>8</b>	
	<b>9</b> Subtract Line 8 from Line 3.	<b>9</b>		
	<b>10</b> Tax on non-withheld wages from Page 3, Schedule K, Line 34.	<b>10</b>		
	<b>11</b> Tax on Schedule J Income from Page 3, Line 33, Column 7.	<b>11</b>		
	<b>12</b> TAX DUE RITA AFTER WITHHOLDING. Add Lines 9, 10 and 11. If less than zero, enter -0- and file Form 10A (see instructions).		<b>12</b>	
	<b>13</b> 2018 Estimated Tax Payments made to RITA. Do not enter tax withheld from your W-2s. Only include payments made for the 2018 tax year.	<b>13</b>		
	<b>14</b> Credit carried forward from 2017.	<b>14</b>		
	<b>15</b> TOTAL CREDITS. Add Lines 13 and 14.		<b>15</b>	
	<b>16</b> Balance Due. If Line 15 is less than Line 12, subtract Line 15 from Line 12. If the amount is \$10 or less, enter -0-.		<b>16</b>	
	<b>17</b> If Line 15 is GREATER than 12, subtract Line 12 from Line 15 and enter OVERPAYMENT.		<b>17</b>	
	<b>18</b> Amount you want credited to your 2019 estimated tax.	<b>18</b>		
	<b>19</b> Amount to be refunded. You may not split an overpayment between a refund and a credit. Amounts \$10 or less will not be refunded. Allow 90 days for your refund.	<b>19</b>		
	<b>20 a</b> Enter 2019 estimated tax in full (see instructions). Estimates are due 4/15/19, 6/15/19, 9/15/19 and 1/15/20.	<b>20a</b>		
	<b>b</b> Enter first quarter estimate (1/4 of Line 20a).	<b>20b</b>		
	<b>21</b> Subtract Line 18 from Line 20b.		<b>21</b>	
	<b>22</b> TOTAL DUE by April 15, 2019. Add Lines 16 and 21.		<b>22</b>	

**Estimated Taxes (Line 20a):** If your estimated tax liability is \$200 or more, you are required to make quarterly payments of the anticipated tax due. If your estimated tax payments are not 90% of the tax due or not equal to or greater than your prior year's total tax liability, you may be subject to penalty and interest. You may use the amount on Line 12 as your estimate or use Worksheet 2 in the instructions to calculate your estimate. **Note:** If Line 20a is left blank, RITA will calculate your estimate. Use Form 32-EXT to pay 6/15/19, 9/15/19 and 1/15/20 estimates.

### Credit Rate Worksheet (enter each wage separately):

A	B	C	D	E
Wages/Income earned outside of resident municipality	Credit Rate for resident municipality from taxable	Maximum credit (multiply Column A by Column B)	Workplace tax withheld/paid	Tentative Credit Enter lesser of Columns C or D
Enter amount from WORKSHEET L, Row 17, Column 7				
Total Tentative Credit: Enter on Section B, Line 5b, above.				

Mail your return with W-2s and a copy of your federal schedules to:  
**With payment made payable to RITA:**  
 Regional Income Tax Agency  
 PO Box 6600  
 Cleveland, OH 44101-2004  
**Without payment:**  
 Regional Income Tax Agency  
 PO Box 94801  
 Cleveland, OH 44101-4801  
**Refund with an amount on Line 19:**  
 Regional Income Tax Agency  
 PO Box 89409  
 Cleveland, OH 44101-8409

# Form 37 Pg. 3

- Schedule J

- Used to report non-wage income from self-employment, rental, farm income or other sources.

- Used to report Partnership, S-Corporation or Trust income earned in Resident city or Non-Taxing areas ONLY.

- Schedule K used to compute tax due or paid to other cities on W-2 earnings.

Note: Separate sub schedules for Schedule J have been provided for Partnership/S-Corp./Trust reporting.

• Go to Schedule P if pass-through income/loss was earned in any NON RESIDENT, TAXING MUNICIPALITIES.

• Go to Worksheet R if you are a RITA Municipality Resident and you need to calculate the tax paid by the partnership to your RITA RESIDENT MUNICIPALITY.

SCHEDULE J		SUMMARY OF NON W-2 INCOME (For Columns 3-6, Enter City/Village/Township Where Earned)						Notes: Special Rules may apply for S-Corp. distributions. See RITA Municipalities at ritainfo.com.
Please see Pages 5-6 of the Instructions.		COLUMN 1 RESIDENT MUNICIPALITY	COLUMN 2 NON-TAXING LOCATION	COLUMN 3 LOCATION 3	COLUMN 4 LOCATION 4	COLUMN 5 LOCATION 5	COLUMN 6 LOCATION 6	COLUMN 7 TOTAL
Print the name of each location (city/ village/township) where income/ loss was earned in the appropriate boxes.		11	NON-TAXING	13	14	15	16	
Income/Loss From Federal SCHEDULE C Attached		21		23	24	25	26	
Income/Loss From Federal SCHEDULE E, Part I Attached		31		33	34	35	36	
Other Taxable Income/Loss Attach Schedule(s) and/or Form(s)		41		43	44	45	46	
Partnership/S-Corp./Trust Income/Loss From SCHEDULE E Attached		51	52	RESIDENTS OF RITA MUNICIPALITIES ONLY: GO TO SCHEDULE P for PASS-THROUGH Income/loss from a non-resident taxing municipality and enter the total from Schedule P, Column 7, Line 26d HERE.				
CURRENT YEAR WORKPLACE INCOME/LOSS (Total Lines 23-26)		61	62	63	64	65	66	
PRIOR YEAR LOSS CARRYFORWARD		GO TO PAGE 6 RESIDENT MUNICIPALITY LOSS WORKSHEET to calculate the PRIOR YEAR LOSS CARRYFORWARD and enter the total HERE.						71
NET RESIDENT TAXABLE INCOME (Total Column 7, Lines 26-28)								( )
Calculate tax due on WORKPLACE INCOME:		GO TO PAGE 6 WORKPLACE LOSS WORKSHEET to calculate the workplace loss carryforward and enter the totals HERE.		73	74	75	76	
30. LESS WORKPLACE LOSS CARRYFORWARD				( )	( )	( )	( )	
NET TAXABLE WORKPLACE INCOME (Line 27 minus Line 30)				83	84	85	86	
FOR EACH RITA MUNICIPALITY LISTED IN COLUMNS 3-6 - ENTER THE TAX RATES. Note: If Line 31 is less than zero, do NOT enter tax rate.								FOR LINE 33 BELOW: ADD COLUMNS 3-6, ENTER ON PAGE 2, SECTION B, LINE 11.
MUNICIPAL TAX DUE (each RITA MUNICIPALITY) Note: If amounts in Columns 3-6 are \$10 or less, enter -0-. Do NOT include NON-RITA Municipalities.								

Note: If you are a resident of a RITA municipality – please go to Page 4 for WORKSHEET L to allocate income/loss and calculate potential credit for your resident municipality.

**SCHEDULE K** To complete Schedule K, see page 5 of the instructions. If additional space is needed, use a separate sheet.

34. W-2 WAGES EARNED IN A RITA MUNICIPALITY OTHER THAN YOUR RESIDENCE MUNICIPALITY AND FROM WHICH NO MUNICIPAL INCOME TAX WAS WITHHELD BY EMPLOYER. Complete lines below.

Wages	Municipality	Tax Rate (see instructions)	Tax Due

Add Tax Due Column, enter total here AND on Page 2, Section B, Line 10. 34. ( )

35. W-2 WAGES EARNED IN A NON-RITA TAXING MUNICIPALITY AND FROM WHICH NO MUNICIPAL INCOME TAX WAS WITHHELD BY EMPLOYER. ONLY USE THIS SECTION IF YOU HAVE FILED AND PAID THE TAX DUE TO YOUR WORKPLACE MUNICIPALITY. PROOF OF PAYMENT MAY BE REQUIRED. Complete lines below.

Wages	Municipality	Tax Rate (see instructions)	Tax Due

Add Tax Due Column, enter total here. 35. ( )

ENTER the amount from WORKSHEET L, Row 14, Column 7. 36. ( )

Add Lines 34-36. Enter total on Page 2, Section B, Line 4b. 37. ( )

# Form 37 Pg. 4

- Worksheet L
  - Used in situations where gains and losses exist across multiple municipalities.
  - Allocates losses against gains to compute taxable gain amounts for municipalities.
  - Computes direct payments and potential credit on the adjusted gains for residence tax purposes.

Form 37 (2018) Page 4

WORKSHEET L INCOME/LOSS ALLOCATION	RITA RESIDENTS ONLY Use this to allocate income/loss and calculate potential credit for resident municipality.						
Print the name of each location (city/village/township) listed from SCHEDULE J, COLUMNS 1-6. Please see Pages 6-8 of the Instructions.	COLUMN 1 RESIDENT MUNICIPALITY	COLUMN 2 NON-TAXING LOCATION	COLUMN 3 LOCATION 3	COLUMN 4 LOCATION 4	COLUMN 5 LOCATION 5	COLUMN 6 LOCATION 6	COLUMN 7 TOTAL
		NON-TAXING					
W. Enter CURRENT YEAR WORKPLACE INCOME From SCHEDULE J, Line 27.							
P. Enter CURRENT YEAR, NON-RESIDENT PASS THROUGH INCOME From SCHEDULE P. For Column 2, enter GAIN from Schedule P, Line 5, COLUMN 7. For Columns 3-6, enter GAIN from Schedule P, Line 4 or LOSS from Schedule P, Line 28d.							
T. NET TAXABLE WORKPLACE INCOME - Current Year Workplace Income/Loss AND Non-Resident Pass-Through Income (ADD Rows W and P).							
1. Columns 1-6: If ROW T is a gain, enter in each column and total across.							
2. Columns 1-6: If ROW T is a loss, enter in each column and total across.							
3. PRIOR YEAR LOSS CARRY FORWARD From SCHEDULE J, Line 28.							
4. TOTAL LOSSES (ADD Rows 2 and 3).							
5. Compute GAIN Percentage: Divide each amount in Row 1, Columns 1-6 by the total in Row 1, Column 7 and enter the percentage.		%	%	%	%	%	%
6. Allocate Total Loss by GAIN Percentage: Multiply the total loss from Row 4, Column 7 by the percentage(s) in Row 5.							
7. Subtract Row 6 from Row 1. Note: If Pass-Through Income included in ROW 7, Column 1 GO TO WORKSHEET R. If less than zero, enter -0-.							
8. Enter NET TAXABLE WORKPLACE INCOME From Schedule J, Line 31. This amount cannot be less than zero.							
9. Add the amount in Row P to the amount in Row 8 and enter total. If amount is less than zero, enter -0-.							
10. Enter the lesser of Row 7 or Row 9.							
11. If Row 8 multiplied by the workplace tax rate is \$10 or less, divide Row W by Row T and then multiply the result by Row 10. Otherwise, enter -0-.							
12. Subtract Row 11 from Row 10. If amount is less than zero, enter -0-.							
13. For Columns 3-6, enter tax rate for workplace municipality listed.							
14. Multiply Row 12 by Row 13.							
15. If amount on Row 14 is greater than zero, enter the amount from Row 12.							
16. Multiply Row 15 by the Credit Rate of the resident municipality. The resident municipality's credit rate: <input type="text"/>							
17. Enter the lesser of Row 14 or Row 16 above.							

Rows 13-14: Calculate the tax due on Non-W2 workplace income

Rows 16-17: Get credit for the tax paid in Row 14, Column 7

Enter amount from Row 14, Col 7 below on Page 3, Schedule K, Line 36

Enter amount from Row 17, Col 7 below on Page 2, Credit Rate Worksheet

# Form 37 Pg. 5

- Schedule P
  - Used by residents of RITA municipalities to report income from Partnership, S-Corporations and Trusts derived from other taxing areas.
- Worksheet R
  - Used to compute payments made on an owner's behalf to the resident municipality on Partnership, S-Corp or Trust income. These payments are reported on line 7b.

Note: For RESIDENTS of RITA MUNICIPALITIES ONLY, separate sub schedules for Schedule J have been provided for Partnership/S-Corp./Trust reporting.  
 • USE Schedule P if pass-through income/loss was earned in any NON RESIDENT, TAXING MUNICIPALITIES.  
 • USE Worksheet R if you are a RITA Municipality Resident and you need to calculate the tax paid by the partnership to your RITA RESIDENT MUNICIPALITY.

SCHEDULE P		FOR RITA RESIDENTS ONLY PASS-THROUGH INCOME/LOSS for TAXING MUNICIPALITIES OTHER THAN YOUR RITA RESIDENT MUNICIPALITY					Note: Special Rules may apply for S Corp. distributions. See RITA Municipalities at ritahio.com.
Print the name of each location (city/village/township) NON-RESIDENT, TAXING MUNICIPALITIES ONLY where income/loss was earned in the appropriate boxes. Please see Pages 5-8 of the instructions.		COLUMN 3 LOCATION 3	COLUMN 4 LOCATION 4	COLUMN 5 LOCATION 5	COLUMN 6 LOCATION 6	COLUMN 7 TOTAL	
25a	PARTNERSHIP INCOME/LOSS From Federal SCHEDULE E Attached	17	18	19	20		
25b	S-CORP INCOME/LOSS From Federal SCHEDULE E Attached	27	28	29	30		
25c	TRUST INCOME/LOSS From Federal SCHEDULE E Attached	37	38	39	40		
25d	Add Lines 25a-25c down. For each total in Columns 3-6: if amount is a <b>LOSS</b> , enter on Worksheet L, Row P. If amount is a <b>GAIN</b> , proceed to Line 1 below.	47	48	49	50		
1.	FOR EACH MUNICIPALITY LISTED IN COLUMNS 3-6 - ENTER THE TAX RATES.	57	58	59	60		80
2.	If Line 25d is a <b>GAIN</b> , multiply Line 25d by Line 1 to calculate potential tax due on current year non-resident pass-through income.					ENTER TOTAL ABOVE IN COLUMN 7, LINE 25 ON SCHEDULE J.	
3.	Enter the tax paid by your Partnership/S-Corp./Trust to each MUNICIPALITY on the taxpayer's distributive share.						
4.	If Line 3 is less than Line 2, divide Line 3 by Line 1 to calculate the income eligible for credit. Otherwise, enter the amount from Line 25d.	67	68	69	70	ADD ROW 5 TOTAL BELOW TO COLUMN 2, ROW P ON WORKSHEET L.	
5.	Subtract Line 4 from Line 25d. ADD total across to Column 7.						

WORKSHEET R		RITA RESIDENTS with PASS-THROUGH INCOME IN YOUR RITA RESIDENT MUNICIPALITY (Use this to calculate credit for tax paid by the entity to your RITA RESIDENT MUNICIPALITY)					Note: Special Rules may apply for S Corp. distributions. See RITA Municipalities at ritahio.com.
Use this worksheet to calculate the allowed partnership payment made to your RITA RESIDENT MUNICIPALITY	COLUMN 1 FROM SCHEDULE J, LINES 23-26 COLUMN 1 ONLY	COLUMN 2 Compute GAIN Percentage: Divide each amount in Rows 1-4 by Row 5, Column 1 and enter the percentage	COLUMN 3	COLUMN 4	COLUMN 5		
1. If GAIN in Schedule J, Line 23. ENTER HERE		%				Note: Pass-through income earned in your RITA Resident Municipality is separated in its own schedule to prevent you from calculating workplace tax on this income in Schedule J. Take the lesser of the calculation on Worksheet R (Column 3) compared to the actual partnership payments (Column 4) and enter directly on Page 2, Line 7b.	
2. If GAIN in Schedule J, Line 24. ENTER HERE		%					
3. If GAIN in Schedule J, Line 25. ENTER HERE		%					
4. If GAIN in Schedule J, Line 26. ENTER HERE		%					
5. ADD ROWS 1-4. TOTAL GAINS RESIDENT MUNICIPALITY							
6. Enter from Worksheet L, Row 7, Column 1 ONLY (total gain offset by allocated loss)		Enter Tax Rate for Resident Municipality	Multiply Row 7, Column 1 by Tax Rate for Resident Municipality	Enter BELOW Partnership Payments made to your RITA Resident Municipality on the taxpayer's distributive share.	ENTER the lesser of Column 3, Row 7 OR Column 4, Row 7 BELOW AND ON Page 2, LINE 7b.		
7. Multiply Row 5, Column 1 above by the Gain Percentage from Row 4, Column 2.			100				

# Form 37 Pg. 6

- NOL Worksheets
  - Resident
    - Computes allowable loss amounts for residents of RITA municipalities.
  - Workplace
    - Computes allowable loss amounts for workplace municipalities for both RITA residents and non-residents.
- Both worksheets account for the phase-in of 2017 losses beginning in 2018.

RESIDENT MUNICIPALITY LOSS CARRYFORWARD WORKSHEET: RITA RESIDENTS ONLY	
Use this worksheet to calculate the allowable Prior Year Loss Carryforward for Tax Year 2018, for your Resident Municipality. The worksheet will calculate the loss amounts allowable for tax years prior to 2017. If applicable, and the 2017 allowable loss, which will be reported in Tax Year 2018 as the Prior Year Loss Carryforward.	
Print the name of the applicable Resident Municipality where the loss was incurred.	
	RESIDENT MUNICIPALITY
	101
	102
1. If you reported a Loss to your resident municipality in 2017 (Tax Year 2017 Form 37, Schedule J, Line 29), enter the amount here, less any expired losses. This is the maximum available to report as a loss in Tax Year 2018. If no loss was reported on Line 29, do NOT use this worksheet. NOTE: If your RESIDENT MUNICIPALITY is on the NOL PHASE-IN EXCEPTIONS list, SKIP Rows 2-5 and ENTER amount from Row 1 onto Row 6.	( )
2. Enter your 2016 prior year loss carryforward, reported in 2017 (Tax Year 2017 Form 37, Schedule J, Line 28), less any expired losses.	( )
3. Determine how much of the loss from Row 1 incurred prior to tax year 2017 is still available: If the loss on Row 1 exceeds or is equal to the loss on Row 2, enter the amount from Row 2. If the loss on Row 1 is less than the loss entered on Row 2, enter the amount from Row 1. NOTE: There are municipalities that have exceptions to the five (5) year loss carry forward rule, see RITA Municipalities section at ritaohio.com for detailed municipality information.	( )
4. If the loss on Row 1 exceeds the loss on Row 2, enter the difference. Go to Step 4.a. If the loss on Row 1 is less than or equal to the loss entered on Row 2, enter -0- here AND enter the amount from Row 1 onto Row 6; SKIP Rows 4a-5.	( )
4.a. Enter Current Year Workplace Income/Loss (Tax Year 2018, Schedule J, Lines 26 and 27, Column 7). NOTE: If using the pre-2017 loss first, subtract the amount on Row 2 from current year income and if the result is a gain enter on this line. If the result is a loss enter -0-.	
4.b. Enter the amount from Row 4 as a positive number.	
4.c. Enter the lesser of Row 4.a or 4.b.	
5. Multiply Row 4.c. by 50%.	( )
6. Add Row 3 and Row 5 for the total Prior Year Loss Carryforward to report on Tax Year 2018, Form 37, Page 3, Schedule J, Line 28.	( )

NOL PHASE-IN EXCEPTIONS (RITA Municipalities and Taxing Jurisdictions)	
Beginning with losses incurred in 2017, a net operating loss may be carried forward for 5 years, in all municipalities. For municipalities or taxing jurisdictions that had an income tax in place prior to January 1, 2016, net operating loss carryforward amounts are phased-in. For losses incurred in tax years 2017, 2018, 2019, 2020 and 2021, only 50% of the carried forward loss may be deducted in each subsequent year. For municipalities or taxing jurisdictions that first imposed a tax on or after January 1, 2016, net operating loss carryforward amounts are not phased-in and may be used in full. See the list below of RITA municipalities or taxing jurisdictions with a tax first imposed on or after January 1, 2016.	
AMELIA	MARENGO
ASHLEY	MILFORD JEDD V
BETHEL	MILLERSPORT
BLOOMVILLE	NEWTONSVILLE NEY
CHESTERVILLE	OSTRANDER PAYNE
CIRCLEVILLE-	SMITHFIELD
PICKAWAY TWP	SOUTH WIENNA
JEDD	ST. LOUISVILLE
CLARKSVILLE	STOUTSVILLE
DARBYVILLE	WASHINGTONVILLE
GETTYSBURG	WAYNE LAKES
HANOVER	WILLIAMSBURG JEDD
JACKSON	WILLIAMSPORT
KIRKERSVILLE	
LODI	
LYONS	

WORKPLACE LOSS CARRYFORWARD WORKSHEET				
Use this worksheet to calculate the net loss from prior years available to offset current year workplace locations.				
	LOCATION 3	LOCATION 4	LOCATION 5	LOCATION 6
	104	105	106	107
Print the name of the applicable location where the loss was incurred.				
1. From the Tax Year 2018 Form 37, Schedule J, Line 27 - ENTER each net taxable workplace gain. If Line 27 is a loss, do NOT complete worksheet for any Location with a net taxable loss.				
2. From the Tax Year 2017 Form 37, Schedule J, Line 27 - enter each workplace income/loss.	204	205	206	207
3. Enter the 2016 prior year loss carryforward, reported in 2017 (Tax Year 2017 Form 37, Schedule J, Line 30), less any expired losses.	( )	( )	( )	( )
4. Enter the total of Rows 2 and 3 on Row 4. If Row 2 is a gain, or location is on NOL PHASE-IN EXCEPTIONS LIST, enter the amount for each location from this row on Line 30 of Tax Year 2018 Form 37 and SKIP Rows 5 and 6.	( )	( )	( )	( )
5. If Row 2 is a loss, multiply the lesser of the absolute value of Row 1 or Row 2 by 50% and enter on Row 5. NOTE: If using pre-2017 losses first, subtract line 3 from line 1. If the result is a gain, multiply the lesser of the gain amount or the amount on line 2 (as a positive number) by 50%. If the result is a loss, enter zero.				
6. Add Row 3 and Row 5 and ENTER on Tax Year 2018 Form 37, Schedule J, Line 30.				

# Form 37 - Individual Municipal Return

## Helpful hints for form 37.

- Attach all documentation.
  - W-2, W-2G and 1099 forms
  - Schedules C, E and F if applicable.
  - Any attachments to schedules.
- Sign and date page 1.
- Mail to the appropriate PO box by April 15, 2019.

# NOL worksheet examples for Individuals.



# NOL worksheet example 1.

TP is a full year resident of a RITA municipality.

- All income and loss allocable to resident city.
- Current year rental income of \$10000
- Pre 2017 loss of \$(2500)
  - taken from 2017 form 37 line 28
- 2017 loss of \$(7500)
  - Taken from 2017 form 37 schedule J line 29
- Using new loss first.

# NOL ex. 1

- Fills out resident worksheet only.
- Total Resident NOL carry forward reported on line 1.
- Pre 2017 loss entered on line 2
- Line 3 determines how much pre 2017 loss is still available to utilize.
- Line 4 computes the 2017 loss available in total.
- Lines 4a-4c compute the amount of loss available to utilize at 50%.
- Line 5 applies the 50% limitation.
- Line 6 is the total amount of loss available to report for 2018. This number moves to Schedule J, line 28.

Form 37 (2018) Note: Separate worksheets for Prior Year Loss Carryforwards have been provided.

RESIDENT MUNICIPALITY LOSS CARRYFORWARD WORKSHEET: RITA RESIDENTS ONLY		
Use this worksheet to calculate the allowable Prior Year Loss Carryforward for Tax Year 2018, for your Resident Municipality. The worksheet will calculate the loss amounts allowable for tax years prior to 2017, if applicable, and the 2017 allowable loss, which will be reported in Tax Year 2018 as the Prior Year Loss Carryforward.		RESIDENT MUNICIPALITY
Print the name of the applicable Resident Municipality where the loss was incurred.		101 RITA City
1.	If you reported a Loss to your resident municipality in 2017 (Tax Year 2017 Form 37, Schedule J, Line 29), enter the amount here, less any expired losses. This is the maximum available to report as a loss in Tax Year 2018. If no loss was reported on Line 29, do NOT use this worksheet. NOTE: If your RESIDENT MUNICIPALITY is on the NOL PHASE-IN EXCEPTIONS list, SKIP Rows 2-5 and ENTER amount from Row 1 onto Row 6.	102 ( 7,500 )
2.	Enter your 2016 prior year loss carryforward, reported in 2017 (Tax Year 2017 Form 37, Schedule J, Line 28), less any expired losses.	103 ( 2,500 )
3.	Determine how much of the loss from Row 1 incurred prior to tax year 2017 is still available: If the loss on Row 1 exceeds or is equal to the loss on Row 2, enter the amount from Row 2. If the loss on Row 1 is less than the loss entered on Row 2, enter the amount from Row 1. NOTE: There are municipalities that have exceptions to the five (5) year loss carry forward rule, see RITA Municipalities section at ritaohio.com for detailed municipality information.	( 2,500 )
4.	If the loss on Row 1 exceeds the loss on Row 2, enter the difference. Go to Step 4.a. If the loss on Row 1 is less than or equal to the loss entered on Row 2, enter -0- here AND enter the amount from Row 1 onto Row 6; SKIP Rows 4a-5.	( 5,000 )
4.a.	Enter Current Year Workplace Income/Loss (Tax Year 2018, Schedule J, Lines 26 and 27, Column 7). NOTE: If using the pre-2017 loss first, subtract the amount on Row 2 from current year income and if the result is a gain enter on this line. If the result is a loss enter -0-.	10,000
4.b.	Enter the amount from Row 4 as a positive number.	5,000
4.c.	Enter the lesser of Row 4.a or 4.b.	5,000
5.	Multiply Row 4.c. by 50%.	( 2,500 )
6.	Add Row 3 and Row 5 for the total Prior Year Loss Carryforward to report on Tax Year 2018, Form 37, Page 3, Schedule J, Line 28.	( 5,000 )

WORKPLACE LOSS CARRYFORWARD WORKSHEET

# NOL ex. 1 (con't)

The Schedule J would look like this.

Rental income of \$10000 reported to the resident municipality.

Resident loss of (\$5000) reported on line 28.

Net taxable income from rental is \$5000.

TP still has (\$2500) left from his 2017 loss to use in 2019.

Note: Separate sub schedules for Schedule J have been provided for Partnership/S-Corp./Trust reporting.

• Go to Schedule P if pass-through income/loss was earned in any NON RESIDENT, TAXING MUNICIPALITIES.

• Go to Worksheet R if you are a RITA Municipality Resident and you need to calculate the tax paid by the partnership to your RITA RESIDENT MUNICIPALITY.

SCHEDULE J		SUMMARY OF NON W-2 INCOME (For Columns 3-6, Enter City/Village/Township Where Earned)						Note: Special Rules may apply for S-Corp. distributions. See RITA Municipalities at ritahio.com.
Please see Pages 5-8 of the instructions. Print the name of each location (city/ village/township) where income/ loss was earned in the appropriate boxes.		COLUMN 1 RESIDENT MUNICIPALITY	COLUMN 2 NON-TAXING LOCATION	COLUMN 3 LOCATION 3	COLUMN 4 LOCATION 4	COLUMN 5 LOCATION 5	COLUMN 6 LOCATION 6	COLUMN 7 TOTAL
11	RITA city		NON-TAXING					
23	Income/Loss From Federal SCHEDULE C Attached	21	22	23	24	25	26	
24	Income/Loss From Federal SCHEDULE E, Part I Attached	31	10,000	33	34	35	36	
25	Other Taxable Income/Loss Attach Schedule(s) and/or Form(s)	41		43	44	45	46	
26	Partnership/S-Corp./Trust Income/Loss From SCHEDULE E Attached	51		RESIDENTS OF RITA MUNICIPALITIES ONLY: GO TO SCHEDULE P for PASS-THROUGH Income/loss from a non-resident taxing municipality and enter the total from Schedule P, Column 7, Line 26d HERE.				
27	CURRENT YEAR WORKPLACE INCOME/LOSS (Total Lines 23-28)	61	10,000	63	64	65	66	10,000
28	PRIOR YEAR LOSS CARRYFORWARD	GO TO PAGE 6 RESIDENT MUNICIPALITY LOSS WORKSHEET to calculate the PRIOR YEAR LOSS CARRYFORWARD and enter the total HERE.						71
29	NET RESIDENT TAXABLE INCOME (Total Column 7, Lines 26-28)							( 5,000 )
30	Calculate tax due on WORKPLACE INCOME: LESS WORKPLACE LOSS CARRYFORWARD	GO TO PAGE 6 WORKPLACE LOSS WORKSHEET to calculate the workplace loss carryforward and enter the total HERE.						
31	NET TAXABLE WORKPLACE INCOME (Line 27 minus Line 30)							5,000
32	FOR EACH RITA MUNICIPALITY LISTED IN COLUMNS 3-6 - ENTER THE TAX RATES. Note: If Line 31 is less than zero, do NOT enter tax rate.							FOR LINE 33 BELOW: ADD COLUMNS 3-6, ENTER ON PAGE 2, SECTION B, LINE 11.
33	MUNICIPAL TAX DUE (each RITA MUNICIPALITY) Note: If amounts in Columns 3-6 are \$10 or less, enter -0-. Do NOT include NON-RITA Municipalities.							

# NOL worksheet example 2.

TP is a full year resident of a RITA municipality.

- Current year Schedule C income of \$7000
- Current year Rental Loss in City B of (\$4000)
- 2017 loss of \$(5000)
  - Taken from 2017 form 37 schedule J line 29

# NOL ex. 2

- Fills out resident worksheet only.
- Total Resident NOL carry forward reported on line 1.
- Pre 2017 loss entered on line 2, zero in this example.
- Line 3 determines how much pre 2017 loss is still available to utilize. Zero.
- Line 4 computes the 2017 loss available in total.
- Lines 4a-4c compute the amount of loss available to utilize at 50%.
  - NOTE: When using 2017 and forward losses, the amount available to be utilized cannot exceed the current year income.
- Line 5 applies the 50% limitation.
- Line 6 is the total amount of loss available to report for 2018. This number moves to Schedule J, line 28.

Form 37 (2018) Note: Separate worksheets for Prior Year Loss Carryforwards have been provided.

RESIDENT MUNICIPALITY LOSS CARRYFORWARD WORKSHEET: RITA RESIDENTS ONLY		
Use this worksheet to calculate the allowable Prior Year Loss Carryforward for Tax Year 2018, for your Resident Municipality. The worksheet will calculate the loss amounts allowable for tax years prior to 2017, if applicable, and the 2017 allowable loss, which will be reported in Tax Year 2018 as the Prior Year Loss Carryforward.		RESIDENT MUNICIPALITY
Print the name of the applicable Resident Municipality where the loss was incurred.		101 RITA City
1. If you reported a Loss to your resident municipality in 2017 (Tax Year 2017 Form 37, Schedule J, Line 29), enter the amount here, less any expired losses. This is the maximum available to report as a loss in Tax Year 2018. If no loss was reported on Line 29, do NOT use this worksheet. NOTE: If your RESIDENT MUNICIPALITY is on the NOL PHASE-IN EXCEPTIONS list, SKIP Rows 2-5 and ENTER amount from Row 1 onto Row 6.		102 ( 5,000 )
2. Enter your 2016 prior year loss carryforward, reported in 2017 (Tax Year 2017 Form 37, Schedule J, Line 28), less any expired losses.		103 ( 0 )
3. Determine how much of the loss from Row 1 incurred prior to tax year 2017 is still available: If the loss on Row 1 exceeds or is equal to the loss on Row 2, enter the amount from Row 2. If the loss on Row 1 is less than the loss entered on Row 2, enter the amount from Row 1. NOTE: There are municipalities that have exceptions to the five (5) year loss carry forward rule, see RITA Municipalities section at ritaohio.com for detailed municipality information.		( 0 )
4. If the loss on Row 1 exceeds the loss on Row 2, enter the difference. Go to Step 4.a. If the loss on Row 1 is less than or equal to the loss entered on Row 2, enter -0- here AND enter the amount from Row 1 onto Row 6; SKIP Rows 4a-5.		( 5,000 )
4.a. Enter Current Year Workplace Income/Loss (Tax Year 2018, Schedule J, Lines 26 and 27, Column 7). NOTE: If using the pre-2017 loss first, subtract the amount on Row 2 from current year income and if the result is a gain enter on this line. If the result is a loss enter -0-.	3,000	
4.b. Enter the amount from Row 4 as a positive number.	5,000	
4.c. Enter the lesser of Row 4.a or 4.b.	3,000	
5. Multiply Row 4.c. by 50%.		( 1,500 )
6. Add Row 3 and Row 5 for the total Prior Year Loss Carryforward to report on Tax Year 2018, Form 37, Page 3, Schedule J, Line 28.		( 1,500 )

# NOL ex. 2 (con't)

The Schedule J would look like this.

Schedule C income of \$7000 reported to the resident municipality.

Rental Loss of (\$4000) reported to City B

Net Current year income of \$3000

Resident loss of (\$1500) reported on line 28.

Net taxable income from rental is \$1500.

TP still has (\$3500) left from his 2017 loss to potentially use in 2019.

Note: Separate sub schedules for Schedule J have been provided for Partnership/S-Corp./Trust reporting.

- Go to Schedule P if pass-through income/loss was earned in any NON RESIDENT, TAXING MUNICIPALITIES.
- Go to Worksheet R if you are a RITA Municipality Resident and you need to calculate the tax paid by the partnership to your RITA RESIDENT MUNICIPALITY.

SCHEDULE J		SUMMARY OF NON W-2 INCOME (For Columns 3-6, Enter City/Village/Township Where Earned)						Note: Special Rules may apply for S-Corp. distributions. See RITA Municipalities at ritachio.com.
Please see Pages 6-8 of the instructions.		COLUMN 1 RESIDENT MUNICIPALITY	COLUMN 2 NON-TAXING LOCATION	COLUMN 3 LOCATION 3	COLUMN 4 LOCATION 4	COLUMN 5 LOCATION 5	COLUMN 6 LOCATION 6	COLUMN 7 TOTAL
Print the name of each location (city/ village/township) where income/ loss was earned in the appropriate boxes.		11 RITA city	12 NON-TAXING	13 City B	14	15	16	
23. Income/Loss From Federal SCHEDULE C Attached		21 7,000	22	23	24	25	26	
24. Income/Loss From Federal SCHEDULE E, Part I Attached		31	32	33 -4,000	34	35	36	
25. Other Taxable Income/Loss Attach Schedule(s) and/or Form(s)		41	42	43	44	45	46	
26. Partnership/S-Corp./Trust Income/Loss From SCHEDULE E Attached		51	52	RESIDENTS OF RITA MUNICIPALITIES ONLY: GO TO SCHEDULE P for PASS-THROUGH income/loss from a non-resident taxing municipality and enter the total from Schedule P, Column 7, Line 26d HERE.				
27. CURRENT YEAR WORKPLACE INCOME/LOSS (Total Lines 23-26)		61 7,000	62	63 -4,000	64	65	66	3,000
28. PRIOR YEAR LOSS CARRYFORWARD		GO TO PAGE 6 RESIDENT MUNICIPALITY LOSS WORKSHEET to calculate the PRIOR YEAR LOSS CARRYFORWARD and enter the total HERE.						71 ( 1,500)
29. NET RESIDENT TAXABLE INCOME (Total Column 7, Lines 26-28)		FOR LINE 29: ADD COLUMN 7, LINES 26-28, ENTER ON PAGE 2, SECTION 8, Line 1b.						1,500
30. Calculate tax due on WORKPLACE INCOME: LESS WORKPLACE LOSS CARRYFORWARD		GO TO PAGE 6 WORKPLACE LOSS WORKSHEET to calculate the workplace loss carryforward and enter the totals HERE.		73 ( )	74 ( )	75 ( )	76 ( )	
31. NET TAXABLE WORKPLACE INCOME (Line 27 minus Line 30)				83	84	85	86	
32. FOR EACH RITA MUNICIPALITY LISTED IN COLUMNS 3-6 - ENTER THE TAX RATES. Note: If Line 31 is less than zero, do NOT enter tax rate.								FOR LINE 33 BELOW: ADD COLUMNS 3-6, ENTER ON PAGE 2, SECTION 8, LINE 1c.
33. MUNICIPAL TAX DUE (each RITA MUNICIPALITY) Note: If amounts in Columns 3-6 are \$10 or less, enter -0-. Do NOT include NON-RITA Municipalities.								

# NOL worksheet example 3.

TP is a full year non-resident of a RITA municipality.

- Has rental income of \$4000 in City A.
- Has rental Income of \$3000 in City B.
- Has NOL carry forward of (\$5000) in City A.
  - (\$2000) from 2017, (\$3000) Pre-2017.
- Has NOL carry forward of (\$2000) in City B.
  - All (\$2000) is pre 2017.

# NOL ex. 3.

- Fills out workplace worksheet only.
- Reports current year income on line 1.
- Enters Net income or loss from 2017 schedule j line 27 on line 2.
- Enters Pre-2017 loss from 2017m schedule J line 30 on line 3.
- Computes total available NOL on line 4
- Line 5 Computes the amount of 2017 loss is available to use at 50%.
- Line 6 is the total loss allowable by Municipality after the limitation is applied.

WORKPLACE LOSS CARRYFORWARD WORKSHEET				
Use this worksheet to calculate the net loss from prior years available to offset current year workplace locations.				
	LOCATION 3	LOCATION 4	LOCATION 5	LOCATION 6
Print the name of the applicable location where the loss was incurred.	104 City A	105 City B	106	107
1. From the Tax Year 2018 Form 37, Schedule J, Line 27 - ENTER each net taxable workplace gain. If Line 27 is a loss, do NOT complete worksheet for any Location with a net taxable loss.	4,000	3,000		
2. From the Tax Year 2017 Form 37, Schedule J, Line 27 - enter each workplace income/loss.	204 -2,000	205 0	206	207
3. Enter the 2016 prior year loss carryforward, reported in 2017 (Tax Year 2017 Form 37, Schedule J, Line 30), less any expired losses.	304 ( 3,000 )	305 ( 2,000 )	306	307
4. Enter the total of Rows 2 and 3 on Row 4. If Row 2 is a gain, or location is on NOL PHASE-IN EXCEPTIONS LIST, enter the amount for each location from this row on Line 30 of Tax Year 2018 Form 37 and SKIP Rows 5 and 6.	( 5,000 )	( 2,000 )		
5. If Row 2 is a loss, multiply the lesser of the absolute value of Row 1 or Row 2 by 50% and enter on Row 5. NOTE: If using pre-2017 losses first, subtract line 3 from line 1. If the result is a gain, multiply the lesser of the gain amount or the amount on line 2 (as a positive number) by 50%. If the result is a loss, enter zero.	-1,000	0		
6. Add Row 3 and Row 5 and ENTER on Tax Year 2018 Form 37, Schedule J, Line 30.	-4,000	-2,000		



# NOL ex. 3 (con't)

The Schedule J would look like this.

Rental income of \$4000 in City A, \$3000 in City B.

Net Current year income of \$4000 in City A, \$3000 in City B.

Allowable Loss of (\$4000) in City A, (\$2000) in City B.

Net taxable income from rental in City A is \$0, \$1000 in City B.

TP still has (\$1000) left from his 2017 loss to potentially use in 2019 in City A, All Prior loss has been exhausted in City B.

Note: Separate sub schedules for Schedule J have been provided for Partnership/S-Corp./Trust reporting.

- Go to Schedule P if pass-through income/loss was earned in any NON RESIDENT, TAXING MUNICIPALITIES.
- Go to Worksheet R if you are a RITA Municipality Resident and you need to calculate the tax paid by the partnership to your RITA RESIDENT MUNICIPALITY.

SCHEDULE J		SUMMARY OF NON W-2 INCOME (For Columns 3-6, Enter City/Village/Township Where Earned)						Note: Special Rules may apply for S-Corp. distributions. See RITA Municipalities at ritahoio.com.
Column 1 RESIDENT MUNICIPALITY	Column 2 NON-TAXING LOCATION	Column 3 LOCATION 3	Column 4 LOCATION 4	Column 5 LOCATION 5	Column 6 LOCATION 6	Column 7 TOTAL		
Please see Pages 6-8 of the Instructions.								
Print the name of each location (city/ village/township) where income/ loss was earned in the appropriate boxes.								
11	NON-TAXING	13 City A	14 City B	15	16			
21	22	23	24	25	26			
Income/Loss From Federal SCHEDULE C Attached								
31	32	33 4,000	34 3,000	35	36			
Income/Loss From Federal SCHEDULE E, Part I Attached								
41	42	43	44	45	46			
Other Taxable Income/Loss Attach Schedule(s) and/or Form(s)								
51	52	RESIDENTS OF RITA MUNICIPALITIES ONLY: GO TO SCHEDULE P for PASS-THROUGH income/loss from a non-resident taxing municipality and enter the total from Schedule P, Column 7, Line 26d HERE.						
Partnership/S-Corp./Trust Income/Loss From SCHEDULE E Attached								
61	62	63 4,000	64 3,000	65	66			
CURRENT YEAR WORKPLACE INCOME/LOSS (Total Lines 23-28)								
PRIOR YEAR LOSS CARRYFORWARD						71 ( )		
NET RESIDENT TAXABLE INCOME (Total Column 7, Lines 26-28)								
FOR LINE 29: ADD COLUMN 7, LINES 26-28. ENTER ON PAGE 2, SECTION B, Line 1b.								
Calculate tax due on WORKPLACE INCOME: 30. LESS WORKPLACE LOSS CARRYFORWARD		73 ( -4,000 )	74 ( -2,000 )	75 ( )	76 ( )			
NET TAXABLE WORKPLACE INCOME 31. (Line 27 minus Line 30)		83 0	84 1,000	85	86			
FOR EACH RITA MUNICIPALITY LISTED IN COLUMNS 3-6 - ENTER THE TAX RATES. Note: If Line 31 is less than zero, do NOT enter tax rate.			2.000			FOR LINE 33 BELOW: ADD COLUMNS 3-6, ENTER ON PAGE 2, SECTION B, LINE 11.		
MUNICIPAL TAX DUE (each RITA MUNICIPALITY) Note: If amounts in Columns 3-6 are \$10 or less, enter -0-. Do NOT include NON-RITA Municipalities.			20			20		

Note: If you are a resident of a RITA municipality – please go to Page 4 for WORKSHEET L to allocate income/loss and calculate potential credit for your resident municipality.



- ***Tax Cuts and Jobs Act***
  - **Pass-Through Entities**
- Jeffrey P. Sherman - Assistant Legal Counsel



# ***Tax Cuts and Jobs Act***

**Impact on Municipal Income Taxes**

## Impacts Four Areas on the Municipal Income Tax Return

- ❑ IRS form 2106 deductions
- ❑ IRS Schedule C gambling losses
- ❑ Additional first-year depreciation expenses and bonus depreciation
- ❑ Qualified Business Income (“QBI”) deduction

# IRS form 2106 deductions

- ❑ The new law repeals IRS form 2106 deductions for most taxpayers.
- ❑ Form 2106 is (was) used to deduct
  - (i) unreimbursed employee business expenses and
  - (ii) miscellaneous expenses.
- ❑ Ohio Revised Code section 718.01(A)(2) allows a municipal income tax deduction for employee business expenses allowed to be deducted on IRS form 2106.

# IRS form 2106 deductions

- So for the next several years (years 2018 – 2025) no municipal income tax deduction for those taxpayers who, but for the new federal income tax law, would be eligible to file IRS form 2106.

## IRS Schedule C Gambling Losses

- ❑ The definition of “gambling losses” now includes all expenses incurred in carrying out the trade or business of being a professional gambler.
- ❑ That is, a professional gambler’s IRS Schedule C can no longer show a net loss.

## IRS Schedule C Gambling Losses

- So professional gamblers can no longer deduct business expenses (for example, travel, transportation, office expenses) to the extent the sum of (i) gambling losses and (ii) such business expenses exceed gambling winnings.



## Additional First-year Depreciation Expenses and Bonus Depreciation Expenses

- ▣ These expenses qualify for municipal income tax deductions to the extent these expenses are allowed as a deduction on any of IRS forms C, E, and/or F.

## Qualified Business Income ("QBI") Deduction

- ❑ This deduction is not claimed on IRS Schedule C, E, and/or F.
- ❑ Rather, this deduction is claimed as a deduction from federal adjusted gross income.
- ❑ Ohio Revised Code chapter 718 does not provide for the QBI deduction.

## Qualified Business Income ("QBI") Deduction

- ❑ No municipality for which RITA administers the municipal income tax has enacted any ordinance allowing for the QBI deduction.
- ❑ So the QBI deduction is not available on RITA's municipal income tax return, form 37.



# Pass-through Entities

# TODAY'S PTE AGENDA

- ❑ Definitions
- ❑ Summary of the provisions affecting persons owning an interest in a PTE
- ❑ Summary of the provisions affecting PTE's, themselves
- ❑ Resident credit on account of PTE tax paid to other municipalities
- ❑ Examples

# PASS-THROUGH ENTITY

"Pass-through entity" means a partnership not treated as an association taxable as a C corporation for federal income tax purposes, a limited liability company not treated as an association taxable as a C corporation for federal income tax purposes, an S corporation, or any other class of entity from which the income or profits of the entity are given pass-through treatment for federal income tax purposes. "Pass-through entity" does not include a trust, estate, grantor of a grantor trust, or disregarded entity.

Division (N) of Ohio Revised Code section 718.01

# DISREGARDED ENTITY

"Disregarded entity" means 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.

Division (BB) of Ohio Revised Code section 718.01

# Summary of the Provisions Affecting PTE Owners



# Owners of PTE's

- ▶ PTE income and losses never “flow through” to nonresidents.
- ▶ PTE income and losses generally never “flow through” to other PTE's. See subsequent slides for exceptions.
- ▶ PTE income and losses generally do “flow through” to residents. See subsequent slides for exceptions.

# Owners of PTE's

- ▶ PTE income and losses some times “flow through” to C corporation owners of the PTE. See subsequent slides for discussion.

## Owners of PTE's

- ▶ Each owner of a publicly traded partnership (“PTP”) shall exclude from the owner’s income the profit or loss of that PTP if . . . .

. . . . The PTP is subject to tax in at least one Ohio municipality and

. . . . The PTP makes an election to be treated as a C corp. for municipal income tax purposes (yearly election).

# Owners of PTE's

- ▶ A “publicly traded partnership” means any partnership, an interest in which is regularly traded on an established securities market.

See divisions (D)(4) and (VV) of Ohio Revised Code section 718.01 as amended by Amended Substitute House Bill 84, 131<sup>st</sup> General Assembly.

# Owners of S Corporations

- ▶ Limitations for owners of S corporations still apply.
- ▶ Income and losses of S corporations do not “flow through” to an owner unless the owner lives in a municipality that voted in 2003 or 2004 to permit taxation of S corporation owners.
- ▶ Two methods of taxing the S corp. owners:
  - “Ohio-apportioned” (not “city-apportioned”) income, or
  - 100% of the income.

## C Corporations Owning an Interest in a PTE

- ▶ Except as set forth in division (E)(3)(b) of section 718.06 of the Revised Code (discussed below), the C corporation must deduct any net profit, and add any net loss, of each PTE owned “directly or indirectly” by the C corporation.
- ▶ Source: 718.01(A)(1)(a); 718.01(B)(3); 718.01(D)(1); 718.01(E), first paragraph; and 718.01(E)(9) & (E)(10).

## C Corporations Owning an Interest in a PTE

- ▶ Except as set forth in division (E)(3)(b) of section 718.06 of the Revised Code (discussed below), the C corporation must deduct any net profit, and add any net loss, of each PTE owned “directly or indirectly” by the C corporation.
- ▶ “Directly or indirectly” is not defined in chapter 718 (or in chapter 1 of Title 1, “Definitions”).

# PTE's Owning an Interest in another PTE

- ▶ Except as set forth in division (E)(3)(b) of section 718.06 of the Revised Code (discussed below), each PTE must deduct any net profit, and add any net loss, of every other PTE owned “directly or indirectly” by the PTE (same rule as for C corporations owning an interest in a PTE).
- ▶ Source: 718.01(A)(1)(a); 718.01(B)(3); 718.01(D)(1); 718.01(E), first paragraph; 718.01(E)(9) & (E)(10); and the first paragraph following (E)(10) of 718.01.



## Division (E)(3)(b) of Section 718.06 of the Revised Code

- ▶ A corporate “affiliated group” each year can make the 718.06(E)(3)(b) election to include in the group’s income the “net profit” (loss) of one, some, or all of the at-least-80%-owned-by-the-group PTE’s (“owned or controlled, directly or indirectly, by an affiliated group . . .”).
- ▶ Also included are such PTE’s property, payroll, and sales (receipts).

# Summary of the Provisions Affecting PTE's, Themselves

# Most PTE's Remain Subject to Income Tax

- ▶ Exception: If a corporate “affiliated group” makes the 718.06(E)(3)(b) election to include in the group’s income the net profit” (loss) of an at-least-80%-owned-by-the group PTE, then . . .

. . . the PTE is not subject to municipal income tax.  
See 718.06(E)(3)(b).

# Most PTE's Remain Subject to Income Tax

- ▶ Recall that a C corp.'s adjusted federal taxable income ("AFTI") generally excludes net profit or loss from any PTE owned by the C corp.  
See 718.01(E)(9) & (E)(10), subject to 718.06(E)(3)(b).
- ▶ So, a PTE's AFTI generally excludes net profit (loss) from any other PTE.

# Most PTE's Remain Subject to Income Tax

- ▶ 718.01(D)(1) defines “net profit” for “a person other than an individual” as “adjusted federal taxable income” (“AFTI”) defined at 718.01(E).
- ▶ Just as under previous law, PTE’s must compute AFTI “as if the taxpayer were a C corporation, except . . . [for certain PTE adjustments discussed on subsequent slides] . . .”. See the first paragraph after 718.01(E)(10).
- ▶ Note that Ohio Revised Code section 718.01(E)(8) provides for a phased-in five year NOL carryforward deduction for post-2016 NOL’s. So, PTE’s can deduct NOL cfd’s, too.

# Most PTE's Remain Subject to Income Tax

- ▶ New law – similar to pre-2016 law – expressly requires PTE's to make three add-backs:
  - Guaranteed payments – UNLESS “such payments are in consideration for the use of capital and treated as payment of interest under IRC section 469.” [The “UNLESS” clause is not in pre-2016 law]

# Most PTE's Remain Subject to Income Tax

- ▶ New law – similar to pre-2016 law – expressly requires PTE's to make three add-backs:
  - Amounts paid/accrued to a qualified self-employed retirement plan with respect to partners, former partners, shareholders, former shareholders, members, and former members.

# Most PTE's Remain Subject to Income Tax

- ▶ New law – similar to pre-2016 law – expressly requires PTE's to make three add-backs:
  - Amounts paid/accrued to or for life insurance for partners, former partners, shareholders, former shareholders, members, and former members.



# Most PTE's Remain Subject to Income Tax

- ▶ Per the first paragraph after 718.01(E)(10), adjusted federal taxable income for PTE's is computed “as if the taxpayer were a C corporation, except . . . [for three PTE adjustments discussed on the immediately preceding slides] . . .”.
- ▶ Let's focus on the clause, set forth above, “ . . . as if the taxpayer were a C corporation . . . ”

# Most PTE's Remain Subject to Income Tax

- ▶ On account of that clause (also in pre-2016 law), the PTE must make many other adjustments such as the following:
  - PTE's must pay tax on IRC section 291 income which applies to "corporate" sales of "section 1250" property (section 291 does not apply to individuals, estates, and trusts).
  - PTE's must compute the charitable contribution limits at the entity level.
  - PTE's must add back any additional depreciation deduction allowed to (and deduct any depreciation expense not allowed to) the PTE on account of IRC sections 743 and 754.

# Most PTE's Remain Subject to Income Tax

- ▶ On account of that clause (also in pre-2016 law), the PTE must make many other adjustments such as the following:
  - PTE's must add back any additional depreciation deduction not allowed to a C corporation per IRC section 362(e).

# Resident Credit on Account of PTE Tax Paid to Other Municipalities

If a municipality does not tax the resident on the resident's share of S Corp. profit, then the municipality will not allow a credit with respect to muni. tax which the S Corp. paid to one or more municipalities.

# Resident Credit on Account of PTE Tax Paid to Other Municipalities

## Examples

### NOTE #1 REGARDING THE EXAMPLES:

- In all the examples the “residence” municipality provides a nonrefundable credit equal to the product of . . .
  - (i) the income taxed elsewhere and
  - (ii) the lesser of the “elsewhere” tax rate or the residence municipality tax rate.

# Resident Credit on Account of PTE Tax Paid to Other Municipalities

## Examples

NOTE #2 REGARDING THE EXAMPLES:

- “PTE” is shorthand for “partnership and includes S Corp. but only if the resident shareholder(s) live(s) in a municipality which taxes the shareholder(s) on 100% of the S Corp. profit.”

# Resident Credit on Account of PTE Tax Paid to Other Municipalities

## Example #1

- Pat resides in Municipality R (2% tax rate).
- Pat's only income is a \$50,000 distributive share of PTE income from PTE A doing business solely in Municipality A (2% tax rate).
- PTE A paid to A \$1,000 with respect to Pat's \$50,000 distributive share of income.
- Result: Pat will owe no tax to R.
- Reason: The \$1,000 R tax, which is  $2\% \times \$50,000$ , before credits is reduced by Pat's \$1,000 share of PTE A's tax which PTE A paid to municipality A.

## Example #2

- Pat resides in municipality R (2% tax rate).
- Pat works in township T and earns qualifying wages of \$50,000 there.
- Pat has a -\$50,000 distributive share of PTE loss (assume not a PAL).
- Pat has a \$50,000 distributive share of PTE income from another PTE.



## Example #2 (continued)

- Pat's municipal taxable income for R is \$50,000: \$50K in qualifying wages - \$50K PTE loss + \$50K income from the other PTE.
- Pat's tax before credits is \$1,000:  $2\% \times \$50K$ .
- Pat cannot claim as a credit the \$1,000 of tax paid by the profitable PTE (with respect to Pat's +\$50K distributive share of income from that PTE).

## Example #2 (continued)

- Reason: Credits on account of PTE tax paid cannot reduce tax due on qualifying wages.

## Example #3

- Pat resides in Municipality R (2% tax rate).
- Pat has a \$50,000 distributive share of PTE income from PTE A doing business solely in Municipality A (2% tax rate).
- PTE A paid to A \$1,000 with respect to Pat's \$50K distributive share of PTE A profit.
- Pat has a \$40,000 distributive share of PTE income from PTE B. PTE B is not subject to any municipal income tax.
- Pat has a -\$40,000 distributive share of PTE loss from PTE C (the loss is not a PAL).

## Example #3 (Continued)

- Pat's municipal taxable income is \$50,000:  
+\$50K from PTE A + \$40K from PTE B - \$40K loss from PTE C.  
Note that in the previous example Pat's MTI was also \$50,000.
- In this example Pat's tax, before credits, due to R is \$1,000:  
 $2\% \times \$50,000$  municipal taxable income.
- Note that in the previous example Pat's tax - before credits -  
- due to R was also \$1,000.

- However, in this example Pat's nonrefundable credit will be \$556 -- not \$1,000.
- Reason: Pat's -\$40,000 loss from PTE C must be "apportioned" to (i) the income from PTE A and (ii) the income from PTE B.
- The amount of the PTE C's loss apportioned to PTE A's \$50,000 income is -\$22,222:  
$$\frac{\$50\text{K from PTE A}}{[\$50\text{K from PTE A} + \$40\text{K from PTE B}] \times \$40,000 \text{ loss from PTE C.}$$

- So, the credit with respect to PTE A tax paid will be \$566:  $2\% \text{ tax rate in municipality A} \times [\$50,000 \text{ PTE A's profit} - \$22,222 \text{ PTE C's loss apportioned to PTE A}]$ . Recall that PTE B paid no tax; so, the portion of PTE C's loss apportioned to PTE B has no impact on allowable credits.

## Example #4: Credits

### Facts

- ▶ Pat lives in municipality R, a 2.5% municipality which allow a full credit for municipal income taxes paid elsewhere.
- ▶ Pat has invested in PTE A which is located solely in municipality A, a municipality imposing a 2.5% tax rate.
- ▶ Pat's share of the PTE A's profit is \$10,000, and Pat's share of the municipality A tax paid by PTE A is \$250:  $\$10,000 \times 2.5\%$ .

## Example #4: Credits

- ▶ On account of an IRC section 754 election to deduct an additional \$10,000, Pat's net share of PTE A profit reported on IRS Schedule E is -0-.
- ▶ Pat also has investment in PTE B which is not located in any municipality imposing income tax.
- ▶ Pat's share of PTE B profit is \$10,000 which Pat properly reports on IRS Schedule E.



## Example #4: Credits

### Results

- ▶ Pat's municipal taxable income ("MTI") for municipality R is \$10,000:
  - + \$10,000 from PTE A - \$10,000 IRC section 754 adjustment + \$10,000 from PTE B.
- ▶ Pat's municipality R tax before credits is \$250: \$10,000 MTI X 2.5%.
- ▶ Pat can claim no credit with respect to the \$250 tax-paid amount passing through from PTE A to Pat.

## Reason:

- ▶ The municipality R tax on Pat's share of PTE A's profit, after adjustment for the IRC section 754 election, is -0-.
- ▶ The \$250 credit passing through from PTE A to Pat can only be used to reduce the municipality R tax otherwise due on account of Pat's investment in PTE A.
- ▶ Because the municipality R tax otherwise due on account of Pat's investment in PTE A is -0-, no credit, with respect to PTE A's tax paid to municipality A, is available to Pat.

## Example #5: Credits

### Facts

- ▶ Pat lives in municipality R, a 2.5% municipality which allows a full credit for municipal income taxes paid elsewhere.
- ▶ Pat has invested in PTE A which is located solely in municipality A, a municipality imposing a 2% tax rate.
- ▶ Pat's share of the PTE A's profit is \$10,000, and Pat's share of the municipality A tax paid by PTE A is \$200:  $\$10,000 \times 2\%$ .

## Example #5: Credits

### Results

- ▶ On account of an IRC section 754 election to deduct an additional \$9,000, Pat's net share of PTE A profit reported on IRS Schedule E is \$1,000.
- ▶ Pat's municipal taxable income ("MTI") for municipality R is \$1,000:  
+ \$10,000 from PTE A - \$9,000 IRC section 754 adjustment.
- ▶ Pat's municipality R tax before credits is \$25: \$1,000 MTI X 2.5%.
- ▶ Pat's allowable credit will be \$20, not \$25.

## Reason:

- ▶ On account of the IRC section 754 deduction, Pat is paying to municipality R municipal income tax on only \$1,000 of the PTE A distributive share (that tax, before credits, is \$25: 2.5% municipality R's tax rate X \$1,000).
- ▶ With respect to that net \$1,000 distributive share amount, the municipal income tax paid by PTE A to municipality A was only \$20: \$1,000 X 2% tax rate in municipality A.

## Reason:

- ▶ So, the credit available to Pat is only \$20: The lesser of . . .
  - . . . the \$25 tax, before credits, owed to municipality R with respect to the net \$1,000 PTE A profit Pat reported on IRS Schedule E,
  - or
  - . . . the \$20 municipal income tax paid by PTE A to municipality A with respect to that net \$1,000 profit Pat reported on IRS Schedule E.
- ▶ Thus, Pat owes \$5 income tax to municipality R.

▶ So, Pat owes \$5 income tax to municipality R even though Pat's share of the municipality A tax paid by PTE A is \$200:  $\$10,000 \times 2\%$ .

▶ However, Pat does not have to pay any net tax due which is . . . .

. . . . “ten dollars or less” per division (G)(1) of Ohio Revised Code section 718.05

or

. . . . “less than ten dollars” per division (H)(1) of Ohio Revised Code section 718.05.



To submit CPE verification using the  
**“11 Code Words”**, email the list to  
**[municipalservices@ritaohio.com](mailto:municipalservices@ritaohio.com)**.