

**INSTRUCTIONS FOR CORPORATIONS,
PARTNERSHIPS, FIDUCIARY ESTATES
AND TRUST RETURNS**

**IN LIEU OF COMPLETING YOU MAY ATTACH
APPROPRIATE FEDERAL SCHEDULE(S).**

Every business entity (individual, proprietorship, partnership, corporation, profession, etc.) whether a resident or non-resident that conducts a business in the municipality must file a return and pay tax on any net profit. Failure to comply may result in civil and/or criminal penalty.

1. **WHEN AND WHERE TO FILE RETURNS:** Taxpayers who end their taxable year on December 31 must file on or before April 15 of the following year. Taxpayers on a fiscal or partial year basis must file within 3½ months following the end of such period.

EXTENSIONS: Any taxpayer that has requested an extension for filing a federal income tax return may request an extension for the filing of the Pickerington income tax return. Such request may be made by filing a copy of the taxpayer's federal extension form with the Pickerington Tax Office by the original due date of the return. The extension will not extend the due date of the tax owed and any late payment of tax will be subject to interest of 0.83% per month and a 15% penalty. The Tax Office may deny an extension request if the taxpayer fails to timely file the request, fails to file a copy of the request for federal extension, owes any delinquent tax, penalty, interest, or assessment or has failed to file any required income tax return, report, or other related document for a prior tax period. Be advised that the due date for the filing of the current year declaration of estimated tax, if required, will not be extended.

If you only conducted business in Pickerington during part of the taxable year, a tax return must be filed covering that time. Report the amount of income earned in Pickerington for that time or use the business allocation formula and attach a worksheet explaining your calculation.

File the return with the Pickerington Income Tax Department, 100 Lockville Road Pickerington, Ohio 43147. The total amount due must be paid when the return is filed. Checks or money orders should be made payable to the City of Pickerington Income Tax.

2. **TAXABLE INCOME:** Pickerington income tax is levied at a rate of 1% on the following:
- On the portion attributable to this Municipality of the net profits earned during the effective period of this chapter of all resident associations, professions or other entities, derived from sales made, work done, services performed or rendered and business or other activities conducted in this Municipality.
 - An association shall be taxed as an entity on the net profits of the association derived from work done or services performed or rendered and business or other activities conducted in the City, whether or not such association has its principal or any place of business located in the City.
 - A resident of the City who is a member of an association is taxed individually on that resident's entire share, whether distributed or not, of the annual net profits of the association which are not subject to entity filing. The resident shareholder's distributive share of a Subchapter S Corporation's net profits apportioned to Ohio. If none of the net profits of a Subchapter S Corporation are apportioned to Ohio, municipal tax shall be levied on the portion of a resident's distributive share of net profits that represents wages as defined in section 3121(a) of the Internal Revenue Code or net earnings from self-employment as defined in section 1402(a) of the Internal Revenue Code.
 - On the net profits of all corporations, estates and trusts derived from work done or services performed or rendered and business or other activities conducted in the City whether or not such corporations, estates and trusts have their principal or any place of business located in the City.
 - On the portion attributable to this Municipality of the net profits earned during the effective period of this chapter of all nonresident unincorporated businesses, professions or other entities, derived from sales made, work done, services performed or rendered and business or other activities conducted in this Municipality, whether or not such unincorporated business entity has an office or place of business in this Municipality.
 - On the portion of the distributive share of the net profits earned during the effective period of this chapter of a resident partner or owner of a nonresident unincorporated business entity not attributable to this Municipality and not levied against such unincorporated business entity by this Municipality.
 - On the portion attributable to this Municipality of the net profits earned during the effective period of this chapter of all corporations derived from sales made, work done, services performed or rendered and business or other activities conducted in this Municipality, whether or not such corporations have an office or place of business in this Municipality.
3. **LATE FILING FEE:** \$25.00. (NOTE: Copy of Federal Extension request must be filed with Pickerington Tax Office to avoid late filing fee assessment.)
4. **PENALTY AND INTEREST ON UNPAID TAX:** Penalty of 15% will be assessed on unpaid tax balance unless safe harbor conditions are met. Additionally, interest will be charged at a rate of 0.83% per month.
5. **OPERATING LOSSES:** Net operating loss carry forwards are permitted but limited per ORC 718.01. 'Net Operating Loss' means a loss incurred by a person in the operation of a trade or business. 'Net Operating Loss' does not include unutilized losses resulting from basis limitations, at-risk limitations, or passive activity loss limitations. Passive activity losses are deducted the year allowed for federal tax purposes.
- Net operating losses may be carried forward for five (5) years. For tax year 2023, unused NOLs from 2018-2022 may be used to offset the current-year gain; however, the loss used from prior year may not exceed current-year gain. Any remaining loss from 2019-2022 that was not used in the current year will carry forward. No portion of a net operating loss shall be carried back against net profits of any prior year.
6. **PARTNERSHIPS:** See 2 B & C above.
7. **R.E.I.T.:** No deduction may be claimed for dividends paid or disbursed to shareholders or corporations, including but not limited to a R.E.I.T.

**SECTION A
(PROFIT OR LOSS FROM BUSINESS OR PROFESSION)**

Even though they are able to show that they had no taxable income, all such entities whether residents or non-residents, who are engaged in the operation of a business for profit, some portion of which can be attributable to activities conducted in Pickerington, must file a return showing in Section A Page 2, the net profits or loss reported in their Federal income tax return, adjusted by the use of Schedule X to show the adjusted net income (or loss) on Line 3a.

**SECTION B
TOTAL FROM FEDERAL SCHEDULE D, FORM 4797**

If Federal Form 4797 is filed the ordinary gain or loss shown on this form is shown in Section B.

**SECTION C
INCOME FROM RENT**

This section corresponds to the rent Schedule E of Federal Form 1040. If a copy of Schedule E is attached, Section C does not need to be completed except for Net Income from Section C.

**SECTION D
INCOME FROM OTHER SOURCES**

Report in this section any other income you may have which is subject to Pickerington tax. For example, a Pickerington resident may be a member of a partnership not located or doing business in Pickerington. This Pickerington resident nevertheless, is subject to tax on the income he enjoys from that partnership and must report the income in Section D. List fees that are not included as part of the net profits of trade, business or profession, tips, bonuses and partnership income on which the tax has not been paid by the partnership entity.

TOTAL

Add net income from Section A, B, C and D. Enter this total on Page 1 Line 1.

SCHEDULE Y BUSINESS APPORTIONMENT FORMULA

The business apportionment percentage formula is to be used by unincorporated businesses, partnerships, professions, or other entities and corporations doing business within and outside of Pickerington if actual records of their Pickerington business are not maintained. Determine the ratio of the Pickerington portion of:

- Average original cost of real and tangible property owned, rented or leased by the taxpayer for use in the trade or business. To determine the value of property rented and used in the business, multiply the gross annual rental by 8.
- Gross receipts from sales made and services performed, regardless of where made or performed.
- Total payroll.

Add the ratios obtained and divide by the number of ratios used to obtain business apportionment percentage. A ratio shall not be excluded from the computation because it is apportioned entirely within or outside the City of Pickerington. The business apportionment percentage is to be applied against the total net profits adjusted in accordance with the provisions of the profits in Section A to determine the portion taxable by City of Pickerington. ENTER AVERAGE PERCENTAGE ON LINE 3b Page 1.

Affiliated corporations may not deduct a loss from any other corporation having a taxable profit and operations of any affiliated corporation having a loss may not be taken into consideration in computing net profits of Business Apportionment Percentage Formula.

**SCHEDULE X
BUSINESS RECONCILIATION WITH FEDERAL INCOME TAX RETURN** This schedule is to be used by businesses for the purpose of making adjustments when the total income (Page 1, Line 1) includes income not taxable and/or items not deductible for municipal tax purposes.

**SCHEDULE Z
PARTNERS SHARE OF NET INCOME**

Line 7 of this schedule represents 100% of the net income of the partnerships for the taxable period. A copy of Federal Form 1065 and related schedules may be attached in lieu of completing this schedule. If any member of the partnership is entitled to allocate his portion of the partnership income by reason of being a resident, Schedule Y and Z must be completed. If this schedule is used, itemize each member's distributive share of net income.

ATTACHMENTS REQUIRED

Copies of all applicable IRS schedules and forms must be attached to the City of Pickerington Return at the time of filing. Documentation is necessary to verify all amounts of taxable or non-taxable income, expenses and deductions as applicable to the Pickerington return. Failure to attach all necessary documentation may result in the return being considered incomplete and could result in the disallowance of expenses, deductions, or the exclusion of non-taxable income.