

A stylized, monochromatic illustration of a sunset or sunrise over a landscape. The sun is a large circle on the right side, with several rays extending upwards and to the left. Below the sun are rolling hills or mountains, and at the bottom, there are wavy lines representing water or a field. The entire illustration is in shades of gray.

# Ohio Municipal Net Profit Tax

## General Information

**Ohio**

Department of  
Taxation

[tax.ohio.gov](http://tax.ohio.gov)

**Ohio Municipal Net Profit Tax (MNP)**  
**General Instructions and Information for Taxpayers**

The enactment of H.B. 49 provides business taxpayers the option, beginning with the 2018 tax year, to file one municipal net profit tax return through the Ohio Business Gateway for processing by the Ohio Department of Taxation. The Department will handle all administrative functions for those centrally-filed returns and will distribute payments to the appropriate municipal corporations. The Department will also handle audits, collections, and appeals.

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

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

Taxpayers must make an election to file with the Department on or before the first day of the third month of their taxable year. For example, taxpayers that operate on a calendar year basis are required to opt-in to file with the commissioner on or before March 1, 2018 for taxable year 2018. In making the election, the taxpayer must notify the commissioner and all municipal corporations that the taxpayer conducted business in during the previous year unless the taxpayer is a new business. New businesses need only notify the commissioner of their intention to opt-in with the Department. The election will remain in effect until terminated by the taxpayer.

Taxpayers can make the election to file with the commissioner one of three ways:

1. By submitting a paper registration form – Form MNP-R available at <http://www.tax.ohio.gov/Forms.aspx>.
2. Through the Department’s registration portal via <http://www.tax.ohio.gov>.
3. Via the Ohio Business Gateway at <http://www.ohiobusinessgateway.ohio.gov>.

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

*Ineligible Elections*

Sole proprietors and single-member LLCs are not eligible to opt-in with the Department and should

continue to file with the appropriate municipal corporations.

If a taxpayer has elected to file on a consolidated basis in one municipal corporation and ceased filing as a consolidated group in another municipal corporation within the last five years, the taxpayer is not eligible to file with the Department until such time that the taxpayer can report on either a consolidated or separate basis in all municipal corporations. Ohio Revised Code (R.C.) Sections 718.06 and 718.86 bind taxpayers for five years when either making or terminating an election to file on a consolidated basis.

**Electronic Filing / Payment**

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

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

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

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

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

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

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

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

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

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

A taxpayer must file an annual return for each taxable year it has elected to file with the commissioner. Annual tax returns are due on the fifteenth day of the fourth month following the end of the taxpayer's taxable year. See Table 1 for annual return due dates, which are based on your fiscal year-end. A taxpayer may request a 6-month extension of time to file. The extension request will be granted if it is received by the commissioner on or before the due date of the annual return or if the taxpayer has requested an extension for filing the federal income tax return. Please note, this is an extension of time to file not an extension of time to pay.

Taxpayers that have elected to file a consolidated return are required to file on a consolidated basis in all municipalities.

The annual tax return will include a box that the taxpayer may check to authorize another person to communicate with the Department about matters pertaining the tax return. To authorize a representative to communicate with the Department for other matters, the taxpayer may fill out a form TBOR 1, Declaration of Tax Representative, available at <http://www.tax.ohio.gov/Forms.aspx>.

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

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

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

### **Assessments**

If a taxpayer fails to file a return or pay any tax due in full, the commissioner will send out a delinquency notice and/or bill to cure any deficiency. If a taxpayer

fails to resolve the matter at the delinquency or billing stage, the commissioner will issue a notice of assessment to the taxpayer for any deficiency for the period the tax return or payment is due.

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

### **Appeals**

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

After the hearing, the commissioner will review all documentation provided and will issue a final determination deciding the matter.

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

### **Audit**

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

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

**Contact Us**

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

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

For questions regarding the municipal net profit tax, please contact the Department at 1-844-238-0403.

Table 1

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



## Schedule A – Schedule of Municipalities

MNP R  
Prescribed 9/17

Schedule A is to be completed by all taxpayers. List the municipalities in which you were required to file a municipal net profit tax return in the preceding year.

Name of filer \_\_\_\_\_ FEIN \_\_\_\_\_  
(as shown on line 1)

I am a new taxpayer and I do not have municipalities to list for the previous year.

List the first four letters of the name of the municipality, JEDD or JEDZ and the code.

Name	Code	Name	Code	Name	Code	Name	Code
1		38		75		112	
2		39		76		113	
3		40		77		114	
4		41		78		115	
5		42		79		116	
6		43		80		117	
7		44		81		118	
8		45		82		119	
9		46		83		120	
10		47		84		121	
11		48		85		122	
12		49		86		123	
13		50		87		124	
14		51		88		125	
15		52		89		126	
16		53		90		127	
17		54		91		128	
18		55		92		129	
19		56		93		130	
20		57		94		131	
21		58		95		132	
22		59		96		133	
23		60		97		134	
24		61		98		135	
25		62		99		136	
26		63		100		137	
27		64		101		138	
28		65		102		139	
29		66		103		140	
30		67		104		141	
31		68		105		142	
32		69		106		143	
33		70		107		144	
34		71		108		145	
35		72		109		146	
36		73		110		147	
37		74		111		148	

Make additional copies of this schedule as necessary.









# Municipal Net Profit Tax Return

## Schedule A

### Adjustments to Federal Income Tax Return

**Items not deductible**

Whole numbers only

1. Losses that directly relate to the sale, exchange, or other disposition of 1221 or 1231 assets .....	1.	00
2. Taxes based on income .....	2.	00
3. Five percent (5%) of the amount deducted as intangible income excluding the portion directly related to the sale, exchange, or other disposition of 1221 property.....	3.	00
4. REITs and RICs - All amounts with respect to dividends, distributions, or amounts set aside for or credited to the benefit of investors and allowed as a deduction .....	4.	00
5. Other (attach explanation) .....	5.	00

**The following adjustments are for Non-C corporation entities.**

6. Amounts paid or accrued to qualified self-employed retirement and health and life insurance plans for owners or owner-employees .....	6.	00
7. Excess 179 deduction/carryover.....	7.	00
8. Charitable contribution - in excess of the 10% limitation .....	8.	00
9. Total additions (sum of lines 1 through 8).....	9.	00

**Items not taxable**

10. Income and gains - federally reported income and gains from 1221 or 1231 property dispositions except to the extent the income and gains apply to those described in 1245 or 1250 of the IRC .....	10.	00
11. Intangible income such as interest, dividend, patent, and copyright income also include royalty income except royalties derived from interest in land (e.g., oil and gas rights, etc.).....	11.	00
12. Pass-through income (loss) .....	12.	00
13. Other: (attach explanation) .....	13.	00
14. Total deductions (sum of lines 10 through 13) .....	14.	00
15. Net of additions and deductions (line 9 minus line 14; enter here and on page 1, line 2) .....	15.	00

# Municipal Net Profit Tax Return

## Schedule B

Adjusted federal taxable income (from MNP10 page 1, line 4)	\$	00
Business allocation formula (denominator for steps 1, 2, & 3)		
1. Average original cost of property	\$	00
Gross annual rentals (multiplied by 8)	\$	00
Total Property		\$ 00
2. Total compensation paid to all employees	\$	00
3. Gross receipts from sales of services	\$	00

**Municipality allocation and calculations**

Muni	Adjusted FTI Plus Pre- Apportionment Adjustments	NOLs for 2017 and after	Net Profit (Adjusted FTI minus Net Operating Losses)	Step 1 Property	Step 2 Payroll	Step 3 Gross Receipts	Average (%) Steps 1-3	Taxable Income	Post Apportionment Adjustments	Pre-2017 NOLs (see Ohio form Muni-NOL section B)
(Name)				\$	\$	\$	%	\$	\$	\$
(#)	\$	\$	\$	%	%	%	%	\$	\$	\$
Municipal Taxable Income		Tax Rate	Tax Liability	Non-Refundable Credits	Credit Carry Forward	Refundable Credits	Estimated Payments	Tax Due		
\$		%	\$	\$	\$	\$	\$	\$		
(Name)				\$	\$	\$	%	\$	\$	\$
(#)	\$	\$	\$	%	%	%	%	\$	\$	\$
Municipal Taxable Income		Tax Rate	Tax Liability	Non-Refundable Credits	Credit Carry Forward	Refundable Credits	Estimated Payments	Tax Due		
\$		%	\$	\$	\$	\$	\$	\$		
(Name)				\$	\$	\$	%	\$	\$	\$
(#)	\$	\$	\$	%	%	%	%	\$	\$	\$
Municipal Taxable Income		Tax Rate	Tax Liability	Non-Refundable Credits	Credit Carry Forward	Refundable Credits	Estimated Payments	Tax Due		
\$		%	\$	\$	\$	\$	\$	\$		

	Tax Liability	Non-Refundable Credits	Credit Carry Forward	Refundable Credits	Estimated Payments	Tax Due
<b>Totals</b>	\$	\$	\$	\$	\$	\$

Make additional copies of this schedule as necessary.