

## **REGULATION 2 - 5**

### **IMPOSITION OF TAX - NET BUSINESS PROFITS - CORPORATIONS**

1. In the case of a corporation doing business in the City of Tiffin, whether domestic or foreign, and whether domiciled in the City of Tiffin or elsewhere, there is imposed an annual tax as provided in Regulation 1 - 1(P) on such corporations, as a result of work done or services performed or rendered and business or other activities conducted in the City of Tiffin.

2. The provisions of Paragraph 2 and of Paragraph 4 of Regulation 2 - 4 are applicable to such corporations.

3. A corporation doing business both within and outside the City of Tiffin may, in determining the part of the net profits which are taxable under the Ordinance, at its option:

(A) Use the usual accounting system of the taxpayer corporation, as long as said usual accounting system shall be one acceptable to the U. S. Internal Revenue Department as evidenced by acceptance and approval of income tax returns filed therein; or

(B) Use the Business Allocation Percentage formula set forth in Regulation 2 - 6. 1. In the case of a non-resident unincorporated business entity engaged in the conduct of any business, there is imposed an annual tax as provided in Regulation 1 - 1(P) of such business to the extent conducted in or derived from activity in Tiffin.

2. A non-resident unincorporated business entity which has a branch or branches, office or offices and/or store or stores, warehouse, or other place or places in which the entity's business is transacted, located in the City of Tiffin, shall be considered to be conducting a business to the full extent of the sum total of all

transactions originating or consummated in, by or through such Tiffin branch, office, store, warehouse or other place of business, including (a) goods, chattels, merchandise, etc., sold, or (b) commissions, fees or other compensation earned or paid.

3. In the case of any unincorporated business entity owned by one or more persons the tax, generally, shall be upon said unincorporated business entity as a single entity and not ordinarily upon the partners or members thereof. However, the provisions of Regulation 2 - 3(3) are applicable to render taxable against such resident partners or members their distributive share of any profits of such non-resident entity not taxable under this Ordinance.

4. In determining the proportion or amount of the taxable net profits of a non-resident unincorporated business entity having a place or places of business within and outside the City of Tiffin, such business entity may at its option use and apply the Business Allocation Percentage formula set forth in Regulation 2 - 6. Net operating losses may not be carried forward or backward but must be allocated to the year realized.