



Ohio Revised Code

Section 5745.01 Municipal taxation of electric light company income definitions.

Effective: March 30, 2006

Legislation: House Bill 530 - 126th General Assembly

As used in this chapter:

(A) "Electric company," "combined company," and "telephone company," have the same meanings as in section 5727.01 of the Revised Code, except "telephone company" does not include a non profit corporation.

(B) "Electric light company" has the same meaning as in section 4928.01 of the Revised Code, and includes the activities of a combined company as an electric company, but excludes nonprofit companies and municipal corporations.

(C) "Taxpayer" means either of the following:

(1) An electric light company subject to taxation by a municipal corporation in this state for a taxable year, excluding an electric light company that is not an electric company or a combined company and for which an election made under section 5745.031 of the Revised Code is not in effect with respect to the taxable year. If such a company is a qualified subchapter S subsidiary as defined in section 1361 of the Internal Revenue Code or a disregarded entity, the company's parent S corporation or owner is the taxpayer for the purposes of this chapter and is hereby deemed to have nexus with this state under the Constitution of the United States for the purposes of this chapter.

(2) A telephone company subject to taxation by a municipal corporation in this state for a taxable year. A telephone company is subject to taxation under this chapter for any taxable year that begins on or after January 1, 2004. A telephone company with a taxable year ending in 2004 shall compute the tax imposed under this chapter, or shall compute its net operating loss carried forward for that taxable year, by multiplying the tax owed, or the loss for the taxable year, by fifty per cent.

(D) "Disregarded entity" means an entity that, for its taxable year, is by default, or has elected to be,



disregarded as an entity separate from its owner pursuant to 26 C.F.R. 301.7701-3.

(E) "Taxable year" of a taxpayer is the taxpayer's taxable year for federal income tax purposes.

(F) "Federal taxable income" means taxable income, before operating loss deduction and special deductions, as required to be reported for the taxpayer's taxable year under the Internal Revenue Code.

(G) "Adjusted federal taxable income" means federal taxable income adjusted as follows:

(1) Deduct intangible income as defined in section 718.01 of the Revised Code to the extent included in federal taxable income;

(2) Add expenses incurred in the production of such intangible income;

(3) If, with respect to a qualifying taxpayer and a qualifying asset there occurs a qualifying taxable event, the qualifying taxpayer shall reduce its federal taxable income, as defined in division (F) of this section, by the amount of the book-tax difference for that qualifying asset if the book-tax difference is greater than zero, and shall increase its federal taxable income by the absolute value of the amount of the book-tax difference for that qualifying asset if the book-tax difference is less than zero. The adjustments provided in division (G)(3) of this section are subject to divisions (B)(3), (4), and (5) of section 5733.0510 of the Revised Code to the extent those divisions apply to the adjustments in that section for the taxable year. A taxpayer shall not deduct or add any amount under division (G)(3) of this section with respect to a qualifying asset the sale, exchange, or other disposition of which resulted in the recognition of a gain or loss that the taxpayer deducted or added, respectively, under division (G)(1) or (2) of this section.

For the purposes of division (G)(3) of this section, "book-tax difference," "qualifying taxpayer," "qualifying asset," and "qualifying taxable event" have the same meanings as in section 5733.0510 of the Revised Code.

(4) If the taxpayer is not a C corporation and is not an individual, the taxpayer shall compute "adjusted federal taxable income" as if the taxpayer were a C corporation, except:



(a) Guaranteed payments and other similar amounts paid or accrued to a partner, former partner, or member or former member shall not be allowed as a deductible expense; and

(b) With respect to each owner or owner-employee of the taxpayer, amounts paid or accrued to a qualified self-employed retirement plan and amounts paid or accrued to or for health insurance or life insurance shall not be allowed as a deduction.

Nothing in this division shall be construed as allowing the taxpayer to deduct any amount more than once.

(5) Add or deduct the amounts described in section 5733.0511 of the Revised Code for qualifying telephone company taxpayers.

(H) "Internal Revenue Code" means the "Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 1, as amended.

(I) "Ohio net income" means the amount determined under division (B) of section 5745.02 of the Revised Code.