

Income/Franchise:

Ohio: Electricity Company Deemed Exempt from Local Taxing Authority's Net Profits Tax

Case No. 2020-2209, Ohio Bd. of Tax App. (1/16/25). In a case involving an Ohio utility company providing electricity to consumers and maintaining grid equipment throughout Ohio, the Ohio Board of Tax Appeals (BTA) held that Ohio law exempted it entirely from a certain Ohio Joint Economic Development Zone's (JEDZ's) municipal net profits tax – concluding that Ohio Rev. Code Chapter 718 does *not* give an Ohio joint economic development zone authority to levy municipal income taxes on electric light companies. In doing so, the BTA agreed with the Ohio utility company that it is exempt from the imposition of municipal net profits tax under Ohio Rev. Code Chapter 718 because the utility is an electric company that is required to report under Ohio Rev. Code Chapter 5745, which “governs the Ohio municipal taxation of electric light company income.” The JEDZ had unsuccessfully claimed that the language in Ohio Rev. Code section 718.02 is “merely an apportionment statute and does not govern the imposition of taxes,” and only “excepts electric companies from using the standard apportionment formula in favor of the apportionment method specifically for electric companies” prescribed in Ohio Rev. Code Chapter 5745. Please contact us with any questions.

URL: <https://ohio-bta.modria.com/casedetails/520631>

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