

Personal Income Tax — Municipal tax—stock options exercised by nonresident nonworker.

The exercise of nonstatutory stock options by a nonresident when he no longer worked in the municipality was properly subjected to municipal income taxation. The state statutes provide for amounts arising from the sale, exchange, or other disposition of a stock option, the exercise of a stock option, or the sale, exchange, or other disposition of stock purchased under a stock option to be included in qualifying wages and subject to taxation as long as the municipal corporation has not, by resolution or ordinance, exempted such amounts from withholding and tax. In this case the city ordinance provided evidence that the city had not exempted stock options by imposing tax on income earned or received for work done or services performed or rendered in the city. Thus, the central issue was when did the stock option income become subject to city tax: In 1996 when the taxpayer was working in the city and the options were granted or in 2005 when exercised. In permitting taxation, the BTA said the taxpayer earned compensation at the time the options were granted and the measure of that compensation occurred when exercised. (Boyer v. St Bernard Municipal BOA, Ohio BTA, Dkt. No. 2007-Z-139, 06/23/2009 .)