

CHANGES TO OHIO MUNICIPAL TAXES EFFECTIVE JANUARY 1, 2016

The 130th Ohio General Assembly passed substitute House Bill 5 which changed the laws governing municipal income taxes (Chapter 718 of the Ohio Revised Code). The changes are effective for tax year 2016. Please refer to previous Ordinance 141 for tax years prior to 1/1/2016. The 4th quarter 2015 estimated tax payments received in 2016 will be governed by old ordinance. Below is a summary of some of the changes however additional change and greater detail can be found in our Tax Ordinance 142.

Estimated Payments

- No estimated payments are required if previous year tax due after withholdings and credits was under \$200 or you had no taxable income the preceding taxable year.
- Estimates due to prevent underestimating as follows:
 - 22.5% due 15th day of April of tax year (2016 tax year is April 18th due to holiday)
 - 45% due 15th day of June of tax year
 - 67.5% due 15th day of September of tax year
 - 90% due 15th day of December of tax year
- Underestimate penalties will apply if under 90% of tax year or 100% of the previous tax year liability was not paid before the 15th day of December for the tax year.
- A declaration must be filed along with the annual return if the \$200.00 threshold is met or a declaration that the current situation has changed such that estimated taxes are not required.

Tax Thresholds

- No tax due/No refund or credits \$10 or less

Late Filing

- \$25 per month (or fraction thereof) up to \$150 (includes all but estimated payments)

Penalties and Interest

- 15% of the amount past due amount plus interest (Federal Short-Term Rate-rounded to whole number as of July of the previous year plus 5%), currently .42% per month for 2016.

Employer Withholdings

- Monthly Remittance
 - Prior year annual total withholding for the municipality exceeds \$2,399 or
 - Any month of prior quarter withholding for the municipality exceeds \$200
 - Due by the 15th of the following month
- Quarterly Remittance
 - If either threshold for monthly remittance is not met quarterly remittance is acceptable and due April 15, July 15, October 30 and January 30.
- Penalty, Interest and Late Filing
 - Penalty for late payment of a withholding remittance is 50.0% of the amount past due
 - Interest is .42% per month of the unpaid balance
 - Late Filing fee is \$25.00 per month up to \$150.00
- Small Employers
 - A small employer must have prior year total revenue of less than \$500,000
 - Exempt from withholding on their employees working in other cities, no matter how many days worked.
 - These employers are only required to withhold for the municipality in which the business is located.
 - Business may fluctuate from Small Employer to Large Employer from year to year based on your Federal Tax Return. Exemption documentation (Federal Tax Return) must be filed each year if you plan with the City of Marysville to utilize the Small Business Exemption.
- 20-day Rule allows a 20 day exemption from municipal withholding
 - Exceptions
 - Employer knows at the beginning of the project in the municipality that the employee will be working in the municipality for more than 20 days (presumed worksite location)
 - Municipality job location will be a principal place of work for the employee
 - Preponderance of a day rule determines one work city per work day for the employee. All travel times between jobs, delivery of materials and the like are attributed to the principal place of work.
 - Employer is required to withhold for the municipality on the 21st day and future days that the employee spends the preponderance of the day in the municipality.
 - Workplace definitions are very important to understand as fixed locations, principal place of work locations and presumed worksite locations require employee withholdings from day one. More information can be found in our Tax Ordinance 142.052.

Reconciliations

- Due last of day of February following year end
- Each employer within or employer doing business within shall be liable for payment of this tax required to be deducted or withheld, whether or not such taxes have in fact been withheld.
- W2 information for each employee working in the city with local data naming other cities for which tax was withheld. The W2 information needs to include the Medicare Wages (Box 5).