

IMPORTANT WITHHOLDING TAX CHANGES EFFECTIVE 1/1/2016

Changes mandated by Ohio Revised Code Chapter 718 (House Bill 5 – Municipal Income Tax Uniformity)

IMPORTANT NOTICE TO WITHHOLDERS – The State of Ohio has changed the due date for municipal income tax withholding payments to the **15TH OF THE FOLLOWING MONTH: SUBJECT TO PENALTIES AND INTEREST.** This new tax law goes into effect January 1, 2016.

****IF YOU USE A PAYROLL PROCESSING COMPANY, PLEASE INFORM THEM OF THIS CHANGE TO AVOID PENALTY AND/OR INTEREST FOR LATE PAYMENTS.**

WHO MUST FILE:

1. Each employer located within the City of Defiance is Required to withhold the tax for all age (18) eighteen and older.
2. Before beginning work within the City, each NON – RESIDENT EMPLOYER doing business in the city must register with the City Income Tax Department to determine their filing requirement.

DEPOSIT REQUIREMENTS:

MONTHLY – Employers must remit monthly if withholding in the previous calendar year exceeded \$2,399.00 or if the amount required to be withheld during any month of the previous calendar quarter exceeded \$200.00

QUARTERLY – Employers can remit quarterly if their withholdings are under the thresholds described for monthly filers.

WITHHOLDING DUE DATES

Monthly and Quarterly returns and payment must be received no later than the 15th of the month following the end of the reporting period.

RECONCILIATION DUE DATE

The reconciliation due date is the last day of February.

INTEREST AND PENALTIES

Interest – 5% per annum (0.42% per month or fraction of a month) Interest is based on the Federal Reserve rate and may change annually.

Late Filing Penalty - \$25.00 per month or fraction of a month with a maximum of \$150.00

Late Payment Penalty – 50% of the total tax due

RECONCILIATION RETURN

An employer shall file a Withholding Reconciliation Return by the due date listing the names, addresses and social security numbers of all employees from whose qualifying wages tax was withheld or should have been withheld for the Municipality during the preceding calendar year, the amount of tax withheld if any, from each such employee's qualifying wage, the total amount of qualifying wages paid to such employee during the preceding calendar year, the name of every other municipal corporation for which tax was withheld or should have been withheld from such employee during the preceding calendar year, any other information required for federal income tax reporting purposes on Internal Revenue Service form W-2 or its equivalent form with respect to such employee, and other information as may be required by the Tax Administrator.