

NOTICE TO TAXPAYERS

House Bill 5 passed back in December, 2014, mandating new municipal tax guidelines to go into effect beginning January 1, 2016. All municipalities were required to adopt a new tax ordinance as a result. Since that time House Bill 49 has been created and recently passed, focusing on changes to House Bill 5. These changes will effect tax years beginning on or after January 1, 2018.

Tax returns and payments for Tax Years beginning prior to January 1, 2015, regardless of the actual filing or payment date, are unaffected by the provisions of Ohio House Bills 5 and 49.

Details of the new Ohio municipal income tax guidelines can be found in Chapter 718 of the Ohio Revised Code (ORC) located at: <http://codes.ohio.gov/orc/718>.

Numerous changes are mandated by HB5 and HB49 include the following:

Changes to filing due date for employer withholding:

Withholding remittance and payment must be received by the tax administrator no later than the 15th day of the month following the reporting period. (See ORC Section 718.03)

Changes to monthly and quarterly withholding thresholds:

Employers must remit monthly if withholding in the previous calendar year exceeded \$2,399 OR if the amount required to be withheld during any month of the previous calendar quarter exceeded \$200. (See ORC Section 718.03)

Withholding guidelines for employers with transient workers; and for those employers qualified as a "small employer": Details are available at the ORC Chapter 718 link above. (See ORC Section 718.011)

Changes to estimated tax payment requirements and due dates:

Estimated payments are required for businesses and individuals expecting to owe \$200 or more in non-withheld tax. Estimated tax payment due dates: April 15th, June 15th, September 15th; and for individuals: 90% of tax liability is January 15th; for businesses: 90% of tax liability is due December 15th for calendar filers. (See ORC Section 710.08)

Changes to penalties and interest:

Penalty on unpaid income tax and unpaid estimated income tax: 15% of the amount not timely paid.

Penalty on unpaid withholding tax (not including LATE FILING penalty): a penalty not exceeding 50% of the amount not timely paid. A late filing penalty of \$25 per month is still applicable.

Penalty for failure to file timely return: \$25 per month or fraction thereof, regardless of tax liability, up to \$150 penalty per return.

Interest will be imposed per annum on all unpaid income tax, unpaid estimated income tax, and unpaid withholding tax. (See ORX Section 718.27)

THE INTEREST RATE APPLICABLE TO CALNEDAR YEAR 2017 WILL BE 6.00% PER ANNUM.