

Village of South Amherst Income Tax Department

103 West Main Street

South Amherst, OH 44001

Telephone: (440) 988-2877 Fax: (440) 988-3535

E-mail Address: southamherst@peck-cpa.com

IMPORTANT INCOME TAX CHANGES – WITHHOLDING

Pursuant to the passage of Amended Substitute House Bill 5 in December 2014, new State mandated municipal income tax guideline has been established in Chapter 718 of the Ohio Revised Code. The code can be found at the website <http://codes.ohio.gov/orc/718>. Please reference this document to determine how the State mandated changes affect your business.

These changes are effective with payroll withholding tax returns due for tax years beginning January 1, 2016 and after.

Due dates:

- **Monthly Remittance:** due by the 15th of the following month
- **Quarterly Remittance:** April 30, July 31, October 31, and January 31

Threshold requiring monthly remittance:

- 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.
- Employers may remit quarterly if their withholdings are under the thresholds described above for monthly filers.

Penalties:

- Late filing penalty is \$25/month per return (maximum of \$150/return)
- Late payment penalty is one-time 50% penalty of the unpaid balance at the time payment is due.
- Interest is at the July federal short-term interest rate plus 5%. For 2016 returns, the monthly interest rate is 0.42%.

Reconciliations are due the last day of February and must include:

- File a withholding reconciliation return listing the names, addresses and SSNs, qualifying total wages (Medicare wage, box 5), qualifying Village of South Amherst wages and the amount of local tax withheld for each municipality.

Withholding guidelines for employers with occasional entrant workers; and for those employers who meet the requirements of a “small employer”

- ORC 718.011 expands the current occasional entrant exemption from withholding from 12 days to 20 days. Tax must be withheld for the employee’s “principal place of work” (as defined in the Bill) for the first 20 days an employee works in another Ohio municipality (“non-principal place of work municipality”). Withholding is required for the “non-principal place of work municipality” beginning on the 21st day. Exceptions to the new 20-day rule exist for certain construction and other long-term worksite locations.
- Small employers (those with less than \$500,000 in annual gross receipts) are only required to withhold for the municipality in which the employer is physically located. The \$500,000 gross receipts threshold is determined annually based on gross receipts reported on the immediately preceding year’s federal tax return. The “small employer withholding rule” does not apply to any government entity or agency.