



Village of Carrollton Income Tax Department

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IMPORTANT CHANGES TO WITHHOLDING REQUIREMENTS

EFFECTIVE JANUARY 1, 2016

Please be advised that municipal income tax withholding dues dates and related thresholds are changing as noted below. These changes are the result of the enactment of House Bill 5 by the State legislature. In addition to these changes to withholding tax filing requirements, H.B.5 also includes changes to the occasional entrant provisions, penalty and interest rates, annual tax return and estimated tax payment due dates and thresholds, and other items.

New Withholding Due Dates and Thresholds:

Monthly filing and payment is required if an employer has withheld with respect to a municipality more than \$2399 in the immediately preceding calendar year, or more than \$200 in any one month in the immediately preceding calendar quarter. **The due date for monthly filers is the 15th day following the month withheld.**

Quarterly filing and payment is required if an employer has withheld with respect to a municipality \$2399 or less in the immediately preceding calendar year or \$200 or less for each month in the immediately preceding calendar quarter. **The due date for quarterly filers is the last day of the month following the quarter.**

Penalty and Interest: Penalty for failure to remit withheld municipal income tax on or before the due date will be 50.0% of the unremitted tax, with interest accruing on the unpaid balance at a rate equal to the Federal Short-Term rate plus 5% per annum (for tax year 2017 interest will accrue at 0.50% per month). A \$25.00 per month late filing penalty will also be charged.

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

W-2 information for each employee that had the municipal income tax withheld and the withholding for every other municipality that the tax was withheld is required. The W2 information needs to include the Medicare Wages amount (Box 5).

Expansion of Occasional Entrant Provisions

H.B.5 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"). 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 as defined in the Bill 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.