

## **PENALTIES AND INTEREST**

This section applies to any return required to be filed under applicable law for **taxable years beginning on or after January 1, 2016**, and for **income tax, estimated income tax, and withholding income tax required to be paid or remitted to the City of Stow on or after January 1, 2016 for taxable years beginning on or after January 1, 2016.**

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- **UNPAID MUNICIPAL INCOME TAX PENALTY**
  - A one-time penalty may be imposed on the unpaid balance income tax balance and the unpaid estimated income tax balance, equal to fifteen percent (15%) of the amount not timely paid.
  - A one-time penalty may be imposed on the unpaid withholding tax balance equal to fifty percent (50%) of the amount not timely paid.
  
- **FAILURE TO FILE TIMELY – PENALTY**
  - A penalty may be imposed on a municipal income tax return, other than an estimated income tax return, not filed timely, of \$25 each month or any fraction, during which the return remains unfiled regardless of the liability. The penalty shall not exceed \$150 for each return not filed timely.
  
- **UNPAID MUNICIPAL INCOME TAX – INTEREST**
  - Ohio Revised Code Section 718.27 requires the Tax Administrator to publish the established interest rate to tax underpayments based on the federal short-term rate that will apply during the next calendar year.
  - Interest shall be imposed per annum, on all unpaid income tax, unpaid estimated income tax, and unpaid withholding tax.
  - The interest rate used shall be the federal short-term rate (rounded to the nearest whole number percent) plus 5%. The rate shall apply for the calendar year next following the July of the year in which the federal short-term rate is determined.
  - **Note:** Interest applies to any balance of tax due that is not paid by the due date of a return, even if the return is filed under extension.

<b>Yearly &amp; Monthly Interest Rates</b>		
<b>Calendar Year</b>	<b>Yearly Interest Rate</b>	<b>Monthly Interest Rate</b>
2016	5.00%	0.42%
2017	6.00%	0.50%
2018	6.00%	0.50%
2019	7.00%	0.58%
2020	7.00%	0.58%
2021	5.00%	0.42%
2022	5.00%	0.42%
2023	7.00%	0.58%

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## **PENALTIES AND INTEREST**

This section does not apply to returns required to be filed or payments required to be made before January 1, 2016, regardless of the filing or payment date. Returns required to be filed or payments required to be made before January 1, 2016, but filed or paid after that date shall be subject to the City of Stow Ordinance 195 and the City of Stow Income Tax Rules and Regulations, as adopted before January 1, 2016.

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- **OTHER PENALTIES**

- In addition to the penalties listed above, the Ohio Revised Code Section 718.99 also provides criminal penalties for failure to comply with the income tax ordinance of up to \$1,000 or up to six months imprisonment for each offense.