

## **IMPORTANT INCOME TAX NOTICE – NET PROFIT & WITHHOLDERS**

Pursuant to the passage of Amended Substitute House Bill 5 in December 2014, new State mandated municipal income tax guidelines have been established, effective with **tax returns due for tax years beginning January 1, 2016**. Ohio Revised Code Chapter 718 Municipal Income Taxes is the state law that municipalities are required to follow, and can be found at <http://codes.ohio.gov/orc/718>. Please reference this document to determine how the new, State mandated, changes affect your municipal taxable income.

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### **NET PROFIT**

The list below provides those items that may have an impact on businesses earning income or employing individuals within the City of Stow.

- **Changes in filing due dates and amounts for net profit estimated tax payments.**
  - Estimated tax payments are **required** for businesses expecting to owe \$200 or more in tax.

<b>Net Profit Estimated Tax Payment Due Dates</b>	
1 <sup>st</sup> Quarter	April 15 <sup>th</sup>
2 <sup>nd</sup> Quarter	June 15 <sup>th</sup>
3 <sup>rd</sup> Quarter	September 15 <sup>th</sup>
4 <sup>th</sup> Quarter	January 15 <sup>th</sup>

- **Changes in net profit penalty and interest rates.** For more details, see Ohio Revised Code Section 718.27.
  - Late filing penalty is \$25.00 per month, per return (capped at \$150.00 per return) for failure to timely file a return.
  - Late payment penalty is a one-time 15% penalty of the unpaid balance at the time that the payment is due.
  - Interest rate is the prior year's July federal short-term interest rate (rounded to the nearest whole number percent) plus 5%.

<b>Net Profit 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%

**SEE NEXT PAGE FOR INFORMATION ON WITHHOLDERS**

## **WITHHOLDERS**

The list below provides those items that may have an impact on businesses employing individuals within the City of Stow.

- **Changes in monthly and quarterly withholding thresholds.** For more details, see Ohio Revised Code Section 718.03.
  - 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.
  - Employers can remit **quarterly** if their withholdings are under the thresholds described for monthly filers.
  - For withholding guidelines for employers with transient workers and for those employers qualified as a “small employer,” see Ohio Revised Code Section 718.011.
  
- **Changes in filing due date for employee withholding.**
  - Monthly withholding remittance and payment are considered timely filed if postmarked no later than the 15th of the month following the reporting period.
  - Quarterly withholding remittance and payment are considered timely file if postmarked no later than the last day of the month following the end of the quarter.
  
- **Changes in penalty and interest rates.**
  - Late filing penalty is \$25 per month, per return (capped at \$150 per return) for failure to timely file.
  - Late payment penalty is a one-time 50% of the unpaid balance at the time that the payment is due.
  - Interest rate is the prior year’s July federal short-term interest rate (rounded to the nearest whole number percent) plus 5%.

<b>Withholding 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%