

## IMPORTANT INCOME TAX NOTICE

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.

### INDIVIDUAL

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

- ✓ Changes in the filing due date for individual estimated tax payments.
  - 1<sup>st</sup> Quarter due April 15<sup>th</sup>
  - 2<sup>nd</sup> Quarter due June 15<sup>th</sup>
  - 3<sup>rd</sup> Quarter due September 15<sup>th</sup>
  - 4<sup>th</sup> Quarter due December 15<sup>th</sup>
- ✓ Changes in Penalty and Interest rates. For more detail 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.
  - The interest rate used shall be the federal short-term rate (rounded to the nearest whole number percent) plus five percent (5%). The rate shall apply for the calendar year next following July of the year in which the federal short-term rate is determined.
  - Calendar Year 2016 – Yearly Interest Rate 5.00% - Monthly Interest Rate 0.42%
  - Calendar Year 2017 – Yearly Interest Rate 6.00% - Monthly Interest Rate 0.50%
  - Calendar Year 2018 – Yearly Interest Rate 6.00% - Monthly Interest Rate 0.50%

### BUSINESS

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 date for employee withholding.
  - Payment is **due the 15<sup>th</sup> of the month** following the reporting period.
- ✓ Changes in monthly and quarterly withholding thresholds. See Ohio Revised Code Section 718.03 for further details.
  - 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 can remit **quarterly** if their withholdings are under the thresholds described for monthly filers.
- ✓ Withholding guidelines for employers with transient workers and for those employers qualified as a “small employer” can be found in Ohio Revised Code Section 718.011 at the link above.
- ✓ Changes in penalty and interest rates.
  - 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 50% penalty of the unpaid withholding tax balance at the time that the payment is due.
  - Interest will be calculated at the July Federal short-term rate plus 5%. See Yearly Rate above.