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IMPORTANT MUNICIPAL TAX LAW CHANGES EFFECTIVE JANUARY 1, 2016

The State of Ohio has made significant changes to the Ohio Municipal Income Tax Laws (Chapter 718 of the ORC), effecting tax years beginning on or after January 1, 2016, including changes to Interest Rates and Due Dates of Individual Estimated Payments. All Individual and Business Tax Returns for the tax year 2015, and prior, will still be filed under the provisions in effect prior to these mandated changes. **The 2015 Annual Income Tax Return is due April, 18, 2016 (due to Emancipation Day).**

For Individuals, please note the changes to the Due Date and thresholds for 2016 Estimated Tax Payments. For Businesses, please note the changes to the thresholds for 2016 Estimated Tax Payments, Penalty and Interest, Withholding Tax thresholds, and to the Due Date for the Quarterly Withholding Tax.

ESTIMATED TAX PAYMENTS

Beginning January 1, 2016, quarterly estimated tax payments for Individuals and Businesses are due April 15, June 15, September 15, and December 15 of each year. A declaration is required if the Estimated Tax exceeds \$200.

INTEREST – UNPAID TAX

As mandated by the State, the interest rate to be applied to all unpaid income and withholding tax balances each calendar year is the federal short-term rate, rounded to the nearest whole number percent, plus five percent (5%). For tax years beginning on or after January 1, 2016, the interest rate is 5%. This rate does not apply to tax balances for any prior tax years, regardless of when filed. Prior tax years are subject to the interest rate prescribed by ORC 5703.47. The 2015 interest rate is 3%.

NEW WITHHOLDING DUE DATES AND THRESHOLDS

Monthly filing and payment is required if an employer has withheld more than \$2,399 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 of the month following the month withheld.***

Quarterly filing and payment is required if an employer has withheld \$2,399 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 15th day of the month following the end of the quarter.***

PENALTY – UNPAID TAX

Beginning January 1, 2016 a penalty may be imposed on unpaid employer monthly and quarterly withholding tax equal to 50% of the amount not timely paid. The late payment penalty for Net Profit and Individual Income Tax Returns is a one-time 15% charge for tax years beginning on or after January 1, 2016. The late filing penalty was changed from a flat fee of \$25 per late return, to \$25 per month per late return, capped at \$150. The changes to the late payment penalty and late filing penalty are State mandated changes.

CHANGES TO QUALIFYING WAGES

“Third-party sick pay” as defined in Amended Substitute HB 5 is exempt from withholding and from taxation.

Please visit the Evendale Income Tax Department website for the Evendale Earnings Tax Ordinance(s) <http://www.evendaleohio.org/tax-department/pages/earnings-tax-ordinance>
Earnings Tax Ordinance #05-01, Attachment A, is in effect for tax years 2015 and prior.
Earnings Tax Ordinance #15-49, Exhibit A, is in effect for tax years beginning January 1, 2016 and after.

If you have any questions, please contact:

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