IMPORTANT CHANGES TO WITHHOLDING REQUIREMENTS
EFFECTIVE JANUARY 1, 2016

Effective January 1, 2016, municipal income tax withholding due dates and thresholds are changing as stated below. Please review the due dates and threshold requirements provided below, along with other changes including the occasional entrant provisions, and penalty and interest rates. These changes are a result of the enactment of Amended Substitute House Bill 5 by the State legislature, adopted in December 2014, and effective beginning January 1, 2016.

NEW WITHHOLDING DUE DATES AND THRESHOLDS

Monthly filing and payment is required if an employer has withheld with respect to a municipality 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 with the respect to a municipality $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.

Semi-monthly withholding MAY be required by a municipality if an employer has withheld $12,000 or more in the immediately preceding calendar year with respect to a municipality, or more than $1,000 in any month of the immediately preceding calendar year with respect to that same municipality. The Village of Evendale does not require Semi-Monthly withholding.

PENALTY – UNPAID TAX

A penalty may be imposed on unpaid employer withholding tax equal to 50% of the amount not timely paid.

INTEREST – UNPAID TAX

Interest shall be imposed on all unpaid employer withholding tax. The interest rate to be applied each calendar year is the federal short-term rate, rounded to the nearest whole number percent, plus five percent (5%). The rate shall apply for the calendar year following the July of the year in which the federal short-term rate is determined under Section 1274 of the Internal Revenue Code. The calendar year 2016 Annual Interest Rate is 5%.
CHANGES TO QUALIFYING WAGES

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

“Clergy Wages” that are exempt from Federal FICA/Medicare withholding are required to be included in Qualifying Wages and are subject to tax.

EXPANSION OF THE OCCASIONAL ENTRANT PROVISIONS

The current occasional entrant provision was expanded from 12 days to 20 days. Tax must be withheld for the employee’s “principal place of work”, as defined in Amended Substitute HB 5 for the first 20 days an employee works in another Ohio municipality (“non-principal place of work municipality”). 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 employer’s, those defined in Amended Substitute HB 5 as employers with less than $500,000 in annual gross receipts, 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.