

**Village of Batavia
Income Tax Office**

389 E Main Street
Batavia, OH 45103

Phone: 513-732-2740
Fax: 513-732-5696
E-mail: taxes@bataviavillage.org

Changes to Ohio Municipal Taxes: 2016, 2017, and later

The 130th Ohio General Assembly passed Substitute House Bill 5, modifying laws governing municipal income taxes. The changes were effective for tax year 2016 and later.

Employer withholding changes due dates:

- Monthly remittance: Due the 15th of the following month.
- Quarterly remittance: Due April 15, July 15, October 15, and January 15.

Threshold requiring monthly remittance:

- Prior year annual total withholding for the municipality exceeding \$2,399.
- Any month of prior quarter withholding for the municipality exceeding \$200.
- If the threshold is met, state law mandates monthly remittance.

Penalties:

The penalty for late payment of a withholding remittance is 50% of the amount past due plus interest of 0.42% per month on the unpaid balance. A \$25 per month late filing charge up to \$150 applies.

Reconciliations are due the last day of February and must include:

W-2 information for each employee who had the municipal income tax withheld and the withholding for every other municipality that the tax was withheld is required. The W-2 information must include the Medicare Wages amount (Box 5).

Changes to rules determining withholding requirements of employers who send their employees to other locations are summarized below. For explanation, review Ohio Revised Code § 718.011 and § 718.03.

Small employers with prior year total revenue of less than \$500,000 are exempt from withholding on employees working in other cities, no matter how many days worked. These employers must withhold only for the municipality where the business is located.

Deciding when a nonresident employee of a nonresident employer pays taxes to the work municipality depend on the 20-day rule and preponderance-of-a-day criteria. The 20-day rule allows a 20-day exemption from municipal withholding except:

- When the employer knows at the start of a project in the municipality that the employee will be working in the municipality for more than 20 days (presumed worksite location); or
- When the municipality or municipal job location will be a principal place of work for the employee.

Preponderance-of-a-day rules say an employee has one work city per work day. Travel times between jobs, delivery of materials, and the like are attributed to the principal place of work. If the employee meets the preponderance of a day for more than 20 days, the employer must withhold the municipal tax on the 21st day and future days that the employee spends the preponderance of the day in the municipality.

Workplace definitions are important to understand; fixed locations, principal place of work, and presumed worksite require employee withholding from day one. Feel free to call the Village of Batavia Income Tax Office to discuss your circumstances as to whether there is a withholding requirement.

Estimated Income Tax:

The threshold for requiring estimated tax payments is \$200.

Due dates:

First Quarter:	April 15	Third Quarter:	September 15
Second Quarter:	June 15	Fourth Quarter:	December 15

Penalties:

The penalty for late payment of a quarterly estimated tax payment is 15% of the amount past due amount plus 0.42% interest per month of the unpaid balance and \$25 per month, up to \$150, late filing charge. A declaration must be filed along with the annual return if the \$200 threshold is met or a declaration that the situation has changed and estimated taxes are not required.

Extensions

Requests for extension of tax returns are due by the filing deadline. The extension does not extend the date the tax payment or estimated tax is due. Late payment penalty and interest apply.

If you have questions or need clarification regarding these matters, call Tax Commissioner Jane King Tuesdays 5:30 p.m. to 8:30 p.m. and Saturday 9:00 a.m. to noon, or call anytime and leave a voice message.