

**ORDINANCE NO. 2015-1174**

**VILLAGE OF GEORGETOWN, OHIO**

**AN ORDINANCE TO AMEND CHAPTER 170 OF THE CODIFIED ORDINANCES OF THE VILLAGE OF GEORGETOWN REGARDING MUNICIPAL INCOME TAX, AND DECLARING AN EMERGENCY**

**SUMMARY**

The General Assembly enacted H. B. 5 in December 2014, and mandated that municipal income tax codes be amended by January 1, 2016 such that any income or withholding tax is "levied in accordance with the provisions and limitations specified in Chapter 718;"

Upon a detailed review of H. B. 5 and the Codified Ordinances of the Village of Georgetown, also known as the Ohio Basic Code of Ordinances for the Village of Georgetown, this Ordinance enacts the amendments required prior to the January 1, 2016 deadline to be in accord with the provisions and limitations specified in Chapter 718 of the Ohio Revised Code.

These changes are in effect for tax years beginning on 01/01/16. Prior rules will stay in effect for tax years prior to 01/01/16.

The complete text of Ordinance 2015-12 and Section 170 may be viewed or obtained at the office of the Fiscal Officer of the Village of Georgetown and viewed on the Village of Georgetown's website.

**IMPORTANT CHANGES TO WITHHOLDING REQUIREMENTS**

**EFFECTIVE JANUARY 1, 2016**

Please be advised that municipal income tax withholding due dates and related thresholds are changing as noted below. These changes are the result of the enactment of House Bill 5 by the State legislature. In addition to these changes to withholding tax filing requirements, H.B. 5 also includes changes to the occasional entrant provisions, penalty and interest rates, annual tax return and estimated tax payment due dates and thresholds, and other items.

**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 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.

**Expansion of the Occasional Entrant Provisions**

H.B. 5 expands the current occasional entrant exemption from withholding from 12 days to 20 days. Tax must be withheld for the employee's "principal place of work" (as defined in the Bill) 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 employers (those with less than \$500,000 in annual gross receipts as defined in the Bill) 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.

### **Changes to Qualifying Wages**

"Third-party sick pay" as defined in the Bill 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.

### **PENALTY AND INTEREST RATES**

As a result of legislation passed by the Ohio General Assembly, penalty and interest rates for Ohio municipal income tax for tax years beginning on or after January 1, 2016 will be as stated below.

#### **Penalty – Unpaid Tax**

A penalty may be imposed on unpaid income tax, including unpaid estimated income tax, equal to 15% of the amount not timely paid.

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

#### **Late Filing Penalty**

A late filing penalty may be imposed at the rate of \$25 per month (or fraction of a month) that a return, other than an estimated income tax return, remains unfiled. This late filing penalty applies regardless of the liability on the return. The late filing penalty shall not exceed \$150 for each failure to timely file.

#### **Interest – Unpaid Tax**

Interest shall be imposed on all unpaid income tax, unpaid estimated income tax and 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 next following the July of the year in which the federal short-term rate is determined under Section 1274 of the Internal Revenue Code.

Calendar Year	Annual Interest Rate
2015	5%

Tax filings and tax payments related to tax years beginning before January 1, 2016 are subject to the penalty and interest rates and late filing penalties, if any, imposed by each municipal income tax ordinance in effect prior to January 1, 2016 – regardless of the date of filing or payment.

Ohio Revised Code Section 718.27 <http://codes.ohio.gov/orc/718.27>

### **2016 Important Dates**

<b>January 15, 2016</b>	<b>Fourth Quarter 2015 Estimated Tax Due</b>
<b>January 15, 2016</b>	<b>Fourth Quarter 2015 Employee Withholding Tax Due</b>
<b>February 15, 2016</b>	<b>Employer 2016 W-3 Reconciliation Form Due</b>
<b>April 15, 2016</b>	<b>2015 Individual and Business Tax Returns Due</b>
<b>April 15, 2016</b>	<b>First Quarter 2016 Estimated Tax Due</b>
<b>April 15, 2016</b>	<b>First Quarter 2016 Employee Withholding Tax Due</b>
<b>July 15, 2016</b>	<b>Second Quarter 2016 Estimated Tax Due</b>
<b>July 15, 2016</b>	<b>Second Quarter 2016 Employee Withholding Tax Due</b>
<b>October 15, 2016</b>	<b>Third Quarter 2016 Estimated Tax Due</b>
<b>October 15, 2016</b>	<b>Third Quarter 2016 Employee Withholding Tax Due</b>