

NEW MUNICIPAL INCOME TAX GUIDELINES TO BE EFFECTIVE JANUARY 1, 2016.

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 Village of Richfield.

- ✓ Changes in the filing due date for individual estimated tax payments.
 - 1st Quarter due April 15th
 - 2nd Quarter due June 15th
 - 3rd Quarter due September 15th
 - 4th Quarter due December 15th
- ✓ 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.
 - Interest will be calculated at the July Federal short-term rate plus 5%. For 2016 tax returns, paid in 2016, the annual interest rate is 5.0%.

BUSINESS

The list below provides those items that may have an impact on businesses earning income or employing individuals within the Village of Richfield.

- ✓ Changes in filing due date for employee withholding.
 - Payment is due the 15th 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 <http://codes.ohio.gov/orc/718>.
- ✓ 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%. For 2016 tax returns, paid in 2016, that annual interest rate is 5.0%.