



IMPORTANT TAX INFORMATION 2017 EMPLOYER MUNICIPAL WITHHOLDING

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 and after.

Changes in filing due date for employee withholding: Withholding remittance and payment must be received no later than the 15th of the month following the reporting period.

Changes in monthly and quarterly withholding thresholds: Employers must remit monthly if withholding in the previous calendar year exceeded \$2,399 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".

Changes in penalty and interest rates: With respect to unpaid income tax and unpaid estimated income tax, a penalty equal to fifteen percent of the amount not timely paid shall be imposed. With respect to any unpaid withholding tax, a penalty equal to fifty percent of the amount not timely paid shall be imposed. With respect to returns other than estimated income tax returns, the Municipality shall impose a monthly penalty of twenty-five dollars (\$25.00) for each failure to timely file each return, regardless of the liability shown thereon for each month, or any fraction thereof, during which the return remains unfiled regardless of the liability shown thereon. The penalty shall not exceed a total of one hundred fifty dollars (\$150.00) in assessed penalty for each failure to timely file a return.

Interest will be calculated at the July federal short-term interest rate plus 5.00% divided by 12 months for 2017 returns, paid in 2017. The monthly interest rate is 0.42%.

INSTRUCTIONS FOR PREPARING AND FILING FORM R-941

Who Must File:

Every business entity which conducts business within the corporate limits of the Village of Richfield, regardless of where that entity is located, is required to withhold tax from all compensated employees at the time or times such compensation is paid, or in the case of any type of deferred compensation, when such compensation is earned.

Definition of "Taxable Earnings"

The term "Taxable Earnings" has the same meaning as "Qualifying Wages" as defined in ORC 718.03(A). For most employees this is the "Medicare Wage" amount normally found in box 5 of the W-2. Please keep in mind, this includes nonqualified compensation and excludes section 125 plans. If the employee is not subject to Medicare withholding, the provisions in ORC 718.03(A) apply.

Definition of "Employer"

The term "employer" means an individual, co-partnership, association, corporation (including a corporation of the first or non-profit class), governmental administration, agency, arm, authority, board, body, branch, bureau, department, division, section, unit, or any other entity, who or that employs one or more persons on a salary, wage, commission, or other compensation basis, whether or not such employer is engaged in business as defined in the Ordinance and in the Regulations.

Interest and Penalties:

Changes in penalty and interest rates: With respect to unpaid income tax and unpaid estimated income tax, a penalty equal to fifteen percent of the amount not timely paid shall be imposed. With respect to any unpaid withholding tax, a penalty equal to fifty percent of the amount not timely paid shall be imposed. With respect to

returns other than estimated income tax returns, the Municipality shall impose a monthly penalty of twenty-five dollars (\$25.00) for each failure to timely file each return, regardless of the liability shown thereon for each month, or any fraction thereof, during which the return remains unfiled regardless of the liability shown thereon. The penalty shall not exceed a total of one hundred fifty dollars (\$150.00) in assessed penalty for each failure to timely file a return.

Failure to File Return and Pay Tax

Any individual, firm or corporation who fails, neglects or refuses to file a return, who refuses to pay the tax, penalties and interest imposed, who refuses to permit the Tax Administrator or any duly authorized agent or employee to examine his books, records and papers, who knowingly makes an incomplete, false or fraudulent return, or who attempts to do anything to avoid payment of the whole or any part of the tax shall be guilty of a first degree misdemeanor and shall be fined not more than \$1,000.00 or imprisoned for not more than 180 days or both, for each offense.

The failure of any taxpayer to receive or procure a return shall not excuse such taxpayer from filing a return or paying the tax due.

Any check in payment of tax, penalty and/or interest which is returned to the Village marked Insufficient Funds, Account Closed or Stop Payment, shall be subject to a \$10.00 charge for the purpose of defraying additional processing expenses incurred by the Village.

The employer is responsible for payment of under-withholding.

The income tax rate for the Village of Richfield is 2.0% effective July 1, 1992.

Withholding Tax Worksheet
(Keep for your records – Do not file)

<u>Month</u> <u>Ending</u>	<u>Due</u> <u>Date</u>	<u>Check#</u>	<u>Date</u>	<u>Amount</u>
1/31	2/15	_____	_____	_____
2/28	3/15	_____	_____	_____
3/31	4/15	_____	_____	_____
or 1st qtr	4/30	_____	_____	_____
4/30	5/15	_____	_____	_____
5/31	6/15	_____	_____	_____
6/30	7/15	_____	_____	_____
or 2nd qtr	7/31	_____	_____	_____

Withholding Tax Worksheet
(Keep for your records – Do not file)

<u>Month</u> <u>Ending</u>	<u>Due</u> <u>Date</u>	<u>Check#</u>	<u>Date</u>	<u>Amount</u>
7/31	8/15	_____	_____	_____
8/31	9/15	_____	_____	_____
9/30	10/15	_____	_____	_____
or 3rd qtr	10/31	_____	_____	_____
10/31	11/15	_____	_____	_____
11/30	12/15	_____	_____	_____
12/31	1/15	_____	_____	_____
or 4th qtr	1/31	_____	_____	_____