

Ohio House Bill 5

Pursuant to the passage of Amended Substitute House Bill 5 in December 2014, new municipal income tax guidelines mandated by the State of Ohio have been established effective with Tax Years beginning January 1, 2016 and after.

Tax returns and payments for Tax Years beginning prior to January 1, 2016, regardless of the actual filing or payment date, are unaffected by the provisions of Ohio House Bill 5.

Details of the new Ohio municipal income tax guidelines can be found in Chapter 718 of the Ohio Revised Code (ORC) located at: <http://codes.ohio.gov/orc/718> (<http://codes.ohio.gov/orc/718>).

Numerous changes are mandated by HB 5, but those requiring action in early 2016 (for Tax Year 2016 and after) include the following:

- **Changes to filing due date for employer withholding:**
Withholding remittance and payment must be received by the tax administrator no later than the 15th day of the month following the reporting period. See ORC Section 718.03.
- **Changes to 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. See ORC Section 718.03.
- **Withholding guidelines for employers with transient workers; and for those employers qualified as a “small employer”:** Details are available at the ORC Chapter 718 link above. See ORC section 718.011.
- **Changes to estimated tax payment requirements and due dates:**
Estimated payments are required for businesses and individuals expecting to owe \$200 or more in non-withheld tax. Estimated tax payment due dates: 15th day of 4th month, 15th day of the 6th month, 15th day of the 9th month, and 15th day of the 12th month (April 15, June 15, September 15, and December 15 for calendar filers). See ORC section 718.08.
- **Changes to penalties and interest:**
 - Penalty on unpaid income tax and unpaid estimated income tax: 15% of the amount not timely paid
 - Penalty on unpaid withholding tax: 50% of the amount not timely paid

- Penalty for failure to file timely return: \$25 per month or fraction thereof, regardless of tax liability, up to \$150 per return.
- Interest will be imposed per annum on all unpaid income tax, unpaid estimated income tax, and unpaid withholding tax. See ORC section 718.27.

THE INTEREST RATE APPLICABLE TO CALENDAR YEAR 2016 WILL BE 5.00% PER ANNUM.