



**CITY OF AKRON
INCOME TAX DIVISION
DEPARTMENT OF FINANCE**

Pursuant to Amended Substitute House Bill 5 passed by the Ohio Legislature 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.

*Indicates change made pursuant to Ohio Senate Bill 172 effective beginning with the Third Quarter 2016 Withholding; this includes a change of the due date.

Changes in filing due date for employee withholding:

- Monthly and Quarterly Withholding remittances and payments must be received no later than the 15th of the month following the reporting period. *Effective with the third quarter 2016, the due date for quarterly filers is the last day of the month following the end of the quarter.

Changes in penalty and interest rates:

- Late filing penalty is \$25/month per return (capped at \$150/return).
- Late payment penalty is a one-time 50% penalty of the unpaid balance at the time payment is due.
- Interest will be calculated at the July federal short-term interest rate plus 5%. For 2016, the interest rate is 5% per annum; the monthly interest rate is 0.42%. For 2017, the interest rate is 6% per annum; the monthly interest rate is 0.50%.

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.
- 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":

- Details available at the link below to ORC chapter 718. See section 718.011.

Returns required to be filed or payments to be made before January 1, 2016, but filed or paid after that date are subject to interest and penalties according to City of Akron Ordinance 99, effective prior to the revision to Ohio Revised Code Section 718.27.

Chapter 718 of the Ohio Revised Code can be found at: <http://codes.ohio.gov/orc/718>. Please reference this document to determine how the new, State mandated, changes affect your business.

Please visit us at: www.akronohio.gov/1040 in the coming months for additional information.