

City of Columbus  
Income Tax Division, **SPECIAL EDITION**  
**2009 Newsletter**

On August 4, 2009 the voters of the City of Columbus approved an increase in the income tax rate to 2.5% (see certified election results). At its September 14, 2009 meeting, Columbus City Council will pass legislation to formally amend the Columbus City Codes reflecting the tax rate of 2.5% effective with regard to income earned on and after October 1, 2009.

Making adjustments for a change in tax rate is never easy and accommodating a change effective the beginning of the 4th quarter is even more challenging. However, Columbus City Council felt an October 1, 2009 effective date to be in the best interest of the City.

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Numerous calls to the Division have resulted in development of the following FAQs

**WHO DOES THE INCREASE IMPACT AND HOW?**

The 2.5% tax rate applies to:

- Residents and non-residents working in the City of Columbus or having income earned within the City (such as rental or partnership income).
- Residents of Columbus working in taxing jurisdictions with rates less than 2.5% will owe additional tax - the difference between the tax rate where they work (if any) and 2.5%, payable to Columbus.
- Net profits earned from business activities conducted within Columbus.
- Net profits earned by Columbus residents from business activities conducted outside of Columbus (such as rental or partnership income).

Columbus will continue to give full credit to residents for local tax paid or withheld correctly to another tax jurisdiction. If the tax rate of the jurisdiction where a Columbus resident works is less than 2.5%, then the resident will owe additional tax to the City of Columbus so as to result in a total local tax paid of 2.5%.

**WHAT ARE EMPLOYER OBLIGATIONS?**

Employers in the City of Columbus or having employees working in Columbus must withhold local tax at a rate of 2.5% on employee wages earned on or after October 1, 2009. The time that compensation is paid is irrelevant. Income earned on or before September 30, 2009 is subject to a tax rate of 2.0%.

Governmental employers of Columbus residents must withhold any alternate city tax pursuant to O.R.C. 9.42 regardless of where the resident is employed or performed services (see information regarding address verification).

**9.42 Municipal Income Tax Deductions**

Notwithstanding section 1321.32 of the Revised Code, the state and any of its political subdivisions or instrumentalities shall deduct from the wages or salaries of public employees, as defined in section 9.40 of the Revised Code, and employees of school districts, the amount of municipal income tax levied upon the income of the employee. The director of administrative services shall establish by rule procedures for the deduction of municipal income taxes from the wages or salaries of employees of the state or its instrumentalities.

Effective Date: 11-26-1982

Please see the following language for the definition of "public employee":

**9.40 Deductions for United States Savings Bonds**

Any public employee of the state, or any political subdivision thereof, who desires to purchase United States savings bonds by the payroll deduction plan shall be granted such payroll deduction upon request to the head of the state or political subdivision department by whom he is employed.

As used in this section, "public employee" means any person holding an office, not elective, under the state, any county, municipal corporation, park district, conservancy district, sanitary district, health district, township, or public library, or employed and paid in whole or in part by the state or any of such named authorities in any capacity.

Effective Date: 10-01-1953

## **WHAT ARE EMPLOYER OBLIGATIONS? cont.**

Employers may utilize a blended tax rate for the straddle payroll period. Several employers have advised that they will apply a blended tax rate of 2.1% to the two week pay period that includes several days on or after October 1, 2009, resulting in an appropriate overall rate for that period.

For those employers utilizing the City E-File/E-Pay application for the filing of quarterly form IT-11, the following applies:

- Qualifying wages earned on or prior to 9/30/09 to be entered at 2.0%.
- Qualifying wages earned on or after 10/1/09 to be entered at 2.5%.

Employers utilizing the City form IT-11 and submitting manually are to refer to the modified instructions accompanying the form.

Year-end reconciliations are to reflect the total qualifying wage figure and total tax due as remitted.

## **HOW DOES AN EMPLOYER VERIFY THE RESIDENTIAL ADDRESSES OF ITS EMPLOYEES?**

Keep in mind that a postal address reflects only the postal service branch out of which mail is delivered and has no basis in the actual jurisdiction within which the address is located. Employers and taxpayers or their representatives are encouraged to verify locations and taxation districts of addresses for individuals, employees and properties. For 1 to 10 addresses please call the Division at (614) 645-7370. For requests that require searching more than ten (10) addresses and a file size less than 2 MB, submit via e-mail a list in the Excel layout designated on our website [www.columbustax.net](http://www.columbustax.net) under Address Search. For a file size larger than 2 MB, files must be burned to CD and mailed to the Division. Please see our website for detailed instructions.

Governmental employers and businesses with multiple locations are encouraged to check addresses. Employers located outside of Columbus electing to withhold local tax as a courtesy for employees are also encouraged to use this resource.

## **HOW ARE BUSINESS FILERS IMPACTED?**

For those taxpayers filing calendar year returns the blended rate to be used for annualized tax is 2.125%, which will result in the appropriate tax due.

For income earned prior to 10/1/09 the tax rate to be applied is 2.0%. (example: rental property sold prior to 10/1/09). Please provide detailing documentation with the 2009 annual return.

For fiscal year-end filers the following chart is to be utilized in selecting the appropriate blended rate:

<b><u>Fiscal Year Ending</u></b>	<b><u>Tax Rate</u></b>
31-Oct-09	2.042
30-Nov-09	2.083
31-Dec-09	2.125
31-Jan-10	2.167
28-Feb-10	2.208
31-Mar-10	2.250
30-Apr-10	2.292
31-May-10	2.333
30-Jun-10	2.375
31-Jul-10	2.417
31-Aug-10	2.458
30-Sep-10	2.500

## **E-MAIL WEB ALERTS**

Periodically, e-mail web alerts will be sent to those taxpayers or preparers who have subscribed on our web site and have requested to be notified when important tax changes or information releases are made by the Division. Please see our website at [www.columbustax.net](http://www.columbustax.net) for our Homepage Features to subscribe.

## Revised Code, Section 350

**County of** \_\_\_\_\_ Franklin

certifies that at the election held in the City of Columbus

Issue Shall the Ordinance providing for an additional

operations, maintenance, new equipment, and

Votes Against the Income Tax  
(No, against, etc.-as on ballot)

Witness our official signatures at 280 E. Broad St., C

said countv. this 27th \_\_\_\_\_ day of August.

**INCOME TAX DIVISION**

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