

2013 Income Tax Newsletter

City of Columbus,
Income Tax Division
PO Box 183190
Columbus, OH 43218-3190

December 2013

COLUMBUS INCOME TAX DIVISION HAS MOVED!

The Division of Income Tax moved its offices in the summer of 2013. The office is currently located at 77 N. Front Street, 2nd Floor. Please enter the building from the east side facing Front Street. Limited off street (meter) parking available near the building. Proper identification will be required to be shown at the security desk.

Future correspondence to our office should be sent:

Columbus Income Tax Division
PO Box 183190
Columbus, OH 43218-3190

ONLINE FILING FOR INDIVIDUALS TO BE AVAILABLE IN JANUARY

Individual taxpayers will be able to file tax returns online with the Division at the end of January. Please see our website for details at that time on how to file returns electronically for individual taxpayers.

INCENTIVE STOCK OPTIONS ARE TAXABLE INCOME

The gains from a disqualifying disposition of an Incentive Stock Option (ISO) are not shown within FICA wages on Federal Form W-2 in Box 5. However, per O.R.C. 718.03 these gains shall be included within "qualifying wages" and are subject to municipal income tax, unless the municipality has exempted said income from taxation by code or ordinance. Employers should withhold local tax for the City of Columbus on Incentive Stock Options and should be reflected properly on Federal Form W-2 in Box 18.

ALTERNATE CITY TAX DUE FOR CITY OF COLUMBUS RESIDENTS

The income tax rate for the City of Columbus is 2.5%. Many Columbus residents working in local jurisdictions having a lower tax rate now have an obligation to file a return with and pay additional tax to Columbus. The Division of Income Tax encourages employers located outside the City of Columbus to withhold, as a courtesy, any additional local tax owed by employees due to their residence. This courtesy withholding of additional tax due to the City of Columbus may eliminate the employee's obligation to file a Columbus return so long as they have no other taxable income. Columbus residents who do not have this alternate city tax withheld as a courtesy may be subject to audit.

YEAR 2013 INTEREST RATE

For 2013, the interest rate used by Columbus, Brice, Harrisburg and Marble Cliff is 3% per annum. The interest rate for all other municipalities administered continues to be 18%.

“NON-FILER” NOTICES FOR INDIVIDUALS

Several times each year the Division mails “Non-Filer” or “Friendly Reminder” notices to all active individual tax accounts that have not filed for the current year or that have gaps in their filing history for previous years. Taxpayers who receive these notices are required to either file a return for the requested time period(s) or provide documentation as to why they no longer have a filing requirement with the city of Columbus. This documentation can be either mailed or sent by facsimile to the Division.

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.columbusax.net for our Homepage Features to subscribe.

DUE DATE FOR YEAR END RECONCILIATION FORM IT-13

Ohio Revised Code Section 718.05 establishes the due date for filing the completed Form IT-13 Year End Reconciliation is on the due date for the Internal Revenue Service filing. The due date for IRS Form W-3 Transmittal of Wage and Tax Statements is February 28, 2014. For Year End Reconciliations to be filed for tax year 2013 the due date is February 28, 2014.

GAMBLING INCOME IS NOW TAXABLE

Effective June 1, 2012, all prizes, awards and winnings derived from gaming, wagering, sweepstakes and games of chance resulting from play, wagering or activities related to the winning of such income within the City of Columbus by residents and non-residents are taxable income. Additionally, prizes, awards and winnings paid to residents of the City of Columbus derived from activities outside of the City shall be subject to the tax. For tax year 2012 and beyond, losses from gambling shown as an itemized deduction on Federal Schedule A may not be allowed to offset gains from gambling or any other sources of income. All prizes, awards and winnings paid to residents of the City derived from the State lottery and paid by the State Lottery Commission shall be taxable.

COLUMBUS TAXATION OF CONTRIBUTIONS TO NON-QUALIFIED DEFERRAL PLANS

Prior to January 1, 2004 Columbus tax was not imposed upon employers' contributions to non-qualified deferred compensation plans (SERPs, etc.) at the time of contribution. Distributions from these plans were taxed in the year of distribution to the city where the income was originally earned. Contributions to non-qualified plans on or after January 1, 2004 are subject to the Columbus tax at the time these contributions are included in “Qualifying Wages” as defined in §718.03 of the Ohio Revised Code. In light of the tax being paid at the time of contribution, distributions from non-qualified plans will not be taxed.

COLUMBUS CITY TAX PACKETS ARE AVAILABLE...

Studies have demonstrated that only 8-10% of the personalized, pre-encoded tax returns mailed to the taxpayers each year are actually used. Instead, taxpayers are submitting city tax returns that they have either downloaded from the Columbus Income Tax website or have received from their tax preparer. In an effort to cut-down on waste of our precious resources (paper, postage, etc), the Income Tax Division will no longer automatically mail income tax packets to every active individual or business account on file. All city tax forms and instructions for Columbus and all communities administered by Columbus are still available at the following locations:

- www.columbustax.net
- approved software vendors (see our website)
- The Division of Income Tax request line (614)645-2829 for business returns and (614)724- 8297 for individual returns - Call at your convenience. These lines are operational 24/7.

MAILING ADDRESSES TO BE USED

Individual and Business returns with payments:

City Treasurer
PO Box 182158
Columbus, Ohio 43218-2158

Individual or Business refund requests or filings without payment:

City Treasurer
PO Box 182437
Columbus, Ohio 43218-2437

Withholding returns and payments:

City Treasurer
PO Box 182489
Columbus, Ohio 43218-2489

General and Certified Mail correspondence:

Columbus Income Tax Division
PO BOX 183190
Columbus, Ohio 43215-3190

Electronic filing follow-up documentation:

Columbus Income Tax Division
PO BOX 183213
Columbus, Ohio 43218-3213

TAXPAYER ASSISTANCE AND QUESTIONS

Taxpayers who have a filing requirement and have not had their returns professionally prepared may come to the Division of Income Tax and have an audit staff member prepare their city return without charge. Local forms, Federal forms and schedules are required to complete a return. For other taxpayer assistance or questions please use the following phone list:

Tax Forms Request Line (24/7)

Business Form	(614) 645-2829
Individual Form	(614) 724-8297
<u>Business Accounts</u>	(614) 645-8328
Facsimile #	(614) 724-2610
<u>Business Withholding</u>	(614) 645-8368
Facsimile #	(614) 724-0232
<u>Delinquent Collections</u>	(614) 645-8152
Facsimile #	(614) 724-2607
<u>Hotel/Motel Tax</u>	(614) 645-7865
Facsimile #	(614) 645-7193
<u>Individual Section</u>	(614) 645-7646
Facsimile #	(614) 724-2608
<u>New Accounts</u>	(614) 645-7374
Facsimile #	(614) 724-2606
<u>Local address searches</u>	(614) 645-7405
Facsimile #	(614) 724-7193

FILING FORMAT FOR W-2 DATA VIA MAGNETIC MEDIA

It is important for employers to realize that commencing with tax year 2004 there have been significant changes in the requirements for withholding local tax on employee wages. The Ohio General Assembly passed House Bill 95 in July of 2003, effective January 1, 2004, mandating that all Ohio municipalities assess payroll withholding taxes on "Qualifying Wages" as defined by §718.03 of the Ohio Revised Code. Please see our web site at www.columbustax.net for the details of the "Safe Harbor" rule for "Qualifying Wages" and for proper filing format using Magnetic media. For tax year 2012, only filings received on floppy diskette, CD-ROM or USB flash drive will be accepted.

Please review our current year magnetic media requirements for proper compliance.

INCOME TAX DIVISION
PO Box 183190
Columbus, Ohio 43218-3190

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