INCREASE IN THE CITY OF OBETZ INCOME TAX RATE
The voters of the City of Obetz approved on November 4, 2014 an increase in the income tax rate to 2.5%. At the November 10, 2014 Obetz City Council meeting legislation was passed to formally amend the Obetz City Codes reflecting the tax rate of 2.5% effective with regard to income earned on and after January 1, 2015 in the City or by residents of the City of Obetz.

Also, the increase in the City of Obetz tax rate affects employees and businesses operating in the Prairie–Obetz Township Joint Economic Development District (JEDD). The tax rate of 2.5% is effective for the JEDD with regard to income earned on or after January 1, 2015.

COLLECTION OF DELINQUENT TAXES
2015 will see an uptick in collection efforts by the City of Columbus. Beginning January 1, 2015, after the issuance of five (5) delinquent notices, a delinquent tax liability for which payment has not been received in full or for which there is no active payment plan through the Division’s Delinquent Accounts Section, will be either placed with an outside collector under contract with the City or referred to the City Attorney’s office for legal action. Once an account has been placed with an outside collector, either before or after a judgment has been taken, a surcharge of 30% to cover the cost of collection will be added to the total outstanding debt. This amount is in addition to any court costs incurred by the City as the result of taking action through the courts.

DETERMINING THE CORRECT TAXING JURISDICTION
The residential or business mailing address does not always reflect the taxing jurisdiction in which you reside or operate your business. In central Ohio, over 60,000 addresses, actually located within the City of Columbus, have been assigned to suburban post offices (e.g. Dublin, Galloway, Worthington). It is important to know the actual jurisdiction in which you live and/or work to ensure that local taxes are properly filed and paid. If you are uncertain of your tax jurisdiction, or wish to verify the address of an employee or work location, contact the Division (614–645–7370).

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 nonqualified plans will not be taxed.

YEAR 2014 INTEREST RATE
For 2014 the interest rate used by Columbus, Brice, Harrisburg, and Marble Cliff is 3% per annum. The interest rate for all other municipalities administered by the Division continues to be 18% per annum. The effective interest rate applies for the jurisdiction administering the JEDD.
COMMON LAW DOMICILE VS BRIGHT LINE TEST FOR RESIDENCY

Unlike the “Brightline Test “ of 183 contact periods in a year used by the State of Ohio to establish domicile, municipalities use the common law definition of domicile which is based upon case law established over many years. Several of the common law factors to be considered are 1) Owner occupied property tax deduction taken for a primary residence to which one returns from any absence 2) The location of any residence, owned or leased to which one returns after any absence 3) The address used on federal or state income tax returns 4) The address found on your driver’s license 5) The address used for vehicle registration.

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 nonresidents 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.

OFFICER’S COMPENSATION

Section 3121(d)(1) of the Internal Revenue Code establishes that any officer of a corporation who receives any compensation for services is an employee. Compensation paid to an officer-employee should be treated like any other employee compensation and reported on the officer-employee’s W-2. Officer-employee compensation is subject to the 2% Columbus withholding tax on “Qualifying Wages” defined under §718.03 of the Ohio Revised Code earned prior to 9/30/2009. “Qualifying Wages” earned on or after 10/1/09 are subject to the 2.5% Columbus withholding tax. Failing to withhold Columbus tax on the officer-employee’s compensation as required by §361.24 of the Columbus City Codes subjects the corporation to the 50% penalty plus interest as outlined in Columbus City Codes §361.38.

RENTAL REAL ESTATE INCOME

Individual taxpayers who report more than one rental property on Federal Schedule E are considered by the Division to be in the business of renting property. Per §718.02 of the Ohio Revised Code a business or profession conducted within and without the boundaries of a municipal corporation is required to use the three part allocation formula when calculating net profits for municipal taxation. Therefore individual taxpayers with more than one rental property are now required to use schedule Y to allocate income from business rental activity when completing the city return. Rental income is first taxed to the city where the income has been allocated, and then paid to the city of residence (if the allowable credit for taxes paid to the city where the income has been allocated is not equal to or greater than tax due your city of residence). If the property is not located in any taxing city, income is taxed to owner’s city of residence.

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 for our Homepage Features to subscribe.
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
- Business Accounts (614) 645–8328
- Facsimile # (614) 724–2610
- Business Withholding (614) 645–8368
- Facsimile # (614) 724–0232
- Delinquent Collections (614) 645–8152
- Facsimile # (614) 724–2607
- Hotel/Motel Tax (614) 645–7865
- Facsimile # (614) 645–7193
- Individual Section (614) 645–7646
- Facsimile # (614) 724–2608
- New Accounts (614) 645–7374
- Facsimile # (614) 724–2606
- Local address searches (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 2014 only CD-ROM or a USB flash drive will be accepted.

Please review our current year magnetic media requirements for proper compliance.
December 2014 Newsletter