

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

Please note that this Newsletter serves as a replacement for the edition recently delivered to taxpayers. Unfortunately, the unedited file was confused with the edited file when sent to our vendor. Please destroy the December 2015 edition and retain this edition for your records. Our website has the correct version posted. We apologize for the confusion.

RECENT CHANGES TO MUNICIPAL TAXES PER HOUSE BILL 5

On December 14, 2014, the Governor signed HB 5 -the Municipal Income Tax Reform Bill created and passed by the State Legislature. The language within the Bill relates only to liabilities incurred on or after January 1, 2016. Tax accruing prior to that date will be administered by the local law in effect prior to the effective date of the Bill. Annual returns filed by individuals and businesses for tax year 2015 and all previous years are not subject to the provisions of HB 5. On November 2, 2015, Columbus City Council enacted new Chapter 362 of the Columbus City Codes, which is the Income Tax Code in effect for liabilities incurred on or after January 1, 2016. The provisions of Chapter 361 remain in effect for all prior tax years.

Please note those portions of the Bill listed below which impact filings and remittances in 2016 which are related to employer withholding tax, declarations of estimated tax and penalty and interest charges.

- Filing and payment deadlines have been changed and declarations are not required if the annual tax will be less than \$200. Quarterly deposits of estimated tax are due the 15th of the fourth, sixth, ninth and twelfth months of the taxable year. In order to avoid penalty for underpayment of estimated tax, the amount paid must equal at least 90% of the liability for the current taxable year or 100% of the prior year liability.

- There are many provisions of HB 5 which impact employer withholding. It is important for employers to familiarize themselves with the provisions of Columbus City Codes section 362.05 *Collection at the Source* to ensure compliance.
- Interest during 2016 shall be assessed at 5% and penalty for non-withholding liabilities shall be assessed at 15%. Penalty for unpaid municipal withholding tax is now 50% state-wide - no change for Columbus.

The bulk of the changes to municipal codes will impact the annual filings for tax year 2016.

Net Operating Loss carryforward will be initiated in 2017, to first appear on the 2018 return.

FOR TAX SEASON 2016, THE DUE DATE FOR ANNUAL FILINGS RELATED TO THE 2015 TAX YEAR IS APRIL 18, 2016.

Although April 15, 2016 falls on a Friday, the observation of Emancipation Day in Washington D.C. will be April 15. The actual holiday falls on Saturday, April 16 and federal law shifts the observation of a holiday that falls on a Saturday to the preceding Friday. As a result, the federal filing deadline has been moved to Monday, April 18, 2016. The City of Columbus will follow the federal filing deadline. Thus, annual local filings which are normally due on April 15 will be considered timely filed if they are in fact filed on or before April 18, 2016.

DID YOU KNOW THAT YOU CAN ELECTRONICALLY FILE AND PAY CITY INCOME TAXES?

The Columbus Division of Income Tax invites any individual taxpayer with an established account to file their annual City Tax Return (Form IR-25) as well as make any related payment electronically. A new application to facilitate electronic filing and payment is available from the home page of our website at www.columbustax.net.

This new application allows you to file your annual City tax return, whether requesting a refund or credit, or whether you owe or don't owe city tax. A convenient electronic payment option is provided, allowing you to pay any taxes due with your annual return. Payments may be made by either electronic check (using your personal or business checking account) or by credit/debit card (Master Card, Visa or Discover Card branded). Note: your card company charges a convenience fee if you remit payment by credit/debit card, but there is no charge for the electronic check option.

The Columbus online return program only accepts city tax returns (**IR-25**) for the City of Columbus and the municipalities administered by Columbus. Currently, only tax years 2013 and later may be electronically filed via this application. To electronically file your return you must use the Form IR-25 provided in our application. You must also be able to attach a digital copy (PDF, JPG or TIF) of any and all required return attachments such as; form(s), W2, 1099, Federal 1040 and Schedules C, E or F as well as any other document that may be required for the processing of a refund request (e.g. employer-certification, days-in/days-out documentation, birth certificate/driver's license).

To gain access to the online return E-File/E-pay application you must have a PIN number previously issued and sent to you by the Division. For those without a PIN, a request may be submitted to the Division, which will in turn issue a PIN and send it by regular mail to you. This is to ensure the safeguarding of your account information.

If you have any questions regarding our new E-file/E-pay application, please call our office at: (614)645-7370.

NOTIFICATION OF UNCLAIMED CREDITS

The following items are the most common errors related to the filing of annual returns which may result in an unclaimed credit:

1. Claiming the incorrect current year estimated payments or prior year available credit on line 2 on the annual returns.
2. Incorrect calculation of Schedule X taxable/non-taxable figures. Frequently, capital gains and intangible income have been included within taxable income. Also, pass-through income on corporate returns has been included in error within taxable income.
3. Incorrect calculation of Schedule Y business allocation formula. Frequently, the local wage factor has been shown to be too high.
4. Fiscal year filers using Forms BR-18 and BR-25 for the incorrect tax year.
5. Improper calculation of the days worked outside of the City by non-residents.

If these errors are discovered through audit, the taxpayer will be notified of the correction made along with resulting credit which will be available for refund or credit to offset future tax liabilities depending upon the direction provided to the Division.

YEAR 2015 INTEREST RATE

For 2015 filings, 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 will be 18% per annum. The effective interest rate for a JEDD related to 2015 filings is that of the administering jurisdiction.

YEAR 2016 INTEREST RATE

Any local tax liability incurred on or after January 1, 2016 shall be subject to an interest rate of 5% state-wide.

2016 DUE DATES

Due dates for filing city tax returns and remitting payments in 2016 are as follows:

2015 INCOME TAX RETURNS

	FORM	DUE WITH PAYMENT
Calendar Year Taxpayers (Individuals and Businesses)	IR-25/BR-25	April 18, 2016
Fiscal Year Taxpayers (Individuals and Businesses)	IR-25/BR-25	15th day of 4th month following end of Fiscal year

2016 ESTIMATED TAX-Individuals and Businesses

	FORM	DUE WITH PAYMENT
Declaration of Estimated Tax	IR-21/BR-21	April 18, 2016
2nd Quarter	IR-18/BR-18	June 15, 2016
3rd Quarter	IR-18/BR-18	September 15, 2016
4th Quarter	IR-18/BR-18	December 15, 2016

2016 EMPLOYER'S WITHHOLDING RETURNS

QUARTER PERIOD	FORM	DUE DATE
1st Quarter January, February and March	IT-11	April 30, 2016
2nd Quarter April, May and June	IT-11	July 31, 2016
3rd Quarter July, August and September	IT-11	October 31, 2016
4th Quarter October, November and December	IT-11	January 31, 2017
YEAR END Reconciliation of W-2s	IT-13	February 28, 2017

2016 EMPLOYER'S DEPOSITS OF TAX WITHHELD

MONTHLY TAX LIABILITY FORM DUE ON:

\$1.00 - \$200.00 (quarterly payments required)	IT-11	15th day of the following month
\$201.00 - \$1,000.00 (monthly payments required)	IT-15	15th day of the following month
\$1,001.00 or greater (semimonthly payments required)	IT-15	3 banking days after the 15th and the last day of the month

Daily Deposit

Each employer who is required under Internal Revenue Code Section 6302 to make next day deposit of tax withheld from employee wages shall then electronically deposit municipal taxes withheld with the City of Columbus, Income Tax Division the next business day.

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 43218-3190

Electronic filing follow-up documentation:

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

TAXPAYER ASSISTANCE AND QUESTIONS

Taxpayers with a filing requirement who 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. No appointment is necessary. 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

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PO Box 183190
Columbus, Ohio 43218-3190

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