**INCOME TAX NEWSLETTER**

City of Columbus, Income Tax Division, 77 N. Front Street, 2nd Floor, Columbus, Ohio 43215  
www.columbustax.net

Income Tax Filings Due April 18, 2017

Although April 15, 2017 falls on a Saturday, the observation of Emancipation Day in Washington D.C. will be April 17 shifting the Federal filing deadline to April 18, 2017. The annual local filings will be considered timely filed if they are filed on or before April 18, 2017.

Recent Changes to Municipal Taxes Per House Bill 5

For tax year 2016 there are many changes to municipal taxation that will be implemented per the passage of House Bill 5 by the Ohio General Assembly. The major changes to municipal taxes include:

- In accordance with Ohio Revised Code Section 718.05(G)(1)(Individuals) and 718.05(H)(1)(Net profits) no remittance of tax is required if the amount shown to be due on the return filed is ten dollars ($10.00) or less. In accordance with Ohio Revised Code Section 718.19(A)(1) municipalities shall only be required to issue refunds of overpayments of more than ten dollars ($10.00).

- Taxpayers shall only be required to make estimated payments on a taxpayer's tax liability for a municipal corporation's income tax for the current taxable year if the amount payable as estimated taxes is at least two hundred dollars ($200.00) or greater per Ohio Revised Code Section 718.08(B)(1). A taxpayer required to make estimated payments shall be required to make payments equal to ninety percent (90%) of the tax liability for the current tax year or one hundred percent (100%) of the prior year tax liability to be considered as timely paid per §718.08 of the Ohio Revised Code.

- The first year that net operating loss carryforwards may be calculated for the City of Columbus is with regard to the taxpayer’s 2017 tax return impacting net profits filed in 2018. The first return on which a net operating loss carryforward may be utilized is the taxpayer’s 2018 tax return filed in 2019. Net operating loss carryforwards prior to tax year 2017 may not be utilized against any other sources of income of the taxpayer.

- Per Ohio Revised Code Section 718.05(G)(2) any taxpayer that has duly requested an automatic six-month extension for filing the taxpayer's federal income tax return shall automatically receive an extension for the filing of a municipal income tax return.

- The income or losses from the net profits of a resident taxpayer shall be aggregated together regardless of the taxing jurisdiction in which the activity was conducted. The taxable income figures to be utilized by taxpayers on the filing of their individual tax returns should be taken from Federal Schedules C, E, and F. Columbus City Code Section 362.081(A) limits the allowable credit to be taken on the taxpayer’s return to 2.5% of the amount of income subject to the tax. The limiting of the credit to the amount of income subject to tax prevents the crediting or refunding of taxes remitted to any other municipal taxing jurisdiction.

- In accordance with Ohio Revised Code Section 718.01(B)(2) the definition of taxable income shall not include the individual nonresident's distributive share of the net profit or loss of pass-through entities owned directly or indirectly by the nonresident. Accordingly, no credits or refunds will be granted related to the offsetting of gains and losses from pass-through partnership or limited liability companies incurred within the City of Columbus commencing with tax year 2016.
The amount of an individual's employee business expenses reported on form 2106 and deducted for federal income tax purposes for the taxable year is subject to the limitation imposed by section 67 of the Internal Revenue Code. For the municipal corporation in which the taxpayer is a resident, the taxpayer may deduct all such expenses allowed for federal income tax purposes. For a municipal corporation in which the taxpayer is not a resident, the taxpayer may deduct such expenses only to the extent the expenses are related to the taxpayer's performance of personal services in that nonresident municipal corporation.

Commencing with tax year 2016 individual taxpayers that have a filing requirement for reporting rental real estate activities shall use separate accounting for the purpose of calculating net profit sitused to the municipal corporation in which the property is located. The separate accounting as shown on Federal Schedule E Part I should be utilized for reporting income/loss from rental real estate activities. Any common expenses or shared expenses shall be allocated between the rental properties.

Any employer, agent of an employer, or other payer required to make quarterly payments of taxes required to be deducted and withheld from employees “qualifying wages” shall make such quarterly payments to the tax administrator not later than the last day of the month following the end of each calendar quarter. This legislative change by the General Assembly to the original language of House Bill 5 was effective commencing with the third quarter of tax year 2016.

An employer is not required to withhold municipal income tax on qualifying wages paid to an employee for the performance of personal services in a municipal corporation that imposes such a tax if the employee performed such services in the municipal corporation on twenty or fewer days in a calendar year, unless one of the following conditions applies:

(a) The employee's principal place of work is located in the municipal corporation.
(b) The employee performed services at one or more presumed worksite locations in the municipal corporation.
(c) The employee has requested that local tax be withheld due to residency.
(d) The employee is a professional athlete, professional entertainer, or a public figure earning qualifying wages.

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. Easy File, 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.

At this time, 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 Easy File 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.
Interest Rates
Any local tax liability incurred on or after January 1, 2016 shall be subject to an interest rate of 5% state-wide. The interest rate for 2017 will be subject to an interest rate of 6% state-wide.

Resident Individuals with Income from Trusts
Commencing with tax year 2016 resident individuals with income from trust as shown on Federal Schedule E will now be taxable due to residency per Columbus City Code Section 362.03.

Tax Year 2017 Due Dates

Due dates for filing city tax returns and remitting payments in 2017 are as follows:

**2016 INCOME TAX RETURNS**

<table>
<thead>
<tr>
<th>Calendar Year Taxpayers (Individuals and Businesses)</th>
<th>FORM</th>
<th>DUE WITH PAYMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>IR-25/BR-25</td>
<td></td>
<td>April 18, 2017</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Fiscal Year Taxpayers (Individuals and Businesses)</th>
<th>FORM</th>
<th>DUE WITH PAYMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>IR-25/BR-25</td>
<td></td>
<td>15th day of 4th month following end of Fiscal year</td>
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**2017 ESTIMATED TAX-Individuals and Businesses**

<table>
<thead>
<tr>
<th>Declaration of Estimated Tax</th>
<th>FORM</th>
<th>DUE WITH PAYMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>2nd Quarter</td>
<td>IR-21/BR-21</td>
<td>April 18, 2017</td>
</tr>
<tr>
<td>3rd Quarter</td>
<td>IR-18/BR-18</td>
<td>June 15, 2017</td>
</tr>
<tr>
<td>4th Quarter</td>
<td>IR-18/BR-18</td>
<td>September 15, 2017</td>
</tr>
</tbody>
</table>

**2017 EMPLOYER’S WITHHOLDING RETURNS**

<table>
<thead>
<tr>
<th>QUARTER PERIOD</th>
<th>FORM</th>
<th>DUE DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Quarter January, February and March</td>
<td>IT-11</td>
<td>April 30, 2017</td>
</tr>
<tr>
<td>2nd Quarter April, May and June</td>
<td>IT-11</td>
<td>July 31, 2017</td>
</tr>
<tr>
<td>3rd Quarter July, August and September</td>
<td>IT-11</td>
<td>October 31, 2017</td>
</tr>
<tr>
<td>4th Quarter October, November and December</td>
<td>IT-11</td>
<td>January 31, 2018</td>
</tr>
<tr>
<td>YEAR END Reconciliation of W-2s</td>
<td>IT-13</td>
<td>February 28, 2018</td>
</tr>
</tbody>
</table>

**2017 EMPLOYER’S DEPOSITS OF TAX WITHHELD**

If your monthly tax liability is:

- $1.00 - $200.00 (quarterly payments required) IT-11 last 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 (seminonthly 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 at the same time.

Penalty Rates
Any local tax liability incurred on or after January 1, 2016 for Individuals, Corporations, S-Corporations, Partnerships, Limited Liability Companies, and Trusts shall be subject to a penalty rate of 15% state-wide. Additionally, the local tax liability incurred on or after January 1, 2016 for Employers shall be subject to a penalty rate of 50% state-wide.

Collection Group
The Columbus Income Tax Division administers municipal income tax for Brice, Canal Winchester, Groveport, Harrisburg, Marble Cliff, Obetz, Northern Pickaway County JEDD, Prairie Obetz JEDZ and the Prairie Township JEDD as well as its own.