

Income Tax Newsletter

January 2019

A Message from the Division

Greetings! We're writing to get you up to speed on changes that will impact City returns for the upcoming filing season. Some of the changes outlined are external – federal tax code changes, changes in state law, and new administering agencies for municipalities surrounding Columbus.

Others are driven internally as our Division is under new leadership. Columbus City Auditor Megan Kilgore took office in January of 2018 and has prioritized simplifying the filing process for Columbus residents, workers, and businesses. Our team is working hard to improve online services and streamline filing processes. This means we'll be mailing less paper, improving the usability of our website, and moving toward more online filing options.

We hope that this newsletter answers any questions you may have regarding the upcoming filing season and tax year. In the event that you need more information, please do not hesitate to visit our website at www.columbustax.net or give our team a call. We've provided a list of numbers to direct you in getting the assistance you need. Many things are changing at the Columbus Income Tax Division, but our commitment to providing excellent customer service to taxpayers remains the same.

New for the 2019 Filing Season

Columbus to No Longer Collect Taxes for Area Municipalities

Effective January 1, 2019, the City of Columbus will no longer administer income tax for the municipalities listed below. Please visit the new administering agencies' websites provided below to file tax returns, make payments, or find more information after this date.

Regional Income Tax Agency (RITA)

- Brice
- Canal Winchester
- Groveport
- Harrisburg

Central Collection Agency (CCA)

- Marble Cliff
- Obetz
- Prairie-Obetz JEDZ

Please note: the City of Columbus will still administer income taxes for the North Pickaway County and Prairie Township Joint Economic Development Districts (JEDDs).

Federal Tax Changes and their Impact to Municipal Income Taxes

The Tax Cuts and Jobs Act Bill was signed into law December 22, 2017 and contains a variety of provisions that will impact individuals and businesses filing City income tax.

Impacts to individual returns:

- Federal Form **2106 deductions** have been repealed for most taxpayers. These deductions are usually claimed for unreimbursed business expenses and other miscellaneous expenses at both the Federal and City levels. Since Ohio Revised Code ties the allowance of these deductions at the City level to the federal limitation, Ohio municipalities will no longer allow the deduction of these expenses.
- The definition of **gambling losses** now includes all expenses incurred in carrying out wagering transactions. Professional gamblers can now only deduct wagering losses and non-wagering business expenses to the extent of gambling winnings. This eliminates the ability to generate a net operating loss from their gambling activities on Schedule C.
- All employee **moving expense reimbursements** from employers are now taxable, with the exception of reimbursements for members of the military on active duty. These amounts are included in boxes 1, 3, and 5 of the W-2.
- Income other than wages, interest, dividends, retirement income, and social security benefits will now appear on **federal 1040 Schedule 1** rather than on form 1040 itself. Municipalities may request these new schedules from taxpayers in processing their returns.

Impacts to business returns:

- The new federal **Qualified Business Income Deduction (QBI)** is available for Schedule C and Schedule E filers, as well as S-Corporations and Partnerships. However, this deduction is taken after Adjusted Gross Income is calculated, so it will **not** be factored into taxable income at the City level.
- The allowable **179 Depreciation** deduction has increased from \$500,000 to \$1 million and allows for bonus depreciation on qualified property at 50% or 100% until 2022.

Municipal Net Operating Loss Carryforwards

Beginning in tax year 2018, net operating loss carry forwards are permitted but limited per ORC 718.01. "Net Operating Loss" means a loss incurred by a person in the operation of a trade or business. "Net operating loss" does not include unutilized losses resulting from basis limitations, at-risk limitations, or passive activity loss limitations. Passive activity losses are deducted the year allowed for federal tax purposes.

City of Columbus to No Longer Mail Employer Withholding Forms

Employers will no longer receive quarterly mailings including Forms IT-15 or IT-11 or the annual mailing of Form IT-13. Employers can download these forms at www.columbustax.net or request forms by calling (614) 645-2829.

2019 Penalty and Interest Rates

Effective January 1st 2019 the penalty rate for late payment of taxes for Individuals, Corporations, S-Corporations, Partnerships, Limited Liability Companies and Trusts will be 15% state wide. Additionally, employer withholding payments not received timely will be subject to a penalty rate of 50%.

The interest rate for tax year 2019 will be 7% state-wide.

Guide to Filing Columbus Returns

Where to Find Forms

All City of Columbus tax forms and instructions are available for download at www.columbustax.net.

File and Pay IR-25 Returns Electronically

Columbus offers online filing and payment for IR-25 returns via our Easy File application. To access the Easy File,

1. Visit www.columbustax.net and click "IR-25" under EASY FILE for Individuals
2. Use the City Tax Account ID and PIN provided to you by the Division. If you cannot locate your ID and PIN, please call our office at 614-645-7370
3. Be sure to have electronic copies of all required attachments available, including
 - a. W-2s and 1099s from your employers;
 - b. Applicable federal schedules (e.g. Schedules C, E, F, etc.);
 - c. Documents that may be required to process a refund (e.g. employer certification, days-in/days-out documentation, birth certificate, etc.);
 - d. Payment information if filing a return with a liability. Payments can be made by electronic check or by credit/debit card.

Please note that paper returns are required for first-time filers.

Electronic Payment Options

In addition to online filing of IR-25s, the City of Columbus offers online payment options for the following forms:

- Declarations of Estimated Income Tax (BR-21 and IR-21),
- Quarterly Statements of Estimated Income Tax Due (IR-18 and BR-18),
- Applications for Filing Extensions (BR-42 and IR-42),
- Employer Monthly or Semi-Monthly Deposits of Income Tax Withheld (IT-15),
- Employer's Quarterly Return of Income Tax Withheld (IT-11), and
- Payment of Liabilities.

To make payments associated with these forms online, please visit www.columbustax.net and click "Payment Portal".

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:

Contact	Phone	Fax
Forms Request – Businesses	(614) 645-2829	
Forms Request – Individual	(614) 724-8297	
Business Accounts	(614) 645-8328	(614) 724-2610
Business Withholding	(614) 645-8368	(614) 724-0232
Delinquent Collections	(614) 645-8152	(614) 724-2607
Hotel/Motel Tax	(614) 645-7865	(614) 645-7193
Individual Section	(614) 645-7646	(614) 724-2608
New Accounts	(614) 645-7374	(614) 724-2606
Local Address Searches	(614) 645-7405	(614) 724-7193

2019 Due Dates

2018 Tax Returns – Individuals and Businesses		
	Form	Due With Payment
Calendar Year Taxpayers	IR-25/BR-25	April 15
Fiscal Year Taxpayers	IR-25/BR-25	15 th day of 4 th month following end of fiscal year
2019 Estimated Tax – Individuals and Businesses		
	Form	Due With Payment
Declaration of Estimated Tax	IR-21/BR-21	April 15
2 nd Quarter Payment	IR-18/BR-18	June 15
3 rd Quarter Payment	IR-18/BR-18	September 15
4 th Quarter Payment	BR-18	December 15
	IR-18	January 15, 2020
2019 Employer’s Withholding Returns		
	Form	Due Date
1 st Quarter	IT-11	April 30
2 nd Quarter	IT-11	July 31
3 rd Quarter	IT-11	October 31
4 th Quarter	IT-11	January 31, 2020
Year End Reconciliation of W-2s	IT-13	February 28, 2020
2019 Employer’s Deposits of Tax Withheld		
	Form	Due Date
Semi-monthly payments	IT-15	Within 3 banking days after the 15 th and the last day of each month
Monthly payments	IT-15	Within 15 days of the close of each calendar month
Quarterly payments	IT-11	Last day of month following the end of each quarter

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.