



CITY OF COLUMBUS

Income tax Division

77 N. Front Street
2nd Floor
Columbus, Ohio 43215
www.columbus-tax.net

Memorandum

TO: Contractors

FROM: Columbus Income Tax Division

RE: City Withholding/Net Income Tax

The City of Columbus imposes a local tax of 2.5% on all income earned within the City.

The tax is levied on both the net income of the business earned in the City of Columbus and on the wages, salaries and other forms of compensation earned by employees of the company in the City of Columbus. It is the employer's legal obligation to withhold the local tax from wages paid to employees.

In addition to fulfilling its own tax obligations to the City, the contractor has the responsibility of notifying its sub-contractors of the Columbus Income Tax. Completion of Form IT-47S (General Contractor & Sub-Contractor Identification) satisfies, to some extent, the contractor's responsibility in this regard.

If you have not already provided information on your sub-contractors, please complete the attached form IT-47S and return it to the Columbus Income Tax Division within seven (7) days of receipt. Thank you in advance for your cooperation.

Sincerely,

Adam Taylor
Tax Auditor
Phone: (614) 645-6884
Fax: (614) 724-0232

Important Notice to General Contractors

All city contracts contain a clause requiring you and all of your subcontractors to be in compliance with the City tax code.

Every year, the City holds up payments to general contractors because a subcontractor is not in compliance. Federal, state and local confidentiality laws prevent the Income Tax Division from releasing the name of the non-compliant subcontractor to the general contractor.

Therefore, to prevent you from having your payments held up because of the actions of a subcontractor, the Income Tax Division suggests that you require all of your subcontractors to provide you with letters of good standing from the City of Columbus Income Tax Division prior to awarding the contract. Letters of good standing can only be issued directly to the subcontractor, who will then need to show you the letter (we recommend that you require an original letter and not a copy).

Letters of good standing are only good through the date of the letter. If there is a significant amount of time between the award of the contract and commencement of the subcontract work, you may want to require a letter of good standing when you award the subcontract, and another just before the subcontractor begins working on the job. If the subcontractor will be working on a job for an extended period of time, you might want to require semi-annual letters of good standing.

Should you end up having a payment held up by the City because of a non-compliant subcontractor, you should immediately request that all of your subcontractors provide you current letters of good standing.

General Contractor and Subcontractor Identification

PART A GENERAL INFORMATION

General Contractor

EIN

Project Manager

Telephone No.

Project Address

City

State

Zip Code

E-Mail Address

Any general contractor entering into a contract for work or improvements of the City must withhold all city income taxes due and payable pursuant to C.C.C. §362.05. Additionally, all subcontractors engaged for works or improvements of the City are required to withhold such taxes due for services performed on behalf of the general contractor. (C.C.C. §362.30).

Please provide the following information for all subcontractors so engaged. A supplemental form may be submitted should changes occur during the course of a project.

PART B SUBCONTRACTORS

Company Name

EIN

Contact Person

Telephone No.

Address

City

State

Zip Code

Company Name

EIN

Contact Person

Telephone No.

Address

City

State

Zip Code

Company Name

EIN

Contact Person

Telephone No.

Address

City

State

Zip Code

Mail to: COLUMBUS INCOME TAX DIVISION
Withholding Compliance Section
77 N Front Street, 2nd Floor
Columbus, Ohio 43215

Use additional sheets if necessary.

Our web address is: www.columbustax.net

Filing and Payment Information

For the 2022 Calendar Year

2022 Due Dates

| 2021 Tax Returns | Form | Due With Payment |
|-----------------------------------|-------|--|
| Individual Taxpayers | IR-25 | April 18 |
| Calendar Year Corporate Taxpayers | BR-25 | April 18 |
| Fiscal Year Corporate Taxpayers | BR-25 | 15 th day of 4 th month following end of fiscal year |

| 2022 Estimated Tax | Form | Payment Due – Calendar Year | Payment Due – Fiscal Year |
|--|--------------|-----------------------------|---|
| Declaration of Estimated Tax | BR-21, IR-21 | April 15 | 15 th day of 4 th month of fiscal year |
| 2 nd Quarter Payment | BR-18, IR-18 | June 15 | 15 th day of 6 th month of fiscal year |
| 3 rd Quarter Payment | BR-18, IR-18 | September 15 | 15 th day of 9 th month of fiscal year |
| 4 th Quarter Payment (Corporate) | BR-18 | December 15 | 15 th day of 12 th month of fiscal year |
| 4 th Quarter Payment (Individual) | IR-18 | January 17, 2023 | |

| 2022 Employer's Withholding Returns | Form | Due Date |
|--|-------|--|
| Quarterly Returns of City Tax Withheld | IT-11 | April 30, July 31, October 31, and January 31 (2023) |
| Year End Reconciliation of W-2s | IT-13 | February 28, 2023 |

| 2022 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 |

*The taxes withheld for the third month of each quarter need not be remitted to the City until the last day of the month following the close of the quarter using Form IT-11.

Withholding Requirements

It is the employer's responsibility to ensure that our office receives your withholding tax forms and payments on time. The use of a tax preparer or payroll service to prepare your city tax returns and payments does not relieve employers of these responsibilities.

Daily Deposit

Each employer who is required under Internal Revenue Code Section 6302 or any other federal statute or regulation to make next day deposit of tax withheld from employee wages must electronically deposit municipal taxes withheld with the City of Columbus, Income Tax Division at the same time.

Semi-monthly Deposit

If the total taxes deducted and withheld or required to be deducted and withheld on behalf of the City exceeded 1) \$11,999 in the preceding calendar year or 2) \$1,000 in any month of the preceding calendar year, the employer must remit semi-monthly using Form IT-15 on the due dates listed above.

Monthly Deposit

If the total taxes deducted and withheld or required to be deducted and withheld on behalf of the City were 1) more than \$2,399 but less than \$12,000 in the preceding calendar year or 2) more than \$200 in any month of the preceding calendar quarter, the employer must remit monthly using Form IT-15 on the due dates listed above.

Quarterly Deposit

All employers not required to remit the tax withheld daily, semi-monthly, or monthly must make quarterly payments using Form IT-11 according to the schedule above.

**Failing to timely remit withheld City taxes may result in a penalty of 50% of the tax due.
Failing to timely file a required return may result in late charges up to \$150.**

Qualifying Wages

All Ohio municipalities assess payroll withholding tax on "qualifying wages" as defined in Section 718.01(R) of the Ohio Revised Code. In general, "qualifying wages" are Medicare wages reduced by any Section 125 cafeteria plan amounts included in Medicare wages, such as adoption assistance (if offered) or cash (if employees can choose cash as one of the cafeteria plan benefits). Employee deferrals into a 401(k) remain taxable for city purposes even if offered through a Section 125 cafeteria plan. If you have any employees that are exempt from Medicare taxes, you must calculate their "qualifying wages" as if they were subject to Medicare taxes. The IRS requires, but currently does not enforce, the inclusion of incentive stock option and employee stock purchase plan option income in Medicare wages. You must comply with the IRS requirements regarding these types of stock option income when calculating "qualifying wages" based on Medicare wages. Please consult your tax advisor regarding your specific compensation program and its effect on calculating "qualifying wages".

Please note: IRS regulations state that corporate officers' compensation must be treated as wages. [IRC 3121(d)(1)].