

## Effective January 1, 2016

HB 5 – Municipal Income Tax Reform, passed by the State of Ohio Legislature in 2015.

In accordance with HB-5, Ashtabula City Council enacted Chapter 191 of the Ashtabula City Codes, on November 16, 2015.

The bulk of the changes will impact the annual filings for tax year 2016; filed in 2017.

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

- Declarations of estimated tax are required if the annual tax is \$200 or more and have filing and payment deadlines
- Quarterly deposits of estimated tax are due the 15<sup>th</sup> 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 City of Ashtabula Code section 191.05: *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.

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

Annual returns filed by individuals and businesses for tax year 2015 and all previous years are not subject to the provisions of HB 5. The provisions of Chapter 189 remain in effect for all tax years prior to 2016.

## INTEREST RATES

### 2016

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

### 2015

Filings for tax year 2015 and prior:

City of Ashtabula – 12% per annum.

City of Ashtabula/Ashtabula Township JEDD(s) – 12% per annum

City of Ashtabula/Saybrook Township JEDD(s) – 12% per annum