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## CITY OF FAIRLAWN

### **MUNICIPAL INCOME TAX CHANGES IMPACTING RESIDENTS/INDIVIDUALS**

Pursuant to H. B. 5 enacted by the Ohio General Assembly, the Fairlawn City Council passed Ordinance 2015-069 amending Chapter 880 of the City of Fairlawn Codified Ordinances, effective for taxable years beginning on or after January 1, 2016. The table below summarizes the differences between the current and new tax codes:

<b>Topic</b>	<b>Current Tax Code</b> <i>(For taxable years beginning before January 1, 2016)</i>	<b>New Tax Code</b> <i>(For taxable years beginning on or after January 1, 2016)</i>
Lottery, Gambling, & Sports Winnings for Amateur Gamblers	Lottery, gambling, and sports winnings in excess of \$5,000 are taxable	All lottery, gambling, and sports winnings are taxable
Form 2106 Employee Business Expenses Deduction	Individual taxpayers are permitted to deduct expenses on Federal Form 2106	Individual taxpayers may deduct employee business expenses reported on Federal Form 2106 to the extent that such expenses exceed 2% of the individual's Federal Adjusted Gross Income
Nonresident, Real Estate Agents	Compensation for services for sales of real estate received from an employer situated to the City is taxable, regardless of the location of the property sold	Commissions relating to the sale, purchase, or lease of real estate shall be situated to the municipal corporation in which the real estate is located
Quarterly Estimated Payment Due Dates	April 15 July 31 October 31 January 31	April 15 June 15 September 15 December 15
Minimum Estimated Payments Required to Avoid Penalty & Interest	1/4 <sup>th</sup> of the estimated tax liability on April 15 and at least a similar amount for each subsequent quarter	As a percentage of estimated tax liability: April 15            22.5% June 15            45.0% September 15    67.5% December 15     90.0%
De Minimis	Amounts of less than \$1.00 shall not be collected or refunded	No remittance is required if the tax due is \$10 or less; Overpayments of \$10 or less will not be refunded

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IRS Automatic 6 Month Filing Extension	Extends local return due date to the last day of the 10 <sup>th</sup> month	Extends local return due date to the 15 <sup>th</sup> day of the 10 <sup>th</sup> month
Interest	1.5% per month or fraction of a month	At the Federal short-term rate, rounded to the nearest whole number percent plus 5% per annum, assessed per month or fraction of a month
Late Payment Penalty	1.5% per month or fraction of a month, not to exceed 100% of the tax due	15% of the unpaid income tax or estimated income tax
Late Filing Penalty	\$50 for the first offense and \$100 for each subsequent offense	\$25 per month, not to exceed \$150 per occurrence

For additional information or questions, please contact the City of Fairlawn Tax Department at 330-668-9525.