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CITY OF FAIRLAWN

MUNICIPAL INCOME TAX CHANGES IMPACTING BUSINESSES/EMPLOYERS

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:

Topic	Current Tax Code <i>(For taxable years beginning before January 1, 2016)</i>	New Tax Code <i>(For taxable years beginning on or after January 1, 2016)</i>
Withholding Quarterly Due Dates	Last day of the month following the close of each calendar quarter	<u>2016 1st & 2nd Qtrs.</u> 15 th day of the month following the end of each quarter <u>2016 3rd Qtr. & Thereafter*</u> Last day of the month following the end of each quarter <i>* Change necessitated by Senate Bill 172, enacted by the Ohio General Assembly in May 2016</i>
Withholding Monthly Threshold	Prior year withholding taxes averaged \$100 or more per month	Prior year withholding taxes exceeded \$2,399; or Withholding taxes in any month of preceding calendar quarter exceeded \$200
Withholding Annual Return Due Date	January 31	Last day of February
Withholding for Occasional Entrants	Employer is exempt from withholding taxes for employees working 12 or fewer days in the City	Employer is exempt from withholding taxes for employees working 20 or fewer days in the City
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

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Topic	Current Tax Code <i>(For taxable years beginning before January 1, 2016)</i>	New Tax Code <i>(For taxable years beginning on or after January 1, 2016)</i>
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 th 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
IRS Automatic 6 Month Filing Extension	Extends local return due date to the last day of the 10 th month	Extends local return due date to the 15 th day of the 10 th 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 for Withholding Taxes	10% per month or fraction of a month, not to exceed 100% of the tax due	50% of the unpaid withholding tax
Late Payment Penalty for All Other Taxes	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.