



Information for Employers Withholding City of Sidney Income Tax

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GENERAL INFORMATION

Every employer located within or doing business within the City of Sidney who employs 1 or more persons is required to withhold City of Sidney income tax at the rate of 1.5% from wages subject to withholding. Amounts withheld are then required to be remitted monthly (or quarterly, if your withholdings are less than \$1,000 per month). Payments may be made either directly to the City of Sidney or via the Ohio Business Gateway. Contact our office or visit www.obg.ohio.gov for more information.

WAGES SUBJECT TO WITHHOLDING

The Ohio Revised Code (ORC) Section 718.03 mandates that an employer withhold city tax on "qualifying wages" as defined in Internal Revenue Code (IRC) Section 3121(a), generally the Medicare Wage Box of the W-2 form, with additions and deductions. Medicare exempt employees are still subject to the requirements for tax withheld on "qualifying wages" even though the Medicare wage box on their Form W-2 will remain blank.

Items subject to the "qualifying wage" withholding requirement include, but are not limited to, 401(k), 457, supplemental unemployment compensation benefits (SUBpay), nonqualified deferred compensation plans, stock options, car allowances, cost of group term life insurance coverage over \$50,000, sick pay (not paid by a third party), strike pay, etc. Items exempt from withholding include Section 125 plans.

For clarification on any item, or for additional information, refer to your IRS publication regarding IRC 3121(a) and to the ORC 718.03 for a definition of "qualifying wages."

DUE DATES

For monthly withholders, all returns and payments are due on or before the last day of the month for the amount withheld during the preceding month. For example, amounts withheld from employees during the month of February must be remitted to the City of Sidney no later than March 31.

Employers who do not withhold more than \$1,000 per month are permitted to remit & file quarterly returns. For quarterly withholders, all returns and payments are due on or before the last day of the month following each calendar quarter. For example, amounts withheld from employees during the months of January, February and March must be remitted to the City of Sidney no later than April 30.

PENALTY AND INTEREST

Payments received after the due date is subject to:

- Penalty of 3% per month or fraction thereof; and
- Interest of 1.5% per month or fraction thereof.

ANNUAL EMPLOYER RECONCILIATION OF INCOME TAX WITHHELD

On or before February 28th of each year, every employer must file a Reconciliation of Income Tax Withheld. (This filing will include wages reportable and tax paid in the prior calendar year on employee withholding for the City of Sidney.) Copies of all W-2 forms applicable to the Reconciliation must be attached. All W-2's must furnish employee's name, address, social security number, qualifying wage compensation, and Sidney tax withheld. If more than one city tax was withheld, then the W-2's must show a breakdown of each city that tax was withheld for, the wages earned in each city, and the amount of city tax withheld for each city.

Any employer with more than 150 employees subject to Sidney withholding is required to remit the Annual Reconciliation of Returns and copies of the W-2 Forms via Magnetic Media in a format prescribed by the Tax Administrator. These instructions are found at www.sidneyoh.com.

In addition, any individual or business entity compensating persons on a commission or contract labor basis must furnish copies of the form 1099 or appropriate income statements issued by February 28th of each year. All 1099's or income statements shall require the same type of information as is required of the W-2 forms as stated above.

Not filing the reconciliation or not including W-2 copies may subject you to a penalty of \$50.00 per return or W-2 up to a maximum of \$1,000. An employer required to file electronically via Magnetic Media may be subject to a penalty of \$1.00 per record.