



City of Port Clinton Department of Taxation

1868 E. Perry Street, Port Clinton Ohio 43452

Phone: 419-734-5522, Option 4

Fax: 419-732-6558

IMPORTANT – WITHHOLDING NOTICE **Employer Withholding Reporting Requirements**

Dear Employer:

In 2016, the municipal income tax laws changed and with this, withholding laws also changed. In an effort to bring compliance amongst all, this letters outlines the City of Port Clinton Municipal Withholding laws and policies. This notice also serves as the formal notification that beginning January 1, 2023, we will no longer be waiving penalty and interest for failing to file and pay the employer withholding taxes by their due date and failing to file the Annual Reconciliation with W2s, pay the balance of taxes due (if any) and to provide the W2s in their acceptable format. We have invested in new tax software however at this time, reporting, filing and payment will remain in paper format until further notice.

REQUIREMENTS:

1. Each employer within or doing business in the City of Port Clinton, who employs one or more persons is required to withhold the tax from **ALL** Employee compensation and remit the amount to the City.
 - a. Earnings subject to municipal income tax include, but are not limited to: Wages, salaries, commissions, and fees (except when paid to independent contractors), bonuses and incentive payments, tips, employer supplemental unemployment pay (sub pay), vacation, holiday, and sick pay. Payments made to an employee by an employer as dismissal or severance pay or under an early retirement incentive plan, or wage continuation plan during periods of disability or sickness are also taxable. These earnings are apportioned in the same ratio as regular wages if the employee works in more than one municipality. Employee contributions to retirement plans, compensation attributable to a nonqualified deferred compensation plan, or any compensation related to the sale, exchange, or other disposition of stock options or stock purchased under a stock option are not excludable.
2. Employers are required to file: Quarterly, Monthly or Semi – Monthly
 - a. Monthly
 - i. Due by the 15th. day of the following month
 - ii. You are a monthly filer if the taxes to be deducted and withheld in the preceding calendar year exceeded \$2399 or exceeded \$200 in any one month of the preceding quarter.
 - b. Quarterly
 - i. Due by the last day of the month following the end of the quarter.
 - ii. You are a quarterly filer if you are a new filer being set up or the taxes to be deducted and withheld in the preceding calendar year was \$200 or less or \$200 or less in the preceding quarter.
 - c. Semi-Monthly



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- i. Due date is 3 banking days after the 15th of the month and 3 banking days after the end of each month.
 - ii. You are a semi-monthly filer if the taxes to be deducted and withheld is \$11,999 or more in the preceding calendar year or more than \$1000 in any month of the immediately preceding quarter.
3. The Employer withholding as a courtesy must indicate this on the W1 return and indicate what rate is being withheld.
4. Every employer, resident or non-resident, required to withhold the tax at the source, is liable for payment of such tax whether or not actually withheld from his or her employee's income. In the event, the employer does not withhold the full amount, it is still **EMPLOYER'S** responsibility to submit 100% of the taxes due.
 - a. FOR EXAMPLE – EMPLOYER WITHHOLDING
 - i. Per payroll report: Total Wages for the Period is \$100,000
 - ii. Tax Rate: 1.50% \$1500
 - iii. Tax Withheld Per Pay Report: \$1000
 - iv. The amount to remit to the City is \$1500. The \$500 difference is for the Employer to research and obtain from wherever the error occurred within their environment.
 - b. FOR EXAMPLE – EMPLOYER WITHHOLDING - COURTESY
 - i. Per payroll report: Total Wages for the Period is \$100,000
 - ii. Tax Rate - Courtesy: 1.00% \$1000
 - iii. Tax Withheld Per Pay Report: \$500
 - iv. The amount to remit to the City is \$1000. The \$500 difference is for the Employer to research and obtain from wherever the error occurred within their environment.
 - c. If there is a need for an adjustment, the adjustment must include all supporting documentation including pay stubs, payroll report for the period, etc. to substantiate the adjustment.
5. A fully completed return of withholding wages withheld (Form W1) must be completed in its entirety to include name, address and Federal ID, payroll wages and calculations. The certifying declaration signature, title, phone and email is also required.
 - a. **If the return is not completed in full, the return will be sent back to the Employer. Penalties will apply if resubmitted after the due date. *Payroll Companies: Please ensure that the municipality has the proper address, proper contact name, phone number and email for the Employer that is being serviced. Employer's: It is your responsibility to ensure that the city and your payroll provider has all contact information and it is your responsibility to ensure returns & payment are on time and completed in their entirety.**
 - b. The W1 has been revised.
 - c. Quarterly filers are required to record the total wages per month as indicated on the new return.



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6. The PCW1 **MUST** include ALL THE EARNINGS for the period and be completed with the full calculation of taxes due. The W1 must be marked in the appropriate box's on whether the return is a courtesy withholding return; if it's a final return: and if a final return, documentation to support the final return to include names, address, contact email & phone of who is responsible for the final return; penalty and interest when applicable.
7. Delinquent filings and payments are subject to interest and penalty charges as provided by the City of Port Clinton Ordinance 183.10.
 - a. Late Filing Penalty: \$25.00 Per Month/Maximum \$150
 - b. Interest: Tax Year 2023 5% This rate may change annually and is communicated on our website: www.portclinton.com
 - c. Late/Non Pay Penalty: 50% of the amount not timely paid.
 - d. Post-Judgement collection costs and fees, including attorney's fees
8. Failure to receive or procure forms shall not excuse the employer from filing a return and remitting the tax due on schedule.
9. Do not report names of employees with the W1 form. (See W3 Annual Reconciliation for instructions on individual's W2 reported information)
10. The Annual Reconciliation (PCW3) is due on or by the **LAST DAY OF FEBRUARY** of each year.
 - a. The Annual Reconciliation must include copies of all W2s and if any taxes are due, payment is to be included.
 - b. The Annual Reconciliation Return shall include a legible listing the names, addresses, and full social security numbers of all employees from whose qualifying wages tax was withheld or should have been withheld for the Municipality during the preceding calendar year, the amount of tax withheld, if any, from each such employee's qualifying wage, the total amount of qualifying wages paid to such employee during the preceding calendar year, the name of every other municipal corporation for which tax was withheld or should have been withheld from such employee during the preceding calendar year, any other information required for federal income tax reporting purposes on Internal Revenue Service form W-2 or its equivalent form with respect to such employee, and other information as may be required by the Tax Commissioner.
 - c. In addition to the Annual Reconciliation, any business required by the Internal Revenue Service to report on form 1099 MISC payments to individuals not treated as employees for services performed shall also report such payments to the Tax Commissioner when services were performed in the Municipality. The information may be submitted on a listing that shall include the individual's name, address, social security number (or federal identification number), and the amounts of fee payments made. Federal form(s) 1099 may be submitted in lieu of such listing. The information shall be filed annually on or before February 28 following the end of such calendar year.
 - d. The Annual Reconciliation must be completed in its entirety to include the detail on wages and taxes per month

11. FILING & REMITTANCE



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- a. All forms are available online. They should be downloaded and saved for ease of use. The website is www.portclinton.com
- b. At this time, the City of Port Clinton only accepts the PCW1's in paper format or via Ohio Business Gateway.
- c. The Annual Reconciliation must be filed in paper format. We cannot accept CD's or listings that are not legible (Font Size must be 11 or Higher), must be able to be scanned and contain all information that is recorded on the W2.
- d. When filing in paper, the W1s and Annual Returns can be dropped off or mailed to: City of Port Clinton Department of Taxation, 1868 E. Perry Street, Port Clinton, OH 43452
- e. If returns are not completed in their entirety, missing information, they will be returned to the Employer. If the return is resubmitted after the due date, late filing/pay penalties will be assessed.

The City of Port Clinton, Department of Taxation administers on the Municipal Income Tax for the City of Port Clinton, Ohio. For additional information call 419-734-5522. Option 4 or visit www.portclinton.com for tax forms.

Michelle Bryant
Tax Commissioner
Email: pcincometax@portclinton-oh.gov
Phone: 419-734-5522, Ext. 235

Jennifer Tack
Administrative Tax Clerk
Email: pctaxadmin@portclinton-oh.gov
Phone: 419-734-5522, Ext. 234