

2009 Employer's Withholding Instructions

This packet contains the following:

- **Instructions** for preparing your tax withholding forms.
- **Income tax withholding forms.**
- **Payroll/payment summary.**
- **Preaddressed envelopes.** Use these envelopes to mail your remittance.

New Employer Withholding Tables for 2009

The Ohio Department of Taxation has released new employer withholding tables for payrolls ending on or after Jan. 1, 2009. The reductions in the rates take into consideration the changes to Ohio individual income tax rates enacted in House Bill 66. The new employer withholding tables are now posted on our Web site at tax.ohio.gov. The tables include the percentage method for calculating withholding as well as biweekly, weekly, monthly and semimonthly withholding schedules.

Disregarded Entities

The Ohio Department of Taxation follows the IRS regarding disregarded entities and employment taxes. Beginning Jan. 1, 2009, each disregarded entity with employees must obtain its own Ohio withholding account number and calculate, report and withhold all Ohio and school district income taxes on its employees' wages.

Federal Privacy Act Notice

Because we require you to provide us with a social security account number, the *Federal Privacy Act of 1974* requires us to inform you that providing us with your Social Security number is mandatory. Ohio Revised Code sections 5703.05, 5703.057 and 5747.08 authorize us to request this information. We need your Social Security number in order to administer this tax. Your failure to supply any information requested on a tax form prescribed by the tax commissioner may result in (i) the imposition of penalties for failing to file a complete tax return or (ii) the denial of a license, if applicable.

How To Use the Ohio Business Gateway

The **Ohio Business Gateway** simplifies tax reporting and payment for businesses. Your business can file and pay Ohio and school district employer's withholding tax, sales tax, unemployment tax and workers' compensation premiums all at one time. Just go to tax.ohio.gov, click on **Ohio Business Gateway** and you can start filing your returns online the same day. Registration is simple. Just have your account numbers handy to start your registration process. You will need your federal employer ID number or your Social Security number, the legal name of your company and your e-mail address. You will be asked to designate a contact person and to list the name and job title of the person who will be reporting your tax information. You will also be asked for a user name. Once you're registered, you can start filing your returns immediately.

On subsequent visits to the **Ohio Business Gateway**, you can just log in by entering your user name and password. The password will be sent to your e-mail address upon registration.

When you have finished completing all the reports you wish to file, **Gateway** will ask you how you want to pay your tax liability. You may have the payment come directly from your checking or savings account. Be sure to check with your accounting department or local bank to be sure that electronic debits are permitted on the account. Then just enter your bank routing number and bank account number. Any fees or charges incurred due to insufficient funds or other issues with the account are the sole responsibility of the account owner. Your remittance can be delayed until your due date, however, the selection for payment must be made and scheduled. You may also pay your tax by using your Discover/NOVUS, MasterCard or Ameri-

can Express credit card. Official Payments Corporation at www.officialpayments.com also provides payment by credit card. There is a convenience fee charged for this service based on the amount of your tax payment (see more information, below). Any amount due not paid in full by the report's due date will be considered past due and subject to related fees, penalties and/or interest.

Credit Card Information

Pay Your Taxes by Credit Card

You can use your Discover/NOVUS, MasterCard or American Express credit card to pay your withholding tax liability. Credit card payments may be made by telephone by calling **1-800-2PAY-TAX** or over the Internet by visiting www.officialpayments.com and clicking on the "Payment Center" link.

There is a convenience fee charged for this service. This fee is paid directly to Official Payments Corporation based on the amount of your tax payment.

When will my payment be posted? Your payment will be effective the date you charge it.

What happens if I change my mind? If you pay your tax liability by credit card and subsequently reverse the credit card transaction, you may be subject to penalties, interest and other fees imposed by the Ohio Department of Taxation for nonpayment or late payment of your tax liability.

Who should I call if I have a problem with my credit card payment? Call Official Payments Corporation toll-free at (866) 621-4109.

How do I use my credit card to pay my Ohio withholding tax? Once you have determined how much you owe:

- ✓ have your Discover/NOVUS, MasterCard or American Express card ready;
- ✓ complete lines 1 through 5 on the enclosed Credit Card Information and Payment Records sheet.
- ✓ use your touch-tone telephone to call toll-free (800) 2PAY-TAX or (800) 272-9829; enter **6447** when prompted and follow the recorded instructions; OR
- ✓ go to the Official Payments Corporation Web site at www.officialpayments.com and select Payment Center;
- ✓ select Ohio form IT 501 or IT 941;
- ✓ record your credit card payment information for each period on the enclosed Credit Card Information and Payment Records sheet.

Instructions for Completing Employer Withholding – Ohio Form IT 501

Return coupons in this packet are preprinted with a withholding tax period and due date. Please use the return that corresponds to the period for which you are filing.

Complete Ohio form IT 501 by entering the applicable amounts on lines 1 and 2. This information should be recorded for use later in the year to complete Ohio form IT 941, the annual reconciliation.

1. Box 1 – enter the Ohio income taxes withheld for the period.
2. Box 2 is the **total due** (amount).

Send a **change in name or address** on the Change of Ohio Employer, Name, Address or Status form enclosed in this mailing. **Once you have sent the change, you do not need to notify the department again. Continue to use these coupons until exhausted.** When the new coupon packets for next year are mailed, the new information will be reflected.

If a change in ownership or in business status (such as changing from a sole proprietorship to a corporation) occurs and you receive a new federal employer identification number (FEIN), you must file a final reconciliation Ohio form IT 941 for the old account and you will need to obtain a new Ohio withholding account number. You can obtain a new Ohio withholding account number by calling our Registration Unit at 1-888-405-4089 or by completing either Ohio form IT 1 or the reverse side of the Change of Ohio Employer, Name, Address or Status form and sending the completed form to us. Also, if a merger has taken place, the nonsurvivor must file a final Ohio form IT 941 and notify us of the merger on the Change of Ohio Employer, Name, Address or Status form.

Penalty and Interest Charges

Penalty

1. **Late filed return** – Ohio forms IT 501, IT 941, IT 3: the greater of a) \$50 per month or fraction of a month up to a maximum of \$500 or b) 5% per month or fraction of a month up to a maximum of 50% of the tax due.
2. **Late payment of tax** – double the interest rate charged plus 10% of the delinquent tax.
3. **Failure to remit** – If you withhold tax from employees but **fail to remit** as required: 50% of the delinquent tax.
4. **Bad check penalty** – \$50 plus all applicable charges as stated under lines 1-3, above.

Interest

For calendar year 2009 the interest charge is 5% per annum.

Note: All applicable penalty and interest charges imposed for violations of the withholding tax law are cumulative.

For further information, call 1-888-405-4089. **For the deaf, hearing impaired or speech impaired who use TTY or TDD only:** Please contact the Ohio Relay Service at 1-800-750-0750 and give the communication assistant the Department of Taxation phone number that you wish to contact.

Any correspondence with our office must include your Ohio withholding account number.

Instructions for Completing Employer's Reconciliation of Taxes Withheld – Ohio Form IT 941

Every employer who is required to prepare Ohio form IT 2, combined W-2 or 1099-R Wage and Tax Statement must file Ohio form IT 941, Annual Reconciliation of Ohio Income Tax Withheld. **Completing and filing Ohio form IT 501 does not fulfill your filing requirement.**

Ohio form IT 941 for calendar year 2009 must be filed with the Ohio Department of Taxation, P.O. Box 182667, Columbus, OH 43218-2667 on or before Feb. 1, 2010, or no later than 30 days after discontinuation of business.

Line 1 – Enter the total Ohio tax withheld from wages as reported on Ohio form IT 2, combined W-2, 1099-R or magnetic tape.

Line 2 – Enter all previous payments (payments must be listed on reverse side). **Ohio gross payroll must be reported on the back of the Ohio IT 941 for proper processing.**

Line 3 – If line 2 is less than line 1, enter the **balance due** (make check payable to Ohio Treasurer of State).

Line 4 – If line 2 is more than line 1, enter the overpayment to be **credited** to tax year 2010.

Line 5 – If line 2 is more than line 1, enter the overpayment to be **refunded**.

Instructions for Ohio Form IT 3

1. **When to File** – Ohio forms IT 3 and IT 2, combined W-2 or 1099-R must be filed no later than March 1, 2010, or no later than 60 days after discontinuation of business.
2. You must attach either an adding machine tape or electronic media separately setting forth (i) Ohio income tax and school district tax withholdings for each employee, (ii) the total Ohio income tax liability shown on line 3, and (iii) the total Ohio school district income tax liability shown on line 4. If you are submitting an electronic version in lieu of Ohio form IT 2, combined W-2 or 1099-R, you must obtain the correct format by writing the Ohio Department of Taxation, Information Services Division, 4485 Northland Ridge Blvd., Columbus, OH 43229-6596. We are currently accepting CD-ROM and 3490 or 3590 tape cartridges. Electronic format information is also available on the department's Web site at tax.ohio.gov.
3. **Mailing of Ohio Form IT 3 and Attached IT 2s, Combined W-2s or 1099Rs** – Large numbers of Ohio form IT 2, combined W-2s or 1099Rs may be forwarded in packages of convenient size. If sending more than one package, please indicate by the employer's name the number of packages that have been sent. All packages should be addressed to the Ohio Department of Taxation, P.O. Box 182667, Columbus, OH 43218-2667.

2009 Employer Payroll/Payment Summary

Month	Ohio Gross Payroll	Ohio Tax Withheld – Line 1
January		
February		
March		
April		
May		
June		
July		
August		
September		
October		
November		
December		
	Annual Total	