

## 2011 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.

### Employer Withholding Tables for 2011

The employer withholding tables are posted on our Web site at [tax.ohio.gov](http://tax.ohio.gov).

### Filing Instructions for the 2011 Ohio Form IT 3

Beginning with the 2009 Ohio form IT 3, employers are no longer required to send us paper copies of Ohio form IT 2, or federal forms W-2 or 1099-R. However, you are required to maintain these records for a period of four years from the due date. If the information is not submitted electronically, the Ohio Department of Taxation may periodically request W-2s when conducting compliance programs. See Ohio form IT 3 instructions on page 2.

### Disregarded Entities

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

### Military Spouse Employee – Exemption from Withholding

In November 2009, Congress passed the Federal Military Spouses Residency Relief Act, Public Law 111-97. This new law says that the income of a civilian spouse of a military servicemember is not subject to state income tax of the state in which the spouse is present if the servicemember and spouse have the same state of residency, and their state of residency is in another state pursuant to the servicemember's military orders.

This new law allows a civilian spouse to be exempt from withholding for Ohio income tax purposes if their state of residency is not Ohio. Your employee can complete Ohio form IT MIL-SP (available on our Web site at [tax.ohio.gov](http://tax.ohio.gov)) and provide you with acceptable supporting documentation. That documentation must include the employee's military spouse picture ID provided to the employee by the Department of Defense. The employer is then required to mail this completed document, within 30 days of receipt, to the Ohio Department of Taxation, IT MIL-SP Section, P.O. Box 2476, Columbus, OH 43216-2476 or fax it to (614) 466-1588. The employer is also required to have a copy of this form on file for each employee who is claiming to be a nonresident of Ohio because s/he is the spouse of a military servicemember and is in Ohio due to the military orders of the spouse.

### 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.

### 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](http://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 log in by entering your user name and password. Periodically, when you sign onto the Business Gateway, you will be prompted to change your password in order to maintain a high level of security.

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 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 American Express credit card. Official Payments Corporation at [www.officialpayments.com](http://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, VISA 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](http://www.officialpayments.com) and clicking on the State Payments 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.

### 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, 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

- 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.
- Late payment of tax** – double the interest rate charged plus 10% of the delinquent tax.
- Failure to remit** – If you withhold tax from employees but **fail to remit** as required: 50% of the delinquent tax.
- Bad check penalty** – \$50 plus all applicable charges as stated under lines 1-3 above.

#### Interest

For calendar year 2011 the interest charge is 4% 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 2011 must be filed with the Ohio Department of Taxation, P.O. Box 182667, Columbus, OH 43218-2667 on or before Jan. 31, 2012, or no later than 15 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 (list all payments on reverse side). **Enter Ohio gross payroll on the back of the Ohio form IT 941.**

**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 2012.

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

### Instructions for Ohio Form IT 3

- When to File** – Ohio forms IT 3 and IT 2, combined W-2 or 1099-R must be filed no later than Feb. 29, 2012, or no later than 60 days after discontinuation of business.
- Employers are no longer required to send us paper copies of Ohio form IT 2, or federal forms W-2 or 1099R;** however, you are required to maintain these records for a period of four years from the due date. If the information is not submitted electronically, the Ohio Department of Taxation may request W-2s periodically when conducting compliance programs.

If you elect to send your state W-2 and 1099R information to us on magnetic media, you must comply using an approved electronic format. Employers with 250 or more W-2 Copy A forms and issuers of 250 or more 1099R forms must file them electronically. Employers must use the EFW2 format. Electronic format information is available on the department's Web site at tax.ohio.gov. Issuers of 1099-R forms must file your information with us electronically in an approved electronic format. See IRS Publication 1220 (Specifications for Filing Forms 1098, 1099, 5498 and W-2G Electronically) for these requirements at [www.irs.gov/pub/irs-pdf/p1220.pdf](http://www.irs.gov/pub/irs-pdf/p1220.pdf).

The Ohio Department of Taxation currently accepts CD-ROM, 3490 or 3590 tape cartridges. We no longer accept 3½" diskettes. **A fully completed Ohio form IT 3 must accompany all electronic media.** If you have questions about magnetic media, call the Employer Withholding Unit at (614) 387-0230.

- Mailing of Ohio form IT 3 with CD-ROM, 3490 or 3590 tape cartridges:

Using the U.S. Post Office:  
Ohio Department of Taxation  
P.O. Box 182667  
Columbus, OH 43218-2667

Using a carrier other than the U.S. Post Office:  
Ohio Department of Taxation  
4485 Northland Ridge Blvd.  
Columbus, OH 43229-6596

### 2011 Employer Payroll/Payment Summary

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