



2017 Employer's Withholding Instructions

Ohio Withholding Tax Returns: Effective Jan. 1, 2015, in accordance with Ohio Administrative Code rule 5703-7-19, employers are required to file state and school district income tax withholding returns and make payment of the withheld taxes through the Ohio Business Gateway (OBG) at business.ohio.gov.

Employer Withholding Tables

The employer withholding tables are posted on our Web site at tax.ohio.gov.

Filing Instructions for Ohio IT 3

Since 2009, employers are required to file the W-2 and 1099-R by CD-ROM following the magnetic media guidelines. Refer to the Ohio IT 3 instructions.

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 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 IT MIL-SP (available on our Web site at tax.ohio.gov) and provide you with acceptable supporting documentation. That documentation must include the employee's spousal military ID card provided to the employee by the Department of Defense. The employer is then required to fax or mail this completed document and a copy of the employee's spousal military identification card, 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 (206) 984-3875. 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 number, the *Federal Privacy Act of 1974* requires us to inform you that providing us 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.

Ohio Business Gateway

The OBG simplifies tax reporting and payment for businesses. Your business can file and pay the various Ohio taxes all at one time. Go to tax.ohio.gov, click on Ohio Business Gateway and start filing your returns online the same day. Registration is simple. Have your account numbers handy to start your registration process. You will need your FEIN, 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 registered,

you can start filing your returns immediately. On subsequent visits to OBG, you can log in by entering your user name and password.

When you have finished completing all the returns you wish to file, OBG will ask you how you want to pay your tax liability. You may have the payment come directly from your checking or savings account. Check with your accounting department or local bank to be sure that electronic debits are permitted on the account. 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.

Credit Card Information – Pay Your Taxes by Credit Card

You can use your Discover, MasterCard, VISA or American Express credit card to pay your withholding tax liability. Credit card payments may be made either by telephone by calling **1-800-2PAY-TAX** or by visiting 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.

Your payment will be effective the date you charge it.

Instructions for Ohio IT 501

Complete Ohio 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 IT 941, the annual reconciliation.

1. Box 1 – enter the Ohio income taxes withheld for the period.
2. Box 2 – enter the total tax due.

Interest and Penalty Charges

Any amount due not paid in full by the return's due date will be considered past due and subject to related fees, interest and/or penalties.

Interest

For calendar year 2017 the interest charge is 4% per annum.

Penalty

1. **Late filed return** – Ohio 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.

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

Instructions for Ohio IT 941

Every employer who is required to prepare the W-2s or 1099-Rs must file the Ohio IT 941, Annual Reconciliation of Ohio Income Tax Withheld.

Completing and filing Ohio IT 501 does not fulfill your filing requirement.

Ohio IT 941 for calendar year 2017 must be filed with the Ohio Department of Taxation through the OBG on or before Jan. 31, 2018, or no later than 15 days after discontinuation of business.

Line 1 – Enter the total Ohio tax withheld as reported on the W-2s and 1099-Rs.

Line 2 – Enter the total of all previous payments (list all payments on reverse side). **Enter Ohio gross payroll and Ohio tax withheld on the IT 941.**

Line 3 – If line 2 is less than line 1, enter the **balance due**. Any additional tax due must be paid through the OBG. Employers who have been approved under the opt-out provision to file by paper must make check payable to Ohio Treasurer of State.

Line 4 – If line 2 is more than line 1, enter the overpayment to be **refunded**.

Instructions for Ohio IT 3

1. **Filing Deadline:** Ohio IT 3 must be filed by the last day of January of the succeeding calendar year or within 60 days after discontinuation of business.
2. **Filing Requirements:** Employers with 250 or more W-2s and issuers of 250 or more 1099-Rs **must** send this information to us on magnetic media (CD-ROM) using an approved format (see Data Layout below). Employers that issue less than 250 W-2s and issuers of less than 250 1099-Rs are no longer required to send paper copies, but are encouraged to send this information to us on magnetic media (CD-ROM).
3. **Data Layout:** Employers must use the EFW2 format per the magnetic media specifications that are posted on the department's Web site at **tax.ohio.gov**. Issuers of 1099-Rs must use the specifications contained in IRS Publication 1220 (Specifications for Electronic Filing of Forms 1097, 1098, 1099, 3921, 3922, 5498 and W-2G), which is available at **www.irs.gov/pub/irs-pdf/p1220.pdf**.
4. **Media Types Accepted:** The Ohio Department of Taxation currently accepts CD-ROM only. We no longer accept 3 1/2" diskettes nor 3490 or 3590 tape cartridges. A fully completed Ohio IT 3 must accompany all magnetic media.
5. **Additional Information:** Please note that you are required to maintain tax records, including W-2 and or 1099-R information, for a period of at least four years from the due date of this form. If the information is not submitted to us on magnetic media, the

Ohio Department of Taxation may request W-2s or 1099-Rs periodically when conducting compliance programs.

6. Mailing of Ohio IT 3 with CD-ROM:

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

Change of Ohio Employer, Name, Address or Status

Send a **change in name or address** on the Change of Ohio Employer, Name, Address or Status form (IT WHC). **Once you have sent the change, you do not need to notify the department again.**

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 FEIN, you must file a final reconciliation Ohio IT 941 for the old account and you will need to obtain a new withholding account number. You can obtain a new Ohio withholding account number by completing a registration on the OBG, by calling our Registration Unit at 1-888-405-4089 or by completing either Ohio IT 1 or the Change of Ohio Employer, Name, Address or Status form (IT WHC) and sending the completed form to us. Also, if a merger has taken place, the nonsurvivor must file a final Ohio IT 941 and notify us of the merger on the Change of Ohio Employer, Name, Address or Status form (IT WHC).

Contact information

For further information, call 1-888-405-4089. **For the deaf, hearing impaired or speech impaired who use TTY or TDD only:** 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.