



CITY OF CUYAHOGA FALLS

INCOME TAX DIVISION

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WHAT'S NEW FOR 2016?

Pursuant to the passage of Amended Substitute House Bill 5 in December 2014, new state mandated municipal income tax guidelines have been established, effective with tax returns due for tax years beginning January 1, 2016. Ohio Revised Code, Chapter 718: Municipal Income Taxes, is the state law that municipalities are required to follow, and can be found at <http://codes.ohio.gov/orc/718>. Please reference this document to determine how the new state mandated changes affect your municipal taxable income. The section below details the changes to interest and penalties. This is being published in accordance with Ohio Revised Code 718.27.

✓ Interest

- Effective January 1, 2016, and in accordance with revisions to Ohio Revised Code Section 718.27, INTEREST AND PENALTIES, please note that for City of Cuyahoga Falls tax returns for tax years beginning on or after January 1, 2016, Interest charges will be 5% per annum per month or a fraction thereof on all unpaid income tax, unpaid estimated income tax, and unpaid withholding tax. This rate is in effect through December 31, 2016. The interest rate is based partially on the federal short-term rate and may fluctuate year to year. The rate for 2017 will be published online by October 31, 2016.

✓ Penalties

- Effective January 1, 2016, and in accordance with revisions to Ohio Revised Code Section 718.27, INTEREST AND PENALTIES, please note that a penalty will be imposed on the unpaid income tax balance and the unpaid estimated income tax balance, equal to fifteen (15%) of the amount not timely paid. For unpaid withholding tax a penalty of fifty percent (50%) will be charged on any unpaid withholding tax balance not timely paid.
- Effective January 1, 2016, and in accordance with revisions to Ohio Revised Code Section 718.27, INTEREST AND PENALTIES, a penalty will be imposed on a municipal income tax return not filed timely, of twenty five dollars (\$25.00) each month or any fraction, during which the return remains unfiled regardless of the liability. The penalty shall not exceed one hundred fifty dollars (\$150.00) for each return not filed timely.
- In addition to the penalties listed above, the Ohio Revised Code Section 718.99 also provides criminal penalties for failure to comply with the income tax ordinance of up to one thousand dollars (\$1,000.00) or up to six months imprisonment for each offense.

Returns required to be filed or payments to be made before January 1, 2016, but filed or paid after that date are subject to interest and penalties prescribed in City of Cuyahoga Falls Ordinance 161.10, INTEREST AND PENALTIES, effective prior to the revisions to Ohio Revised Code 718.27.