

Mt. Orab Employer Income Tax Facts

The Village of Mt. Orab has enacted a local income tax on the gross earnings of all residents of Mt. Orab and all employees who work within the Village of Mt. Orab. The Mt. Orab Income Tax rate of 1% (.01) is based on the gross earnings of employees before any deductions including, but not limited to, tax deferred and tax sheltered annuities, KEOGH plans, IRA deductions and any similar plans. If a non-resident employee works both inside and outside the limits of the Village of Mt. Orab, only the portion of gross income attributable to work performed inside the Village of Mt. Orab is subject to this tax. Residents of the Village of Mt. Orab are required to pay this tax on all of their income regardless of where they earned the income.

Employers located within the limits of the Village of Mt. Orab are required to withhold and remit the appropriate Mt. Orab Income Tax from their employees on a regular basis. Employers with total monthly payroll in excess of \$5,000 or more must submit the Mt. Orab Tax withheld on a monthly basis. Employers with less than \$5,000 in monthly payroll may submit the employee tax withheld on a monthly or quarterly basis.

Employer tax forms are available from the Income Tax Bureau or from the village website at www.mtoraboh.us. Information and assistance is available free of charge to employers.

Definitions

Employee - one who works for wages, salary, commission or other type of compensation in the service of an employer.

Employer - an individual, partnership, corporation, non-profit entity, governmental agency or other association that employs one or more persons on a salary, wage, commission or other compensation basis. An employer does not include a person who employs only domestic help for such person's private residence.

Filing Deadline - the last date for submitting your Mt. Orab Income Tax return and W-3 Annual Employer Reconciliation is February 28 of each year. The filing deadline for W-1 Employer Report of Taxes Withheld is thirty (30) days following the month or quarter being reported.

Independent Agent - any person who performs duties in association with a distinct but separate business. Under Mt. Orab Tax laws, independent agents are considered as a sole proprietorship and subject to the Mt. Orab Income Tax.

Itinerant Employee (12 Day Occasional Entry Rule) - any non-resident individual or business who performs duties of employment or provides products or services for a period of less than 12 days in a calendar year. Itinerants are not subject to the Mt. Orab Income Tax.

Itinerant Employer - any non-resident business who provides products or services inside the Village of Mt. Orab to an employee for a period of less than 12 days per year shall not be required to deduct and withhold tax from employees.

Non-Taxable Employee Income — unemployment compensation, disability benefits, and workman compensation benefits.

Deductible Employee Expenses - expenses necessary to perform the normal duties of employment that are recognized and reported on the federal schedule 2106. In order to claim these expenses, a copy of the federal form 2106 must accompany the Mt. Orab Tax Return.

Taxable Earned Income — includes all wages, salaries, commissions or other employee compensation for services and work performed before deductions of any type.

Non-Taxable Income — any non-employee income including social security, retirement income, pensions, interest from savings, unemployment compensations and military income.

Inactive Status — any employer who reports three or more consecutive quarters of no employee wages paid that are subject to Mt. Orab Income Tax.

Employer Tax Forms

W-1 - Employer's Report of Taxes Withheld - monthly or quarterly report of Mt. Orab tax withheld from employee's wages. Employers with monthly payroll of over \$5,000 per month are required to file this form monthly.

W-2 Tax & Withholding Statement — the annual employee statement indicating total earnings and taxes withheld for federal, state and local governments.

W-3 - Withholding Tax Reconciliation -annual return used to reconcile the amount of employee tax withheld with the total taxable wages paid to Mt. Orab.

Tax Bureau Services

Tax Preparation - The Income Tax Bureau will provide assistance to help businesses prepare their tax return free of charge.

Tax Consultations - The Income Tax Bureau will provide any business with assistance or answer questions regarding the Mt. Orab Income Tax. In addition, a special appointment can be arranged upon request.

Substitution of Forms - The Income Tax Bureau will accept a substitute tax form if the substitute form contains essentially the same information as the original form.

Questions?...

Who has to file a W-1 Employer's Report of Taxes Withheld? - Any employer located within the limits of the Village of Mt. Orab and any employer located outside the Village of Mt. Orab who withholds Mt. Orab Income Tax for their employees.

Our business is located inside Mt. Orab, but some of our employee's work entirely outside of Mt. Orab; do we still need to withhold employee tax for Mt. Orab? – Yes but you will only need to withhold the tax on those employees who work partially or entirely inside Mt. Orab.

What should be done if an employee regularly works inside and outside of Mt. Orab? The amount of time the employee spends working inside Mt. Orab needs to be determined and that portion of income earned while inside of Mt. Orab will be subject to the tax.

Our business is located outside of Mt. Orab, but one or more of our employees is a resident of Mt. Orab, are we required to deduct Mt. Orab tax from these employees? — Although employers located outside the limits of Mt. Orab are not required to withhold and remit the Mt. Orab employee tax, they may do so if they choose. The resident employee is still responsible for payment of any employment tax that may be due to the Village of Mt. Orab.

Our business, which is not located in Mt. Orab, only withholds taxes for our employees who live in Mt. Orab, what forms do we need to file? — If your business only withholds taxes for your employees who live in Mt. Orab, you will need to file the W-1 Employer's Report of Taxes Withheld on a monthly or quarterly basis and a W-3 Withholding Annual Reconciliation form on an annual basis.

We only occasionally have employees who are residents of Mt. Orab; do we have to file reports regularly anyway? — Under these circumstances you can request that your business be placed on an Inactive Status. With this status, you would only need to report and remit Mt. Orab tax during quarters in which you had employees who live in Mt. Orab.

What are the office hours of the Income Tax Bureau? The regular office hours are from 9:00 to 5:00 weekdays, closed on Wednesdays.

Can a special appointment be made for a different time? Yes, you can call the Income Tax Bureau anytime at (937) 444-2945 and leave a message requesting a special appointment time.

Where is the Income Tax Bureau located? The Income Tax Bureau office is located at 211 South High Street (the Village Building).

If you have any additional questions regarding the Mt. Orab Income Tax, please contact the Mt. Orab Tax Commissioner.

**Income Tax Bureau
Village of Mt. Orab
P.O. Box 268
Mt. Orab, Ohio 45154**

**Phone: (937) 444-2945
Fax: (937) 444-9241**