

About The Return of Income Tax Withheld

In response to employer requests, the City of Canton is providing payroll withholding remittance coupons in the same manner as the IRS and the State. For the tax year 2011, twelve (12) Return of Income Tax Withheld forms are provided in this booklet for taxpayers who remit taxes on a monthly basis. For taxpayers who remit taxes on a quarterly basis four (4) Return of Income Tax Withheld forms are included in this booklet. **The City of Canton does not send separate remittance coupons at the end of each withholding period.** Please use the forms in this booklet to remit the income tax withheld from your employees. Be sure to use the proper dated form which corresponds with the period in which you are remitting the tax.

Employer Withholding and Remittance Obligations

All employers within, or doing business within Canton, who employ one or more persons on a salary, wage, commission or other compensation basis in the business transaction, must withhold City of Canton Income Taxes from the employees' pay. The taxes withheld must be deposited on a monthly basis if the withholdings equal or exceed one thousand dollars (\$1,000.00) during any one calendar month; otherwise, if the taxes withheld total less than one thousand dollars (\$1,000.00) per month, the taxes may be paid quarterly.

Monthly remitters must pay the taxes withheld for the previous month on or before the 20th day of each month. Employers who are required to remit on a quarterly basis must pay the taxes withheld for the previous quarter on or before the last day of the month following the end of the quarter.

Monthly Remittances				Quarterly Remittances		
Month	Due Date	Month	Due Date	Quarter	Ending	Due Date
January	February 20	July	August 20	Jan-Feb-Mar	March 31	April 30
February	March 20	August	September 20	Apr-May-Jun	June 30	July 31
March	April 20	September	October 20	Jul-Aug-Sep	September 30	October 31
April	May 20	October	November 20	Oct-Nov-Dec	December 31	January 31
May	June 20	November	December 20			
June	July 20	December	January 20			

Failure to withhold, remit, or file timely subjects the employer to civil and criminal sanctions. Additionally, from the time of withholding, until the deposit is made, an employer holds the tax as a trustee for the benefit of the City; the tax collected is considered a trust fund in the hands of the employer, until it is paid to the City.

In the case of employers who fail to withhold or remit the taxes withheld, or taxes which should have been withheld from employees, the unpaid sum will bear interest penalties at the rate of six percent (6%) per month.

Determining Taxable Income

Canton City Income Tax is imposed on "qualifying wages" as defined in Section 3121(a) of the *Internal Revenue Code*, without regard to the Social Security wage limitation, adjusted as follows:

DEDUCT: ■ any amount included in wages if the amount constitutes compensation attributable to a plan or program described in Section 125 of the *Internal Revenue Code*.

ADD: ■ any amount not included in wages because the amount arises from the sale, exchange, or other disposition of a stock option, the exercise of a stock option, or the sale, exchange, or other disposition of stock purchased under a stock option.

■ any employee contribution or deferral that is not included in wages if the amount is an amount described in Section 401 (k) or 457 of the *Internal Revenue Code*.

■ any supplemental unemployment compensation benefits not included in wages, described in Section 3402(o)(2) of the *Internal Revenue Code*.

■ any amount excluded from wages solely because the employee was employed by the employer prior to April 1, 1986.

Preparing the Return

Please provide the Federal ID number (*SSN if the employer is a sole proprietorship*), and employer name and address if that information is not preprinted on the form. Please also specify the correct withholding period by indicating the exact dates of withholding in the "for period from" and "to" blocks if that information is not preprinted on the form. The Return of Income Tax Withheld must be signed and dated by the employer's authorized officer. A contact phone number is needed as well.

N.B. Canton's tax rate is 2%. If the amount of tax withheld and remitted is not 2% of the "Subject to Canton Tax" amount from block 1, please include an explanation/reconciliation for the discrepancy and attach a supplementary statement or other documentation as needed.

Keep a copy of the completed form for your records, and mail the original to:

Robert C. Schirack, Canton City Treasurer
Canton City Income Tax
PO Box 9940
Canton, OH 44711-9940

-OR-

***** FILE & PAY ELECTRONICALLY**

For further information refer to cantonincometax.com
or call the tax department for assistance.

Other Important Information

Please mark your calendar to ensure that the forms are prepared and filed and the remittances are paid timely. You will not receive Returns of Income Tax Withheld in the mail at the end of each withholding period. This booklet contains all of the required remittance coupons.

Essential city services are funded by the City of Canton Income Tax. Prompt collection of the income tax enables the City to operate in a cost effective manner. Efforts to collect delinquent remittances require the City of Canton to impose substantial interest penalties. Please file and pay on time, using the forms provided. Make payments payable to "Robert C. Schirack, Canton City Treasurer."

Taxes collected by the City of Canton are audited carefully on an ongoing basis. To ensure that the proper taxes have been collected, please keep your account information up to date. Please notify the Income Tax Department of any change in employer name, address, Federal identification number, or other necessary information IN WRITING. If a return or filing reflects an adjustment, is a final return for the employer, or reflects no employees for the reporting period, please state so in writing on the return, attach documentation, and file the form in a timely manner for the affected period.

If you need assistance, please visit us on the web: www.cantonincometax.com or call our office at 330-430-7900.