

ELECTRONIC FILERS

If you are required to make your remittance electronically for federal income tax withholding purpose you will also be required by law to remit electronically to the City of Canton.

For your convenience you may choose one of three options:

1. ACH Credit (please contact our department for ACH Specs)
2. ACH Debit (please visit our website at www.cantonincometax.com/etax_payment/ACH/)
3. Ohio Business Gateway (please visit the OBG website at <https://business.ohio.gov/efiling/transactions/muni/>)

About The Return of Income Tax Withheld

For the tax year 2023, 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. ***IF YOU ARE NOT REQUIRED TO FILE ELECTRONICALLY***, 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. ***IF YOU ARE REQUIRED TO FILE ELECTRONICALLY FOR FEDERAL WITHHOLDING TAX PURPOSES, PLEASE DISCARD THIS BOOKLET AND FILE ELECTRONICALLY WITH CANTON AS NOTED ABOVE.***

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 two hundred dollars (\$200.00) during any one calendar month (or if the taxes required to be withheld in the previous calendar year exceeded \$2,399.00); otherwise, if the taxes withheld total less than two hundred dollars (\$200.00) per month, the taxes may be paid quarterly.

Taxes must be remitted semimonthly if the withholdings equal or exceed one thousand dollars (\$1,000.00) in any one calendar month, or if the taxes required to be withheld in the previous calendar year exceeded eleven thousand nine hundred ninety-nine dollars (\$11,999.00).

IF YOU ARE REQUIRED TO FILE ELECTRONICALLY FOR FEDERAL WITHHOLDING TAX PURPOSES YOU MUST FILE ELECTRONICALLY FOR CANTON WITHHOLDING PURPOSES AS WELL. PLEASE REFER TO THE "ELECTRONIC FILTERS" PARAGRAPH ABOVE.

Monthly remitters must pay the taxes withheld for the previous month on or before the 15th 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. Employers who are required to remit on a semimonthly basis must pay the taxes withheld for the first fifteen days of the month on the third banking day after the fifteenth day of the month, and on the third banking day after the last day of the month for the latter half of the month.

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 following penalties and interest will be imposed:

- *Late Filing Penalty ----- \$25.00 per month per return (\$150.00 per return maximum).*
- *Late Payment Penalty -- 50% of the unpaid balance at the time payment is due).*
- *Late Payment Interest -- 0.583% 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, or the sale, exchange, or other disposition of stock purchased under a stock option.*
 - *any employee contribution or elective 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 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 “through” 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 2.5%. If the amount of tax withheld and remitted is not 2.5% 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:

City of Canton
Income Tax Department
PO Box 9940
Canton, OH 44711-0940

Other Important Information

Please mark your calendar to ensure that the forms are prepared and filed and the remittances are paid timely. You will no longer receive Returns of Income Tax Withheld in the mail at the end of each withholding period.

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 "City of Canton."

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.