



**CITY OF LANCASTER
INCOME TAX-DEPARTMENT
POST OFFICE BOX 128
LANCASTER, OHIO 43130**

IMPORTANT TAX INFORMATION

EMPLOYER MUNICIPAL WITHHOLDING BOOKLET

MUNICIPAL QUALIFYING WAGES FOR WITHHOLDING

Effective Date: January 1, 2004 – Ohio Revised Code Sec. 718.03

Medicare Wages

An employer is required to withholding only on “qualifying wages,” which are wages as defined in Internal Revenue Code Section 3121(a), generally the Medicare Wage Box of the Form W-2.

- **Medicare Exempt Employees** – are subject to the requirements for “qualifying wages” in the Medicare Wage Box of the Form W-2 even though that box will remain blank.
- **Cafeteria Plans** – IRC Section 125 wages are not included in the definition of Medicare wages and do not need to be deducted from the Medicare Wage Box.
- **401(k), 457 and Supplemental Unemployment Compensation Benefits** – These items should all be included in the Medicare Wage Box and are subject to withholding requirements.

- **Nonqualified Deferred Compensation Plan** – Income from nonqualified plans is included in the definition of “qualifying wages” at the time the income is deferred and is subject to withholding requirements.
- **Stock Options** – Income from the exercise of stock options is included in the definition of “qualifying wages” and is subject to withholding requirements.
- **Disqualifying Disposition of an Incentive Stock Option** – Employer is not required to withhold, but the income is considered “qualifying wages” and the recipient is liable for the tax.

Note: As an employer, if the Medicare Wage Box is not the largest wage figure on the W-2 form, a written explanation will be required.

INSTRUCTIONS FOR PREPARING AND FILING FORM WH-Q

Who Must File:

Any employer within or doing business within the City of Lancaster, Ohio who employs one or more persons is required to withhold the tax of (1.75%) from all taxable income and/or compensation paid, accrued or set apart to the employee, and to file Form WH-Q and remit tax to the City of Lancaster Income Tax Division.

Failure to File Return and Pay Tax:

All taxes, including taxes withheld or required to be withheld from wages by an employer, and remaining unpaid after they become due shall bear interest on the amount of the unpaid tax at the rate of one percent (1%) per month. The Taxpayers upon whom said taxes are imposed, and the employers required by this Ordinance to deduct, withhold and pay taxes imposed by the Ordinance, shall be liable in addition thereto, to a penalty of three percent (3%) per month of the amount of the unpaid tax.

How to Prepare This W1 Form:

Line 1 – Enter qualifying wages PAID to all employees during the period for which this return is made. If no compensation was paid during the period, so indicate and return form WH-Q. A WH-Q form is required regardless of withholdings for that period. Use the first column under Lancaster Employees for wages actually earned in Lancaster and use the 2nd column Lancaster Residents (courtesy Tax) for wages earned by Lancaster residents and taxed at the courtesy tax rate.

- Line 2 – Include only those wages included in Line 1 that are not subject to Lancaster tax.
- Line 3 – Subtract line 1 from 2 to obtain net qualifying wages subject to Lancaster tax.
- Line 4 – For the first column “Lancaster Employees”, multiply wages from line 3 by Lancaster tax rate. For the second column, if applicable, multiply income from line 3 by courtesy rate (.75% or other %). This column is primarily used by employers located outside of Lancaster who withhold Lancaster tax as a courtesy to the Lancaster resident.
- Line 5 – If your payment is not received by the required due date, you will be assessed interest charges of 1% per month or part month.
- Line 6 – If your payment is not received by the required due date, you will be assessed penalty charges of 3% per month or part month.
- Line 7 – Add lines 4 through 6 and enter this amount here.
- Line 8 – Adjust current payment of actual tax withheld for under or overpayment in a previous period.
- Line 9 – Enter total amount to be remitted.

CITY OF LANCASTER – QUARTERLY RETURN OF TAX WITHHELD

AMENDED **RETURN WITH PAYMENT**

	LANCASTER EMPLOYEES	LANCASTER RESIDENTS (COURTESY TAX)
1. QUALIFYING WAGES.....	\$ _____	\$ _____
2. LESS NON-TAXABLE WAGES	\$ _____	\$ _____
3. NET QUALIFYING WAGES.....	\$ _____	\$ _____
4. LANCASTER TAX (1.75% OF LINE 3) (COURTESY RATE .75 OR OTHER %)	\$ _____	\$ _____
5. INTEREST (1% PER MONTH).....	\$ _____	\$ _____
6. PENALTY (3% PER MONTH).....	\$ _____	\$ _____
7. BALANCE DUE	\$ _____	\$ _____
8. ADJUSTMENTS	\$ _____	
9. TOTAL DUE (LINES 7 PLUS OR MINUS LINE 8)	\$ _____	

I hereby certify that the information and statements contained herein and in any schedules or exhibits attached are true and correct.

(Signed) _____

(Print Name and Title) _____

Phone No. (_____) _____

NAME AND ADDRESS

FOR QUARTER ENDING
MARCH 31, 2011

DUE ON OR BEFORE
MAY 2, 2011

THIS RETURN MUST BE FILED
ON OR BEFORE THE DUE DATE SHOWN BELOW

MAKE CHECK OR MONEY ORDER PAYABLE TO:
CITY OF LANCASTER INCOME TAX

MAIL TO:
CITY OF LANCASTER
INCOME TAX DEPARTMENT
POST OFFICE BOX 128
LANCASTER, OHIO 43130-0128
Telephone (740) 687-6606
Fax (740) 681-5057

Notify the Division of Taxation promptly of any change in ownership or name and address shown above.
FORM WH-Q

CITY OF LANCASTER – QUARTERLY RETURN OF TAX WITHHELD

AMENDED **RETURN WITH PAYMENT**

	LANCASTER EMPLOYEES	LANCASTER RESIDENTS (COURTESY TAX)
1. QUALIFYING WAGES.....	\$ _____	\$ _____
2. LESS NON-TAXABLE WAGES	\$ _____	\$ _____
3. NET QUALIFYING WAGES.....	\$ _____	\$ _____
4. LANCASTER TAX (1.75% OF LINE 3) (COURTESY RATE .75 OR OTHER %)	\$ _____	\$ _____
5. INTEREST (1% PER MONTH).....	\$ _____	\$ _____
6. PENALTY (3% PER MONTH).....	\$ _____	\$ _____
7. BALANCE DUE	\$ _____	\$ _____
8. ADJUSTMENTS	\$ _____	
9. TOTAL DUE (LINES 7 PLUS OR MINUS LINE 8)	\$ _____	

I hereby certify that the information and statements contained herein and in any schedules or exhibits attached are true and correct.

(Signed) _____

(Print Name and Title) _____

Phone No. (_____) _____

NAME AND ADDRESS

FOR QUARTER ENDING
JUNE 30, 2011

DUE ON OR BEFORE
AUGUST 1, 2011

THIS RETURN MUST BE FILED
ON OR BEFORE THE DUE DATE SHOWN BELOW

MAKE CHECK OR MONEY ORDER PAYABLE TO:
CITY OF LANCASTER INCOME TAX

MAIL TO:
CITY OF LANCASTER
INCOME TAX DEPARTMENT
POST OFFICE BOX 128
LANCASTER, OHIO 43130-0128
Telephone (740) 687-6606
Fax (740) 681-5057

Notify the Division of Taxation promptly of any change in ownership or name and address shown above.
FORM WH-Q

CITY OF LANCASTER – QUARTERLY RETURN OF TAX WITHHELD

AMENDED **RETURN WITH PAYMENT**

	LANCASTER EMPLOYEES	LANCASTER RESIDENTS (COURTESY TAX)
1. QUALIFYING WAGES.....	\$ _____	\$ _____
2. LESS NON-TAXABLE WAGES	\$ _____	\$ _____
3. NET QUALIFYING WAGES.....	\$ _____	\$ _____
4. LANCASTER TAX (1.75% OF LINE 3) (COURTESY RATE .75 OR OTHER %)	\$ _____	\$ _____
5. INTEREST (1% PER MONTH).....	\$ _____	\$ _____
6. PENALTY (3% PER MONTH).....	\$ _____	\$ _____
7. BALANCE DUE	\$ _____	\$ _____
8. ADJUSTMENTS	\$ _____	
9. TOTAL DUE (LINES 7 PLUS OR MINUS LINE 8)	\$ _____	

I hereby certify that the information and statements contained herein and in any schedules or exhibits attached are true and correct.

(Signed) _____

(Print Name and Title) _____

Phone No. (_____) _____

NAME AND ADDRESS

FOR QUARTER ENDING
SEPTEMBER 30, 2011

DUE ON OR BEFORE
OCTOBER 31, 2011

THIS RETURN MUST BE FILED
ON OR BEFORE THE DUE DATE SHOWN BELOW

MAKE CHECK OR MONEY ORDER PAYABLE TO:
CITY OF LANCASTER INCOME TAX

MAIL TO:
CITY OF LANCASTER
INCOME TAX DEPARTMENT
POST OFFICE BOX 128
LANCASTER, OHIO 43130-0128
Telephone (740) 687-6606
Fax (740) 681-5057

Notify the Division of Taxation promptly of any change in ownership or name and address shown above.
FORM WH-Q

CITY OF LANCASTER – QUARTERLY RETURN OF TAX WITHHELD

AMENDED **RETURN WITH PAYMENT**

	LANCASTER EMPLOYEES	LANCASTER RESIDENTS (COURTESY TAX)
1. QUALIFYING WAGES.....	\$ _____	\$ _____
2. LESS NON-TAXABLE WAGES	\$ _____	\$ _____
3. NET QUALIFYING WAGES.....	\$ _____	\$ _____
4. LANCASTER TAX (1.75% OF LINE 3) (COURTESY RATE .75 OR OTHER %)	\$ _____	\$ _____
5. INTEREST (1% PER MONTH).....	\$ _____	\$ _____
6. PENALTY (3% PER MONTH).....	\$ _____	\$ _____
7. BALANCE DUE	\$ _____	\$ _____
8. ADJUSTMENTS	\$ _____	
9. TOTAL DUE (LINES 7 PLUS OR MINUS LINE 8)	\$ _____	

I hereby certify that the information and statements contained herein and in any schedules or exhibits attached are true and correct.

(Signed) _____

(Print Name and Title) _____

Phone No. (_____) _____

NAME AND ADDRESS

FOR QUARTER ENDING
DECEMBER 31, 2011

DUE ON OR BEFORE
JANUARY 31, 2012

THIS RETURN MUST BE FILED
ON OR BEFORE THE DUE DATE SHOWN BELOW

MAKE CHECK OR MONEY ORDER PAYABLE TO:
CITY OF LANCASTER INCOME TAX

MAIL TO:
CITY OF LANCASTER
INCOME TAX DEPARTMENT
POST OFFICE BOX 128
LANCASTER, OHIO 43130-0128
Telephone (740) 687-6606
Fax (740) 681-5057

Notify the Division of Taxation promptly of any change in ownership or name and address shown above.
FORM WH-Q

GENERAL INFORMATION

On or before February 28, each employer must file a withholding reconciliation on the City of Lancaster Form W3. Copies of all W-2 forms applicable to the reconciliation must be attached. All W-2's must furnish the name, address, social security number, qualifying wages, city tax withheld, name of city for which tax was withheld, and any other compensation provided to the Individual.

Any individual(s) or business entity compensating individuals on a commission, rental or contract labor basis must furnish copies of the 1099-MISC or appropriate earning statement on or before February 28. All 1099-MISC shall require the same information as required of the W-2 forms as stated above. Notification of 1099's issued can be found on a separate form 1099-N. If none, check the appropriate box and return by February 28. If you are not the person responsible for issuing 1099-MISC, then please direct the Form 1099-N to the appropriate person.

SPECIFIC FILING INFORMATION

The Form W3 provides boxes for showing actual withholding payments made during the year. These are optional and may assist with the actual year-end W-2 information. However, sections 1 through 7 must be completed. The completed Form W3 and all attachments must be submitted to the City of Lancaster-Income Tax Department, P.O. Box 128, Lancaster, OH 43130-0128 on or before February 28. Failure to file Form W3 with W-2's by February 28 will result in a penalty of \$25 per month or part month with maximum of \$100. Any questions should be referred to the Department of Taxation at (740) 687-6606.

RECONCILIATION FORM FOR CITY OF LANCASTER
SUBMIT BY FEBRUARY 28. W-2'S MUST BE ATTACHED

MAIL TO: DIVISION OF TAXATION Phone: (740) 687-6606
CITY OF LANCASTER
P.O. BOX 128
LANCASTER, OH 43130-0128

FOR TAX YEAR ENDING 2011

PAYMENT ENCLOSED

REFUND REQUESTED

SEE INSTRUCTIONS

NAME: _____

EIN: _____

FORM W3

JANUARY	JULY
FEBRUARY	AUGUST
MARCH	SEPTEMBER
APRIL	OCTOBER
MAY	NOVEMBER
JUNE	DECEMBER

1. NO. OF LANCASTER W-2'S... _____
2. LANCASTER WAGES SUBJECT TO WITHHOLDING TAX... \$ _____
3. AMOUNT OF LANCASTER TAX WITHHELD \$ _____
4. AMOUNT OF COURTESY TAX WITHHELD..... \$ _____
5. TOTAL LANCASTER TAX PAID
6. LATE FEE, PENALTY INTEREST \$ _____
7. AMOUNT DUE \$ _____

I hereby certify that the information and statements contained herein are true and correct.

Signed _____ Title _____

Federal ID no. _____ Date _____

Phone no. _____

CITY OF LANCASTER, OHIO – 1099-MISC NOTIFICATION

FORM 1099-N

**MAIL TO: DIVISION OF TAXATION
CITY OF LANCASTER
P.O. BOX 128
LANCASTER, OH 43130-0128**

Phone: (740) 687-6606

FOR TAX YEAR 2011 DUE BY: FEBRUARY 28, 2012

INDICATE BOX THAT APPLIES
1099-MISC ISSUED & ATTACHED
1099-MISC WERE NOT ISSUED

FILING INSTRUCTIONS

On or before the last day of February, any individual or business entity that compensates (on a commission, rental or contract basis) any individual who is either:

- (1) a Lancaster resident, or
- (2) a non-Lancaster resident who did work in Lancaster, or
- (3) a non-Lancaster resident, who received rental income for property located in Lancaster must furnish copies of federal form 1099-MISC or an equivalent to the City of Lancaster. If the above mentioned applies, mark the box "1099-MISC issued & attached". However, if the above does not apply, mark the box "1099-MISC were not issued" and return by February 28. Failure to file Form 1099-N by February 28 will result in a penalty of \$10 per month or part month up to maximum of \$50.

Please direct this form to the person responsible for issuing 1099-MISC forms.

Signed _____ Title _____

Federal ID no. _____ Date _____

Phone no. _____

1099-MISC MUST BE ATTACHED

WITHHOLDING TAX WORKSHEET

(Keep for your records - Do not file)

Quarter Ending	Payment Date	Check Number	Date	Amount Paid
3/31	5/2	_____	_____	_____
6/30	8/1	_____	_____	_____
9/30	10/31	_____	_____	_____
12/31	1/31	_____	_____	_____