

City of Lancaster Income Tax FAQ's

What is the current Income Tax rate?

The City of Lancaster has a current rate of 1.75% of qualifying wages.

Do I have to file an Income Tax return with the City of Lancaster?

Lancaster is a mandatory file city, which means:

- A. Every resident age 16 or older who has taxable income and resides inside the city limits of Lancaster. This includes a legally domiciled resident temporarily living away (e.g. college students, construction worker). Over-the-road truck drivers must file a return even if zero tax is due/owed.
- B. Every sole-proprietor, corporation, partnership, trust or other business entity operating inside the city limits of Lancaster for 20 days or more during the tax year. Owners of a Lancaster rental property are required to file as well. A return must be filed even if a loss is realized.
- C. Non-residents who have earned income inside the city limits of Lancaster for which the total and correct amount of Lancaster tax has not been withheld.

When is a return **NOT** required?

- A. Retired individuals with no earned income at any time during the year are not required to file.
- B. Non-residents who did not live inside the city limits of Lancaster at any time during the year while also having earned income inside the city limits of Lancaster for which the **total and correct amount of Lancaster income tax has been withheld.**

When is the Income Tax return due?

The City of Lancaster Income Tax Return is due no later than April 15th (or 3 ½ months following the end of their fiscal year) **regardless of whether or not tax is due.**

Do I have to file a return if I was a part year resident?

Yes. However, only the wages earned while you were a resident are considered taxable and only those wages are subject to Lancaster Tax. There is a section on the Lancaster return for eliminating non-resident wages.

Is Lancaster School tax the same as City income tax and what is the tax rate?

No. School income tax is a separate tax that is collected by the State of Ohio's Department of Taxation and covers an area larger than the city limits of Lancaster. The Lancaster City School District is an earned income tax only district. The tax collected is then returned by the State of Ohio to the school district. The City of Lancaster School tax rate is currently one and one-half percent (1.5%).

Is there a credit for taxes paid to another city?

Yes. An off-setting credit is allowed for one percent (1%) of wages **taxed and paid** to another city.

A W-2 supporting the credit to another city is required upon filing.

Credit for taxes paid to another city are equal to the lesser of:

(A) Actual tax **paid or withheld**

(B) Portion of income **taxed and paid** to another city multiplied by 1%

Does my employer withhold my taxes?

Every employer located within or doing business within the City of Lancaster is required to withhold city income tax from all wages/compensation paid to their employees age 16 and over. If your employer is located **OUTSIDE** of the city limits of Lancaster; they are **NOT** required to withhold your city tax.

*If the resident is employed outside of the City of Lancaster and the employer does not withhold Lancaster tax; it is the responsibility of the resident to file and pay quarterly estimates on the wages he or she anticipates earning for the current year. **Failure to do so may result in a penalty and interest assessment.**

As an employer, how often should I remit withholding taxes?

Withholding tax must be remitted on a monthly basis if the amount withheld is greater than \$200 per month. If the amount is less than \$200 per month, the withholding tax may be remitted quarterly.

Does the City of Lancaster offer E-filing of the City return?

Yes. Choose "Online Tax Tool" from the front page of the city web page and follow the directions for registering your information. This option allows you to input your W2 and other income information and calculates the figures for you. The tax tool posts the figures on a return allowing you to print a copy for your records.

There is also a PDF fill-in form available under "Forms" on the Income Tax page. This is a user-friendly option that allows you to input your W2 and other income information, and will perform some of the calculations for you. This option cannot be submitted electronically and must be printed, signed, and mailed to our office, along with W2s and supporting documentation.

Will the Income Tax Department help me fill out my city return?

Yes. Our office hours are 8:00 a.m to 4:00 p.m, Monday through Friday. The preparation of your tax return is free of charge.

Can I file an Extension with the city?

Yes. An extension to file will be granted as long as the account is current on all prior year filings (if applicable). The duration of the extension is similar to the Federal extension in that it is six months from the original due date.

Can I file an extension to pay my taxes?

There is **NO** extension to pay what is due. While you may be granted an extension to file the return, you are required to pay what is due by April 15th.

Why do I need to pay city income tax?

The City of Lancaster imposes an income tax rate to provide support for City programs and services. These services include 24-hour police protection, snow removal and park programs, annual street resurfacing and other major roadway improvements. The City of Lancaster levies a tax on salaries, wages, commissions and other compensation as provided in Chapter 182 of the Codified Ordinances of Lancaster.

What is the City of Lancaster Income Tax phone and Fax number?

Phone 740-687-6606

Fax 740-681-5057

What is the mailing address for Lancaster Income Tax?

City of Lancaster

Division of Taxation

P.O. Box 128

Lancaster, Ohio 43130-0128