

## IMPORTANT PENALTY AND INTEREST RATES

### PENALTY - UNPAID MUNICIPAL INCOME TAX

A penalty may be imposed on unpaid income tax and unpaid estimated income tax equal to fifteen percent (15%) of the amount not timely paid.

A penalty may be imposed on unpaid withholding tax not to exceed fifty (50%) of the amount not timely paid.

### PENALTY - FAILURE TO FILE A TIMELY RETURN

Per HB 33 (effective for tax years 2023 and after), a penalty may be imposed on a municipal income tax return, other than an estimated income tax return, not timely filed of \$25.00 per occurrence regardless of the liability. Waived for first time filers.

Per HB 5 (effective for tax years 2016 - 2022), a penalty may be imposed on a municipal income tax return, other than an estimated income tax return, not timely filed of \$25.00 each month or any fraction thereof during with the return remains unfiled regardless of the liability. The penalty shall not exceed \$150.00 per occurrence.

### OTHER PENALTIES

In addition to the penalties above, the Ohio revised code sec 718.99 also provides criminal penalties for failure to comply with the income tax ordinance of up to one thousand (\$1000.00) or up to six months imprisonment for each offense.

### CHARGE FOR DISHONORED REMITTANCE

There will be a \$25.00 charge to anyone who provides a remittance that is subsequently dishonored by the bank upon which it is drawn.

### INTEREST - UNPAID MUNICIPAL INCOME TAX

Ohio Revised Code 718.27 requires the Tax Administrator to publish, by October 31<sup>st</sup>, the established interest rate for tax underpayments based on the federal short-term rate that will apply during the next chapter year.

Interest shall be imposed per annum, on all unpaid income tax, unpaid estimated income tax and unpaid withholding tax.

The interest rate used shall be the federal short-term rate (rounded to the nearest whole number percent) plus five percent (5%). The rate shall apply for the calendar year next following the July of the year in which the federal short-term rate is determined.

**Note:** Interest applies to any balance of tax due that is not paid by the due date of a return, even if the return is filed under extension.

CALENDAR YEAR	Monthly Interest Rate	Yearly Interest Rate
2016	0.42%	5.00%
2017	0.50%	6.00%
2018	0.50%	6.00%
2019	0.583%	7.00%
2020	0.583%	7.00%
2021	0.42%	5.00%
2022	0.42%	5.00%
2023	0.583%	7.00%
2024	0.833%	10.00%