

Updated 12-27-2017 2017 Tax filing Year

FREQUENTLY ASKED QUESTIONS
SALEM, OHIO - CITY INCOME TAX

1.Q- *Do I have to file a 2017 Salem "City Income Tax Return" ?*

A- **Yes-** If you were a resident of Salem during any part of the tax year, and were **18** years of age or older.

If you were not a resident, but you worked in Salem and your employer did not withhold the full 1.25% Salem City Income Tax from your wages.

If you were not a resident, but had a business or rental property located in the city.

If you were not a resident, but were self employed and performed work within the city.

No- **If** you are a Salem Resident- retired and your only source of income is from retirement earnings (Pension, Social Security, etc) . However, you must file a tax return **-one time-** to explain your retirement situation.

If you were not a resident, but you worked in Salem, and your employer did withhold the 1.25% Salem City Income Tax correctly from your wages.

2.Q- *Where and When do I file?*

A- **Where-**

- * Tax Returns may be filed in person, in the
SALEM CITY INCOME TAX DEPARTMENT OFFICE
located on the second floor of the Salem City Hall Building.
Address: 231 South Broadway Avenue Salem, Ohio 44460-3089
Office Hours: 8:00 AM to 5:00 PM - Monday through Friday
Phone: 330-332-4241 select option 2
- * A 24 hour **DROP OFF BOX** is available at the City Hall. This box is located in the Police Department Entrance on the Pershing Street Side of The City Hall.
- * Tax Returns may also be **MAILED** to our office at the same address.
- * ELECTRONIC FILING- **only** available **for Business filers** - through the OHIO BUSINESS GATEWAY.

When-

- * The normal filing due date is **April 15**, however if that date falls on a weekend the filing due date will be extended to the next business day.
- * For **Calendar Year 2017** - the filing due date is **April 17, 2018.**
For Fiscal Year filers (Corporations and Partnerships) the filing due date is 105 days from the end of the fiscal year.

3.Q- *How can I pay the tax amount due?*

A- Payment can be made by **Cash** - (in the office only), **Check** or **Money Order**. **Credit / Debit Card** or **Electronic Check Payments** can be made through Official Payments Corporation. Official Payments does charge a fee for this service.

Credit / Debit Card Payments can be made in various ways:

1. In Our Office
2. On Line- www.OfficialPayments.com (use jurisdiction code 8441)
3. By Phone- 1-800-272-9829 (use jurisdiction code 8441)

4.Q- *What if I need more time to file?*

A- An extension will be granted if additional time is needed to file. City regulations are the same as those of the IRS. A Salem City Filing Extension Form or a copy of your Federal Extension Form **must be attached** to your Tax Return **when it is filed**.

If you have a filing extension, let our office know by April 17, 2018 to avoid being considered delinquent.

Caution- an extension of time to file is **not an extension of time to pay**. If you will owe tax, the balance due must be paid by April 18th to avoid penalty and interest charges.

5.Q- *Where can I obtain a Salem City Income Tax Return Form ?*

A- Tax forms may be downloaded from the City Web Page www.cityofsalemohio.org

They are also available at the City Income Tax Office and the Salem Public Library.

Failure to receive a tax form is not an excuse for not filing!

6.Q- *What is the Salem, Ohio Municipal Income Tax Rate ?*

A- The Salem, Ohio Municipal Income Tax Rate is **1.25%** for **tax year 2017**. This rate became effective January 1, 2016.

7.Q- *I received a notification to file a Salem tax return, but I am not required to file. What should I do ?*

A- Contact the Tax Department to explain your situation so the records can be corrected.

8. Q- *I received (2) notifications to file a Salem Tax Return. Why, and what should I do ?*

A- We may have duplicate tax accounts (in error). If the names and addresses are the same, use the Information on one of the notices and attach the unused notice, so we may correct our records. If the names and addresses are different, use the correct information. Attach the unused notice with a Note, explaining the incorrect information, or contact the Tax Department, so we may correct our Records.

9.Q- *What income is considered Taxable for the Salem City Income Tax ?*

The following list is a guideline only, not a complete listing.

Source- Ohio Revised Code Section 718 and Salem Codified Ordinance Sections 181 & 182

TAXABLE INCOME INCLUDES (but is not limited to)

1. Income, Wages, Salaries and other compensation.
2. Bonuses and Tip Income.
3. Commissions, Fees, Stock Options and Other Earned Income.
4. Deferred Compensation.
5. Sick Pay (including Third Party Sick Pay)
6. Employer supplemental unemployment benefits (SUB pay)
7. Employee contributions to retirement plans
8. Net Rental Income (when total gross rent is \$100.00 or more per month)
9. Net Profits of a business or profession, corporation, etc.
10. Income from partnerships, estates or trusts.
11. Ordinary Gains and Losses as reported on Federal Form 4797.
12. Income from Gaming, Wagering and Lottery.

INCOME NOT SUBJECT TO CITY INCOME TAX

1. Interest or Dividend Income.
2. Pension and Retirement Income.
3. Social Security or poor relief.
4. State Unemployment Benefits.
5. Military active pay allowances (by a member of the Armed Forces of the United States)
6. Earnings of a person **under 18 years of age**.
7. Capital Gains and Losses.
8. Election Official (poll worker) income (if less than \$1,000.00).
9. Section 125 Cafeteria Plan Benefits.

10. Q- *I owe tax and cannot pay the Balance Due when I file ?*

A- File your 2017 tax return as early as possible (before April 17, 2018) and contact the tax office to make payment arrangements. You will avoid the **late filing penalty**.

After April 17, 2018 – if a tax amount is due, a **late payment penalty and interest charge will be applied**.

To avoid late payment penalties and interest charges, consider making Estimated Tax

Payments- see questions 15 and 16.

11. Q- *The late charges are different than previous years, please explain.*

A- Due to a change in state law, starting 1-1-2016 uniform late charges have been put in place.

Late Filing Penalty \$25.00 per month for up to 6 months- maximum \$150.00

(this applies even if there is no tax due)

Late Payment Penalty 15% of the unpaid tax amount due.

Interest 6.0% per annum (or .50% per month) of the unpaid tax amount due, until paid in full.

(note- this interest rate only applies to 2017 taxes)

12.Q- *I was a part year resident of Salem, how do I determine my taxable income?*

A- Part year residents must apportion their income and report the amount earned while a resident. **Provide detail-** include a copy of your **W-2 forms**, a copy of your **last pay stub** before moving from Salem and a copy of any **calculations**.

13.Q- *I did not earn enough income to be required to file a Federal Tax Return.*

Do I need to File with the City of Salem?

A- Yes, because there is a mandatory filing requirement for all city residents. A City Tax Return must be filed even if no tax is due.

Failure to file by the normal due date may result in a late filing penalty of \$25.00 – per month.

14.Q- *My W-2 form has several different amounts for wages earned, which should I use on the City Return?*

A- Use the amount in **W-2 box 18** (local wages) which should be the same as the amount in **W-2 box 5** (medicare wages and tips) in most situations. This amount is **before any deductions** for contributions to deferred compensation plans.

note: Deferred Compensation (for example a 401K plan) will be taxed by the IRS and State at a later date, normally when the taxpayer retires.

15. Q- *Do I need to File and Pay Estimated Tax Payments?*

A- If you are a Salem Taxpayer and have earned income and expect to owe tax when your income tax Return is filed, estimated tax should be filed and paid quarterly, as the income is earned. To help Determine if you are in this category, complete the **DECLARATION OF ESTIMATED TAX** section of the Salem Income Tax Return form for the current year. The Salem City Income Tax return is due to be filed and paid in full by April 17, 2018 for the previous year. Any tax payments

received after April 17, 2018 are subject to late payment penalty and interest charges.

To avoid late charges, Estimated Tax Payments should be made.

16. **Q- *How do I make Estimated Tax Payments?***

A- When the Salem Income Tax Return form is completed, the **Declaration of Estimated Tax** for the next year should also be completed. If it shows a tax amount due, this amount should be paid quarterly, as it is earned. The first quarterly payment should be made on or before April 18, when the tax return is filed. Quarterly Estimated Tax Forms are available in the Salem Income Tax Department Office, or on our web site: www.cityofsalemohio.org. The quarterly forms have three payment coupons to be used to make the estimated tax payments. If you have further questions, please contact our office.

17. **Q- I overpaid my Salem City Income Tax and I would like to donate all or part of the overpayment to one of the city departments that needs the extra funds.**

A- Beginning with Tax Year 2017, taxpayers may elect to reduce a tax overpayment to make a donation to the City of Salem. If there is a tax overpayment you can choose to receive a refund, to apply the overpayment to the 2018 estimated tax or donate all or a portion to the city. On line 11 of the Salem Tax Return form, you can designate how you would like the overpayment to be applied. The Donation Choices are Equipment needs for the Police Department, Fire Department, Street Department or Parks Department.

18. **Q- *Any questions relating to Property Tax should be referred to:***
Treasurer of Columbiana County- 330-424-9514.

19. **Q- *I still have questions about my tax situation! Where can I get help ?***

A- City Tax Personnel are available to assist with local income tax questions or preparation.
Call (330-332-4241 - option 2) or come to our office
Office hours are: Monday through Friday 8:00 AM to 5:00 PM.