

191.06 COLLECTION AT SOURCE.

(a) Each employer within or doing business in the City who or that employs one or more persons shall, at the time of payment of compensation, deduct that City income tax at the applicable rate then in effect from the gross compensation earned or received by residents, regardless of where such compensation was earned or received, and shall deduct that City income tax from the compensation earned or received from work done or services performed or rendered in the City by nonresidents. Such employer shall, on or before the last day of the month following the close of each calendar quarter make a return and pay to the Commissioner of Taxation the amounts so deducted during that calendar quarter. If, however, the amount of money so withheld by an employer exceeds five hundred dollars (\$500.00) in any single month, then the return and payment for that month shall be made on or before the last day of the following month. Each employer shall be subject to the rules and regulations prescribed therefor by the Commissioner of Taxation.

(b) Notwithstanding the provisions of subSection (a) hereof, if a resident employer employs a resident who performs services in another taxing municipality that requires such employer to deduct its tax on the full amount of compensation paid to all employees engaged therein, such employer shall be required to withhold for and remit to the City only the difference, if any, between City income tax and the tax imposed by such other taxing municipality on such compensation.

(c) For taxable years beginning on or after January 1, 2007, any employer subject to this Section 191.06 may use the Ohio business gateway both to report the amount of City income tax withheld from qualifying wages and to remit such amounts.

(d) Such employer in collecting the City income tax shall be

deemed to hold the same, until payment is made by such employer to the City, as trustee for the benefit of the City, and any such tax collected by such employer from its employees shall, until the same is paid to the City, be deemed a trust fund in the hands of such employer.

(e) However, no person shall be required to withhold the tax on qualifying wages or compensation paid domestic servants employed exclusively in or about such person's residence.

(f) Except as otherwise provided in this Section 191.06(f), a pass-through entity that conducts business within the City and that has a nonresident owner must: (i) withhold City income tax at the rate specified in Section 191.03(a) on the nonresident owner's distributive share of the pass-through entity's net profits attributable to the City; and (ii) remit such tax to the City by the applicable dates provided in Section 191.07. A pass-through-entity subject to this Section 191.06(f) that fails to collect or remit City income tax as provided in this Section 191.06(f) shall be liable for the tax that it should have withheld or remitted and shall be subject to the interest and penalty provisions of Section 191.10. The nonresident owner shall receive a credit against its City income tax liability in the amount of City income tax so withheld by the pass-through entity. All claims for refund of City income tax withheld by a pass-through entity pursuant to this Section 191.06(f) must be made by the nonresident owner within the period set forth in Section 191.11(b). A pass-through entity is not required to withhold and remit City income tax to the extent that its nonresident owners both: (i) file City income tax returns and declarations as provided in Sections 191.05 and 191.07, respectively, that report their distributive shares of the pass-through entity's net profits attributable to the City; and (ii) pay City income tax thereon. (Ord. 03-46. Passed 8-4-03.)