

MUNICIPAL INCOME TAX GUIDE FOR NEW BUSINESSES IN OHIO

New business growth in Ohio is developing faster than ever before. As you start your new adventure, we have created this guide to assist you in navigating municipal income tax in your new business journey.

Municipal Income Tax in Ohio

In the State of Ohio municipal income taxes are created by the laws of each municipality. The tax is an annual tax levied on the income of every person residing in or earning or receiving income in the city. Generally, the purpose of the tax is to provide for essential municipal services and necessary capital improvements as set forth by each individual city or village in Ohio.

Determining What Municipal Income Tax Holding is Required

Your requirements are based on the location(s) of your business. RITA can help you determine your requirements.



Municipal Tax in Ohio is Levied On:



Residence Tax

Individuals that live in municipalities



Workplace Tax

Individuals that earn taxable income in municipalities



Net Profit Tax

Businesses that earn taxable income in municipalities

RITA's Role

RITA is not a "municipality," and cannot levy its own income tax - there is actually no such thing as the "RITA Tax." Rather, the municipal income taxes that RITA administers belong to each of the Ohio cities and villages that have joined with RITA. The income tax is created by the laws of each municipality, and RITA administers these taxes on their behalf.

Understanding the Difference Between Net Profit Tax and Payroll Withholding Tax

Withholding

- Tax withheld from income earned in a municipality by employees of a business, or tax withheld for an employee's resident municipality, is considered to be withholding tax.

Net Profits Tax

- The Net Profit tax is also a municipal income tax. This is the tax on the income earned by the business in the municipality.

Penalties for Not Filing Municipal Income Taxes

Penalties and interest will be charged if you:

- Fail to pay taxes when due
- Fail to remit taxes withheld from employees
- Fail to withhold on all taxable wages at the correct tax rate
- Fail to report and pay estimated taxes equal to or greater than either:
 - 90% of the amount of tax due for the year as shown by the annual return, or
 - The previous tax year's tax liability

Additional Information about RITA and Municipal Income Tax

<https://www.ritaohio.com/WelcomeRITA/Home/WelcomeNewBusinesses>

RITA Tools

RITA Municipalities

<https://www.ritaohio.com/Municipalities>

Register with RITA

Register online at [ritaohio.com](https://www.ritaohio.com) and click MyAccount

Business Forms

<https://www.ritaohio.com/Resources/Home/BusinessFormDownloads>

MyAccount

File your net profit and withholding taxes, make a payment, check your refund status, view payment history, or send RITA a secure email. Visit [ritaohio.com](https://www.ritaohio.com) and click MyAccount

Tax Rates

<https://www.ritaohio.com/TaxRatesTable>

Filing Due Dates

<https://www.ritaohio.com/Businesses/Home/FormDueDates>

Contact RITA

800.860.7482
TDD 440.526.5332

Self-service phone options such as making a payment, checking refunds and estimates are available around the clock. Visit [ritaohio.com](https://www.ritaohio.com) and click MyAccount or you may speak with an agent during business hours, 8:00 am - 5:00 pm Monday - Friday.