

Municipal Qualifying Wages for Withholding

Effective Date: January 1, 2004 – Ohio Revised Code Sec. 718.03

Medicare Wages

An employer is required to withhold only on “qualifying wages,” which are wages as defined in Internal Revenue Code Section 3121(a), generally the Medicare Wage Box of the Form W-2.

- ***Medicare Exempt Employees*** - are subject to the requirements for “qualifying wages” in the Medicare Wage Box of the Form W-2 even though that box will remain blank.
- ***Cafeteria Plans*** - IRC Section 125 wages are not included in the definition of Medicare wages and do not need to be deducted from the Medicare Wage Box.
- ***401(k), 457 and Supplemental Unemployment Compensation Benefits*** - These items should all be included in the Medicare Wage Box and are subject to withholding requirements.
- ***Nonqualified Deferred Compensation Plan*** - Income from nonqualified plans is included in the definition of “qualifying wages” at the time the income is deferred and is subject to withholding requirements.
- ***Stock Options*** - Income from the exercise of stock options is included in the definition of “qualifying wages” and is subject to withholding requirements.
- ***Disqualifying Disposition of an Incentive Stock Option*** - Employer is not required to withhold, but the income is considered “qualifying wages” and the recipient is liable for the tax.

Note: *As an employer, if the Medicare Wage Box is not the largest wage figure on the W-2 form, a written explanation will be required.*

EMPLOYER WITHHOLDING INSTRUCTIONS

Any changes or adjustments must be noted on back of EQR Form.

It is required that on or before the last day of the month following the close of the calendar quarter, the taxes withheld in the previous quarter be paid and Form EQR filed with the City of Pickerington. However, if you choose to remit monthly, extra forms are provided and must be returned to the Pickerington Income Tax Department by the 15th day of the following month. Employers who conduct business in the city or courtesy withhold Pickerington City tax will be required to remit monthly if the tax liability is \$100 a month or more. Such payment shall be made to the Administrator within fifteen calendar days after the close of each calendar month.

On each form you submit, enter the period ending date that this form covers and your business name and address.

Form EQR Instructions

WHO MUST FILE - Each employer within, or doing business within, the City of Pickerington who employs one or more persons 18 years of age or older is required to withhold income tax at the rate of 1% from all compensation paid employees at the time or times such compensation is paid and to file form EQR and remit such tax to the Pickerington Income Tax Department.

COURTESY WITHHOLDING - A courtesy withholding rate of 1/2% may be withheld from the gross compensation of employees who are residents of the City of Pickerington and who pay tax to their city of employment. Street listing is available on the city website to aid in verifying residency.

1. Enter the amount of tax withheld on income earned in Pickerington. (1% Rate) on line 1. This includes wages, salaries, bonus and commissions.
2. Enter the amount of any courtesy tax withheld on income not earned in Pickerington on line 2.
3. Enter any adjustment on line 3. All entries must be explained on the back of the form.
4. Enter the total amount of tax due for this period on line 4. This amount must be paid in full.

Penalty and Interest

Returns postmarked after the due date or received without payment are subject to penalty and interest charges as listed.