



CITY OF KETTERING INCOME TAX RULES AND REGULATIONS

NOTICE

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CITY OF KETTERING INCOME TAX RULES AND REGULATIONS

**Effective January 1, 2016
For taxable years beginning with taxable year 2016**

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ARTICLE I – ELECTRONIC FUNDS TRANSFERS

ELECTRONIC FUNDS TRANSFERS

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(A) Statement of Purpose

The City of Kettering requires every employer, agent of an employer, or Other Payer, subject to Codified Ordinances Subsection 192.051(A), who is required to make payments electronically for the purpose of paying federal taxes withheld on payments to employees under section 6302 of the Internal Revenue Code, 26 C.F.R. 31.6302-1, or any other federal statute or regulation, to make the required Kettering tax withholding payments by electronic funds transfer pursuant to Codified Ordinances Subsection 192.051(B)(1)(c). These rules and regulations will govern acceptable modes of electronic funds transfer, the required content and format, and other matters related to electronic funds transfer.

(B) Definitions

- (1) ACH CREDIT PROGRAM – ACH Payment made by employer instructing financial institution to debit employer’s bank account and transfer (credit) those funds to the Municipality’s designated bank account.
- (2) ACH PAYMENT – An electronic payment made through the Automated Clearinghouse Network is referred to as an ACH Payment or Automated Clearinghouse payment.
- (3) ELECTRONIC FUNDS TRANSFER – Transferring money via computer using ACH Payments such as the ACH Credit Program, the Webfile Program, or the Ohio Business Gateway.



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- (4) ELECTRONIC PAYMENT SYSTEM (EPS) – Method for electronic funds transfer accessible by employers through the Municipality’s website.
- (5) NATIONAL AUTOMATED CLEARING HOUSE ASSOCIATION (NACHA) – The association that establishes the standards, rules and procedures that enable depository financial institutions to exchange ACH payments on a national basis.
- (6) OHIO BUSINESS GATEWAY – The online computer network system, created under section 125.30 of the Ohio Revised Code, that allows Persons to electronically file business reply forms with state agencies and includes any successor electronic filing and payment system. Provides method of ACH Payment authorizing the State of Ohio to electronically debit the employer’s bank account for the specified amount(s) and subsequently remit to the Municipality.
- (7) WEBFILE PROGRAM – ACH Payment made by authorizing the Municipality to electronically debit the employer’s bank account for the specified amount(s).

(C) Establishment of a Tax Withholding Account

Prior to making an electronic funds transfer, all employers shall establish a tax withholding account with the City of Kettering’s Income Tax Division. In order to establish the withholding account, employers shall provide the City of Kettering’s Income Tax Division with all required information such as the Employer’s Federal Identification Number, address, and any other requested information.

(D) Methods of ACH Payment

Payment of withheld taxes via electronic funds transfer may be made by any of the following methods: (1) ACH Credit Program, (2) Webfile Program or (3) Ohio Business Gateway. Employers may apply to use any of the methods listed above. Registration procedures for the methods vary, and proper registration for the employer’s selected method is required.

(E) Timeliness of Payments made by Electronic Funds Transfer

- (1) To be paid timely, a tax payment must be credited to the City of Kettering’s designated bank account by the applicable deadline found in Codified Ordinances Section 192.051(B)(1)(a) and (b). An employer, agent of an employer, or Other Payer must determine when to originate payment so that payment will be credited to the City’s bank account by the deadline.
- (2) If the payment by electronic funds transfer is delayed due to circumstances not under the control of the Taxpayer, the payment is considered to be made when the Taxpayer submitted the payment. For purposes of this section, “submitted the payment” means the date which the Taxpayer has designated for the delivery of payment, which may or may not be the same date as the payment was initiated by the Taxpayer.



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(F) ACH Credit Program

(1) Employers using the ACH Credit Program shall do all of the following:

- (a) Confirm with the employer's financial institution that:
 - (i) The employer's financial institution can remit tax payments through the ACH network;
 - (ii) The employer and its financial institution have a formal agreement, as required by NACHA regulations.
- (b) Determine their financial institution's ACH transmission schedule.
- (c) Complete the City of Kettering ACH Credit Electronic Filing Program Authorization Form for Electronic Funds Transfer. This form must be signed, dated, and returned to the City of Kettering Income Tax Division. Upon approval of the aforementioned form, the City of Kettering's Income Tax Division will send the employer a letter containing the necessary directions for using the ACH Credit Program.
- (d) Using the ACH Credit Program, initiate each required payment.
- (e) Properly format their computer programs to make tax payments using the ACH Credit Program.

(G) Webfile Program

(1) Employers using the Webfile Program shall do all of the following:

- (a) Complete the on-line EPS registration.
 - (b) Using the EPS system, initiate each required payment.
- (2) Confirmation of Payment – If the employer, agent of an employer, or Other Payer wants confirmation of their EPS payment, the employer may print the confirmation screen for the online payment. Confirmation will only be sent by the City of Kettering's Income Tax Division upon written request by the employer, agent of an employer, or Other Payer.

(H) Ohio Business Gateway

(1) Employers using the Ohio Business Gateway shall do all of the following:

- (a) Complete registration with the Ohio Business Gateway.



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(b) Using the Ohio Business Gateway, initiate each required payment.

(I) Correct Account Information

- (1) Correct Format – An employer, agent of an employer, or Other Payer shall submit ACH Payment information exactly as it appears on the employer's, agent of an employer's, or Other Payer's registration or authorization form.
- (2) Changes – Any changes from information listed on an employer's, agent of an employer's, or Other Payer's registration or authorization form shall be reported immediately in writing to the City of Kettering's Income Tax Division.

(J) Filing Tax Returns

- (1) Required Tax Returns – Employers, agents of employers, or Other Payers must still file by the statutory deadline all required tax returns and reconciliations.
- (2) Amended Tax Returns – If there is any change in an employer's, agent of an employer's, or Other Payer's tax information, the employer, agent of an employer, or Other Payer must file an amended return.

(K) Problem Solving Procedures

- (1) Notification of Payment Errors – If an employer, agent of an employer, or Other Payer discovers that an error has been made in an electronic funds transfer, the employer, agent of an employer, or Other Payer must notify the City of Kettering's Income Tax Division immediately, and must contact its financial institution for correction procedures. If the City of Kettering's Income Tax Division finds a recurring error in payment, the Tax Division may notify the employer.
- (2) Overpayments – See Codified Ordinances Section 192.096.



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ARTICLE II – RETURN AND PAYMENT OF TAX

RETURN AND PAYMENT OF TAX

Payments on delinquent amounts shall be applied in the following manner:

1. To unpaid fees, penalties, and interest imposed in the order in which such amounts became due.
2. To the taxes owed for any previous year in the order in which such taxes became due.
3. To the taxpayer's current estimated tax liability.

ARTICLE III – REFUNDS

REFUNDS

The determination of tax liability of non-residents working in and out of the corporate limits is to be computed by the formula of the total number of days worked in the Municipality divided by the total number of days worked (excluding vacation, holiday, and sick days) during the year and the resulting percentage applied to the total annual income from wages. The Tax Administrator may require employer certification of the basis for refund of taxes.