

FREQUENTLY ASKED QUESTIONS

What is the City of Toledo income tax rate and what type of income is taxable?

Since January 28, 1946 Toledo's tax rate has been 1.50%. The citizens approved a temporary .75% income tax on July 1, 1982 bringing the Toledo's income tax rate to 2.25%, which is the current rate. Generally, an individual's gross income (including income which is deferred) and a business's net profits are taxable. A list of taxable and non-taxable income is available from our Income Tax Office.

Is it possible to file my Toledo Income Tax returns electronically or online?

No. The City of Toledo currently does not allow for electronically or online filing. A paper return must be submitted.

I am a Toledo resident and work in an area with no municipal tax or where the tax withheld is lower than Toledo's 2.25% rate. When do I pay the income tax/difference that is due to Toledo?

Any taxpayer having or anticipating an annual tax liability to the City of Toledo exceeding \$200.00 shall file a declaration of estimated tax and pay the estimated tax due in quarterly installments. Complete the estimated Toledo Tax Form D-1 for each quarterly payment. The due dates for **INDIVIDUALS** are: April 15th, June 15th, September 15th and January 15th or the next business day if the due date falls on a weekend or holiday. The due dates for **BUSINESSES** are: April 15th, June 15th, September 15th and December 15th or the next business day if the due date falls on a weekend or holiday. If all taxpayer's income is from wages and the taxpayer's employer withholds the proper amount of Toledo tax, the taxpayer is not required to file an estimate of Toledo tax due.

Can we file a joint Toledo Tax Return?

Yes. Beginning with tax year 2016, the State of Ohio mandates that we allow joint filing. For tax years 2015 and earlier, individuals who are required to file must file separately.

Must I include my full Social Security Number on my Toledo Tax Return?

Yes. Your Toledo Tax Return would be considered incomplete and not filed if the SSN is redacted from your forms.

Is there an age limit for individuals subject to Toledo Income Tax?

No. All residents and non-residents working in Toledo who have earned income are subject to the 2.25% City of Toledo income tax regardless of age.

I am retired. My only income is from Social Security, company pension, interest and dividends. Am I required to file a City of Toledo Income Tax Return?

No. You are not required to file an income tax return with Toledo, nor are you taxed by Toledo on these types of income.

If an individual files late, is there a penalty?

Yes. **Tax Years 2015 and prior**, there is penalty and interest for late returns that have a tax liability due. The penalty is 5% of the balance of the unpaid tax for each of the first five months or portion thereof of delinquency and 1.5% for each month or portion thereof thereafter on the unpaid balance of the tax. The interest is .5% per month for each month or portion thereof of delinquency on the unpaid balance of the tax. **Tax Year 2016 and future**, there is a late filing fee of \$25.00 per month or portion thereof for a maximum of 6 months (\$150.00). Interest for the year is based on the Federal Short Term Rate as of July of the prior year rounded to the nearest whole percent, plus 5%, thus the rate will change for each succeeding year based on the Federal rate of the previous July. The rate will be posted in October for the upcoming year.

Can I receive assistance in preparing my City of Toledo Income Tax Return?

Yes. Our Income Tax Division personnel will assist you either by phone, mail or in person. Our office is open Monday through Friday, 7:30 a.m. to 4:30 p.m. Please feel free to call 419-245-1662 or visit us at the Government Center (640 Jackson St – 20th Floor). If visiting in person, please bring a copy of your Federal Tax Return and all of your W-2s and 1099s. These will help us assist you in preparing your Toledo Income Tax Return. Also, be sure to bring a photo ID in order to enter the building.

Where can I find a copy of the Toledo Income Tax Ordinance and Regulations?

Both the Income Tax Ordinance can be viewed or printed from our website at www.toledo.oh.gov. Point your mouse to [GOVERNMENT](#) (on top of the web page) and then click on [TOLEDO MUNICIPAL CODE](#). The Toledo Municipal Code Section that covers Income Tax is 1905.

Are gambling winnings taxable?

Yes. Gambling winnings, including lottery winnings, are taxable to the City of Toledo. Gambling losses are not deductible against gambling winnings unless the taxpayer is deemed to be a “professional gambler,” where gambling is the taxpayer’s primary business activity for federal tax purposes. Gambling losses are not deductible against any taxable income. For Tax Years 2015 and prior, there is an annual \$2,500 exemption for gambling and lottery income, and this deduction can be taken on Line 8 of the Toledo tax return. Beginning in Tax Year 2016, the \$2,500 exemption has been eliminated.

GENERAL INFORMATION

Form 2106

We apply the same guidelines to 2106 expenses as does the federal government; i.e., expenses must be carried forward to Schedule A, then reduced by the 2% of AGI factor. We allow the remaining expense, subject to audit and approval by the Income Tax Division. For verification, it is necessary that a copy of the Schedule A also be submitted if the taxpayer is submitting a Form 2106. Please note: other miscellaneous deductions shown on Schedule A are not deductible on Toledo’s tax return.

Early Retirement/Separation Payouts

Regardless of the terminology assigned to the payout (e.g. retirement incentive, separation pay, termination pay, etc.) the payout is taxable if the recipient was employed within the City of Toledo at the time of retirement. The residence of the individual at the time of payout has no bearing on the taxability of the payout.

Estimated Payments for INDIVIDUALS

For Tax Years 2018 and thereafter, to avoid penalty and interest assessments for underpayment of estimated taxes, we require at least 90% of the final tax due Toledo or 100% of the prior year liability be remitted to the city so that

- by April 15th, 22.5% of the tax liability is paid,
- by June 15th, 45% of the tax liability is paid,
- by September 15th, 67.5% of the tax liability is paid and
- by January 15th, 90% of the tax liability is paid.

If 90% has been paid by January 15th of the following tax year, no penalty for underpayment of estimated tax will be applied.

Estimated Payments for BUSINESSES

For Tax Years 2016 and thereafter, to avoid penalty and interest assessments for underpayment of estimated taxes, we require at least 90% of the final tax due Toledo or 100% of the prior year liability be remitted to the city so that

by April 15th, 22.5% of the tax liability is paid,
by June 15th, 45% of the tax liability is paid,
by September 15th, 67.5% of the tax liability is paid and
by December 15th, 90% of the tax liability is paid.

If 90% has been paid by December 15th of the tax year, no penalty for underpayment of estimated tax will be applied.

Federal Schedules

When you are submitting copies of Federal schedules, please remember to copy both sides of the schedules where appropriate. Processing delays will occur when insufficient documentation is provided.

Gross Income

For employees, Toledo income tax is based on gross income (normally Box 5 of the W-2). Business and partnership income tax is based on the "Net Profit". If there is any question as to whether a specific source of income is taxable, please contact this office.

Withholding

Any taxes withheld by an employer are held in trust. It is illegal to withhold any sum and not forward it to the Income Tax Division as is required by the Toledo Municipal Code. Businesses must remit taxes monthly or quarterly, depending on the amount withheld. If withholding more than \$2,400.00 or greater in the prior calendar year or \$200.00 or more in any month of the prior calendar quarter the withholding must be remitted monthly (due by the 15th of the following month); otherwise, quarterly filing with due dates of April 30, July 31, October 31 and January 31 are required. ***If an employer is required to remit electronically for Federal tax purposes they must file electronically for Toledo.*** (This can be done via ACH credit—see Addenda Info on website—or via Ohio Business Gateway)

Extensions

In order to receive consideration for your extension, a copy of the federal extension must accompany your Toledo tax return. The extended date is the same as for the approved IRS extension. Filing an extension with the city does NOT relieve you of the responsibility for making payment, by the original due date, of the anticipated tax due nor for required estimate payments.

Contractors (building trades)

All contractors must be registered with the city's Income Tax Division before performing work in the city. Many are also required to obtain a Certificate of Compliance before building permits or licenses can be issued (See Section 798.01 of the Toledo Municipal Code). A \$250.00 tax deposit must be made at the time of registration.

1099s

The Toledo Income Tax Division requires companies to file copies of the 1099s that they issue. (1099s for interest or dividend payment are excluded). 1099s should be filed along with the company's Toledo tax return.

Rental Properties

Rental income is taxable to the City of Toledo. Tax is due on the net income.