

Frequently Asked Questions

All Ashland residents (16 & 17 years of age) must file a tax return if they are not fully withheld (age 18 and over) must file annual city income tax returns, whether or not they have been fully withheld and/or have paid a municipal income tax to another community. As a result, many questions arise. Therefore, listed below is a series of topics that present the basic facts about Ashland's Municipal Income Tax.

What is the City of Ashland Income Tax rate and what type of income is taxable?

The income tax rate is 1.5%. Generally, gross income (including income which is deferred) and business net profits are taxable. Check this web site for a list of taxable and non-taxable income. You may also call the Income Tax Division with your questions.

I am an Ashland resident and work in an area with no municipal tax or a rate less than Ashland's rate of 1.5%. How often must I file with Ashland?

You must file a Declaration of Estimated Tax by the April deadline of each year, only if the estimate of tax that will not be withheld exceeds one hundred dollars (\$100.00). On the Declaration you must estimate the amount of tax you will owe for the year. Quarterly estimates must be paid with the Declaration of Estimated Tax. Subsequent payments are due July 31, October 31 and January 31 of the following year. These forms are available on this web site (go to forms).

You may request that your employer withhold the additional local tax to Ashland. The additional tax due is considered an alternate tax due as a result of working in a city that has a tax rate that is less than your city of residence. Your employer is not required to withhold the alternate tax; however, many employers withhold the alternate tax due to your city of residence upon request. Your employer may contact us at (419) 289-0386 if they have any questions.

If I work in a municipality with a tax rate equal to or higher than Ashland's tax rate. How much credit do I receive from Ashland for taxes paid to that other city.

Ashland allows a 1% credit on taxes paid to another municipality. A simple calculation would be to multiply the gross wages times 1%. This amount would be your credit.

Is it possible to amend my estimate during the year?

Yes, simply change the Total Estimated Tax Declared on Form QI-1 when you submit your next payment.

When can I expect my refund?

The City has 90 days from the later of the date your taxes were due or the date your completed refund request is received to review your request. If your return is complete and approved, a refund check (payable to you) will be mailed to you. A refund request is not considered received unless it is complete and all the required information has been provided and the employer's correct W-3 reconciliation form has been filed.

My residence mailing address is Ashland, yet I actually live within the Mansfield city limits and work in an unincorporated area or township that has no local tax. Do I have a local tax obligation and, if so, to which city(ies)?

In the event you work in an unincorporated area or township that has no local tax, your entire local tax obligation is to your city of residence, in the case above, Mansfield. The United States Postal Service assigns mailing addresses. Your mailing address does not always indicate city limits within which you reside. To determine if the address is within the City of Ashland, call Building and Zoning at (419) 289-8744 or call our office Monday through Friday between the hours of 7:30 a.m. and 4:00 p.m. (419) 289-0386.

My spouse and I file separately at the federal / state level. Do I have to file the same for Ashland?

No, a husband and wife, in any taxable year, may elect to file separately or jointly regardless of their federal or state filing status. At the municipal tax level, there is no advantage in filing separately. The Ashland Income Tax Department would appreciate you not change back and forth year after year.

I live in an apartment and do not own any real estate in Ashland. Do I still have to file an Ashland income tax return?

Yes, all Ashland residents age 18 and over are required to file an Ashland Income Tax Return, whether or not they have been fully withheld and / or have paid a municipal income tax to another community. Apartment dwellers within the City of Ashland are Ashland residents and are required to file an annual Ashland Income Tax Return.

Is city withholding tax based on employee work location or residence?

City withholding is based upon, and employers are required to withhold to, the employee's work location (municipality).

I have income in addition to that reported on my W-2 from my employer. Can I have my employer withhold additional tax above the local rate to cover this liability?

No. An employer's withholding tax is not deposited into individual employee's accounts, but into the employer's master account. The total tax withheld from all employees is then reconciled with the total local wages earned by said employees. Because all employer's withholding accounts are required to reconcile the total tax withheld from all employees with the total local wages earned by all employees, withholding by employers in excess of the required tax rate is not permitted. Also as a result of the need to reconcile tax withheld to wages earned, any refund of tax that has been incorrectly over-withheld by the employer is issued directly to the employer, not any of the employees.

I am a college student, living and working outside Ashland, do I need to file a return and pay tax on that income?

Yes, Ashland is considered your domicile (i.e., you are eligible to vote in Ashland, you file a State of Ohio tax return with an Ashland address, etc.).

My employer withheld Ashland tax, but I live in Columbus. How can I get a refund?

Because income is taxed first where it is earned, if your wages were earned in Ashland, you would owe Ashland tax on that basis and would not be due a refund merely because you live in Columbus (or any other municipality). If your employer's office location is in Ashland but you worked all or part of your time outside Ashland, you would be due a refund of all or part of your Ashland tax which you can claim by filing an Ashland tax return and request a refund. In this situation, the wages you claimed as having been earned outside of Ashland may or may not be subject to another municipality. An employer's certification is required with all requests for refund of tax withheld on wages claimed as having been earned outside of Ashland. When requesting this type of refund you should be aware that sick time, personal time, comp. Time, vacation time and holidays are considered taxable to the City of Ashland. If you incurred employee business expenses in earning your wages, you may claim a refund of the tax withheld to Ashland on the amount of wages that are reduced by the portion of your employee business expenses that you claimed and properly reported on Form 2106 of your Federal return. The City of Ashland follows the 2% reduction factor on Schedule A line 27.

How do I know in what city I live and / or work?

First, don't always rely on the mailing address to determine the city in which you live or work. The U.S. Postal Service establishes mailing addresses based upon the Post Office that serves your area, not the city in which you may actually live or work. Similarly, you cannot rely on your School District, since they don't always follow the city boundaries. Find out by calling Building and Zoning as listed earlier or the Tax Division at (419) 289-0386.

Can someone help me prepare my city tax return?

Yes, we have Tax Specialists available to assist you from 7:30 a.m. to 4:00 p.m. Monday through Friday who will help you understand what needs done and how to prepare it.

Note, we will only assist you with your Ashland city return (not federal or state) or any other city tax return. Just bring your information into the tax office and we will see what we can do. If you have a question or two you need answered, call us at (419) 289-0386 during regular business hours.

If you want help with your Federal or State returns, contact the IRS at 1-800-829-1040 or the Ohio Department of Taxation at 1-800-282-1780.

I'm starting a business. What do I need to do about city taxes?

You will normally have to remit two types of city taxes: the net profits tax and (if you have employees) the employee withholding tax.

The first is the tax due on profits of your business, whether your business is a sole proprietorship, corporation or partnership. Incidentally, Ashland taxes the net profits of S-Corporations at the corporate level. As such, the individual shareholders of S-Corps are not taxed. Partnerships can file and pay the tax at the entity level or file an informational return and each individual partner then files and pays his/her share of the tax.

To remit the second type of tax, the tax withheld from your employees' wages, you will need to establish a withholding account with us. You can do this by completing a Business Questionnaire form. Your Federal Identification number plus a 2 digit number we assign is used for your account number. Check this web site to view and download business returns/withholding forms and the instructions for each. Employers are liable for all Ashland withholding taxes that should have been withheld from their employee's wages **even** if those taxes were not, in fact, withheld. Because of this obligation, you'll want to make sure you set up your employer withholding account as soon as you hire

employees. You can call (419) 289-0386 to have a Business Questionnaire form and withholding forms mailed to you or check this web site to view and download forms.

How can I make sure my employer is withholding the correct local tax from my wages?

Look at the gross wage figure on your paycheck stub. If you are an hourly employee, your gross wage has generally been computed by multiplying your hourly rate (or overtime rate applicable) by the number of hours you worked during the period. Gross wages for a salaried employee are generally determined by dividing gross annual salary by the number of pay periods in the salary year. Whether hourly or salaried, gross wages are determined BEFORE any deductions or deferrals (i.e. 401K deferrals). Multiply your gross wages by the Ashland tax rate (1.5%). The result of this computation should equal local tax that was withheld from your wages. If you find that the correct local tax is not being withheld, you need to contact your employer to have it corrected. Although your employer is legally responsible for withholding the correct tax and paying that tax to Ashland, the tax is imposed upon your wages such that you have the responsibility to ensure that your full tax obligation is being met.

I'm self-employed but my business has not shown a profit. Am I required to file a return?

Yes, all residents or non-residents conducting a business within Ashland must file an annual return and report the net profits or net losses of said business. The leasing of real or tangible property (i.e. income from a rental property) that you own is considered a taxable business activity that must be reported.

I owe Ashland city taxes but I am unable to pay my full liability at the time my return is due. Should I still file my return?

Yes, you should file your return by the due date whether or not you are able to pay the exact amount of tax that you owe. You will receive a bill for the unpaid taxes along with late payment penalty and interest charges. You may then contact the Tax Division to arrange for payment for the charges shown on the bill.

I'm a partner in a partnership and an Ashland resident. Do I owe Ashland tax on my income from the partnership?

Yes, an Ashland resident is taxed upon his/her share of all income earned by partnerships (wherever located) in which he/she is a partner. However, 66.67% credit is given for all city income tax that was paid to the city or cities in which the income was earned, whether the partnership as an entity or you as an individual partner paid that tax.

I'm serving in a fiduciary capacity. What is my responsibility for filing?

Trusts and estates conducting business within the city are required to file a Ashland business return and report, at the entity level, all net profits or losses earned or incurred as a result of business activity conducted within the city. Tax is due on the net profits reported as having been earned in the city. Since the tax is paid at the entity level of the trust or estate, beneficiaries are not required to pay city tax on income derived from trusts or estates.

What are the top 10 mistakes people make in filing a tax return?

10. Failure to sign return/attach check/include name on return.
9. Failure to file Declaration of Estimate.
8. Failure to advise of address changes.
7. Failure to file return for the year taxpayer moves in or out.
6. Failure to allocate taxes paid when allocating income for move-in/move out year.
5. Failure to pay 2nd, 3rd and 4th quarter estimated tax payments.
4. Failure to mail return.
3. Failure to attach schedules/forms and statements.
2. Failure to attach W-2.
1. Failure to use gross compensation.

If you have additional questions, please contact our office Monday through Friday between the hours of 7:30 a.m. and 4:00 p.m.