



**Ohio Municipal (Local) Income Tax Landscape
for Remote Work Employees
as of 1/20/2022**

Historically, an employee's employer has withheld income tax from their wages based on the employee's workplace municipality; even if that employee occasionally worked outside that municipality.

In 2020, Ohio HB 157 passed allowing employers to continue withholding income tax for the workplace municipality, even if the employee was working remotely from a different municipality. Municipalities, backed by the State, have disallowed/suspended 2020 refund requests made by taxpayers not working in their City because of COVID. At this time there are at least 5 different legal cases pending that will determine if this policy will be overturned and municipalities will have to issue 2020 refunds to employees working remotely. You must have a schedule of days worked outside your employer's workplace municipality and your employer's signature certifying that schedule. You have a 3-year statute of limitations to file a 2020 refund request (4/15/2024). At this time & until it's decided by the Ohio Supreme Court – we recommend most taxpayers not filing 2020 refund requests.

In 2021, Ohio HB 110 passed allowing employers to continue withholding income tax for the workplace municipality thru 12/31/2021. Ohio HB 110 also requires municipalities to issue refunds for requests from taxpayers who had income tax withheld and remitted from their wages to a workplace municipality where the employee didn't physically work in 2021. You must have a schedule of days worked outside your employer's workplace municipality during 2021, and you must have your employer's signed certification that you did work outside the workplace municipality and that you were not already refunded the income tax withheld. At this time – we recommend most taxpayers, whose tax benefit* is in excess of the cost of preparing their municipal income tax return(s), file 2021 refund requests.

In 2022, Ohio HB 110 changed employer income tax withholding requirements and your 2022 wages should have municipal income tax withheld based on your actual physical location of performing work. Therefore, your paychecks and W-2 should correctly reflect your municipal income tax liability situation and we don't expect taxpayers will need to file 2022 refund requests.

*NOTE: If you live in a taxing-municipality, you owe municipal income tax on wages to your resident municipality. Most resident municipalities give some credit for income taxes paid to your workplace municipality. Therefore, each taxpayer's case is different based on the tax rate of your workplace municipality, the tax rate of your resident municipality (if any), and the credit rate of your resident municipality, if applicable. In some cases, even if an employee eligible to request a refund in 2020 or 2021 may have no tax benefit if the refund from one city will just be due to another city. *We can discuss your individual situation with you if you worked remotely in 2020 or 2021.*