Simplify Your Withholding!

As an employer in the City of Mason, you are required to withhold municipal income taxes for the City of Mason from your employees' pay checks. For most employers, the withholding must be submitted to the City of Mason through the ACH Credit Electronic Filing Program.*

Register for the ACH Credit Electronic Filing Program by completing and returning the ACH Credit Authorization Form to the City of Mason Tax Office. The form is available by calling the Tax Office at 513-229-8555 or visiting

www.imaginemason.org

Electronic routing information will be mailed to you once your registration form has been received.

Benefits to You

- The ACH Credit Program is available to you 24 hours a day, 7 days a week.
- Your payments are processed conveniently and accurately via electronic funds transfer.
- After you have registered for our program, no monthly or quarterly mailings are required.

*This is an electronic payment program that allows employers to send withholding tax payments to the City of Mason through banking's Automated Clearing House (ACH) system. This is the same process used for payroll direct deposit. Contact your bank for information about sending an ACH payment.

City of Mason

Tax Office
6000 Mason-Montgomery Road
Mason, OH 45040

513-229-8535

Hours:
Monday - Friday
8:00 a.m. - 4:30 p.m.

www.imaginemason.org

Using the ACH Credit Electronic Filing Program for Employer Tax Filing

City of Mason

REQUIREMENTS FOR CITY OF MASON WITHHOLDING TAX

- All withholding must be paid on a **monthly basis**. The Tax Commissioner may authorize quarterly payments if the monthly payments average less than $300 per month.

- Each employer or his agent must **pay the tax withheld** on or before the fifteenth date of each month following the reporting period.

- Payments of taxes withheld must be **deposited electronically**, unless the Tax Commissioner gives exemption from this requirement.

- On or before February 28 of each year, each employer or his agent must submit a **reconciliation (Form W-3**, available at *www.imaginemason.org*) for the previous year along with copies of the employees' Forms W-2 or equivalent. An acceptable equivalent will include the required information, including name, address, and social security numbers of all employees and the amounts in Boxes 5, 18, and 19. We prefer to receive this information in alphabetical order, either in printed form or electronically (see electronic standards below).

- The City of Mason will accept 3-1/2" diskettes in lieu of paper W-2s. The **diskette specifications** must conform to the Social Security Administration's Magnetic Media Reporting format. Standard diskettes must be 3-1/2", either double-sided/double density or double-sided/high density, and must be MS-DOS compatible. Virus scan the diskette before submission. Be sure to label the outside of each diskette with:
  1. Company Name
  2. Federal ID Number
  3. City Account Number
  4. Tax Reporting Year
  5. For multiple diskettes, indicate the proper sequence (i.e. Disk 2 of 3, etc.)

- An employer is required to withhold only on **"qualifying wages"** as defined in Internal Revenue code section 3121(a), generally the Medicare wage in box 5 of the Form W-2. Qualifying wages include:
  1. Medicare Exempt Employees are subject to the requirements for "qualifying wages" in box 5 of the Form W-2 even though that box will remain blank.
  2. 401(k), 457, & Supplemental Unemployment Compensation Benefits should be included in Box 5 and are subject to withholding requirements.
  3. Nonqualified Deferred Compensation Plan income is included in the definition of "qualifying wages" at the time the income is deferred and is subject to withholding requirements.
  4. Stock Option income is included in the definition of "qualifying wages" and is subject to withholding requirements.
  5. Disqualifying Disposition of an Incentive Stock Option income is not required for withholding, but it is considered "qualifying wages" and the recipient is liable for the tax.
  6. Cafeteria Plans (IRC Section 125) are **not** included in the definition of Medicare wages.

ACH ADDENDUM SPECIFICATIONS

Each ACH record has a user-defined field at the end called the addendum. For City of Mason withholding transmissions, the addendum must have the following format. See the sample below.

(green denotes unchangeable characters)

Position	Content. Enter this information:
1-4	TXP*
5-13	Your **federal ID number**. Do not use punctuation or separators.
14-18	*011*
19-24	The **date your tax-reporting period ends**, as *yymmdd*. For example, if you were are a monthly payer, the end of the tax period for the third month would be March 31, 2005. The entry for this field would then be 050331.
25-27	*T*
28-37	The **amount of tax you are paying**, as a 10 digit number, right justified, left zero filled, with both dollars and cents, and no decimal point. If there is no withholding for the period, then the field would be ten zeros. For example, if you transmit 0000000829 then your withholding tax paid is $8.29.
38-41	*ZZ*
42-51	The **amount of qualifying wages for the tax-reporting period** as a 10 digit number, right justified, left zero filled, with both dollars and cents and no decimal point. If there are no qualifying wages for the period, then the field would contain ten zeros.
52-54	***
55-60	Your **City of Mason account number**. It is 5 digits and the letter W. Do not use a dash.
61	\ (back slash)

Sample ACH Addendum for City of Mason Withholding

```
(Position) ----+----1----+----2----+----3----+----4----+----5----+----6-
(Content)  TXP*#########*011*YYMMDD*T*$$$$$$$$cc*ZZ*$$$$$$$$cc***#####W\
```

Your Federal ID number

Date of End of Tax Period

Amount of Tax Being Paid

Qualifying Wages for the Period Being Reported

Your City of Mason account number