



# CITY OF VAN WERT

## INCOME TAX DEPARTMENT

515 E MAIN ST • VAN WERT, OH • 45891

### ANNUAL INTEREST RATE FOR LATE PAYMENT

#### Changes mandated by Ohio Revised Code Chapter 718 (House Bill 5 – Municipal Income Tax Uniformity)

Ohio Revised Code 718.27 requires the Tax Administrator to publish, by October 31<sup>st</sup>, the established interest rate for tax underpayments based on the federal short-term rate that will apply during the next calendar year. Interest shall be imposed per annum, on all unpaid **INCOME TAX**, unpaid or under paid **ESTIMATED INCOME TAX** and unpaid **WITHHOLDING TAX**.

The interest rate used shall be the federal short-term rate, rounded to the nearest whole number percent, plus five percent (5%). The rate shall apply for the calendar year next following the July of the year in which the federal short-term rate is determined.

*(§39A.10(A)(4))*

For tax year **2024** tax obligations, the interest rate will be **10% per annum or .83% monthly**.

For tax year **2023** tax obligations, the interest rate will be **7% per annum or .58% monthly**.

For tax year **2022** tax obligations, the interest rate will be **5% per annum or .42% monthly**.

For tax year **2021** tax obligations, the interest rate will be **5% per annum or .42% monthly**.

For tax year **2020** tax obligations, the interest rate will be **7% per annum or .58% monthly**.

For tax year 2019 tax obligations, the interest rate will be 7% per annum or .58% monthly.

For tax year 2017 & 2018 tax obligations, the interest rate will be 6% per annum or .50% monthly.

For tax year 2016 tax obligations, the interest rate is 5% per annum or .42% monthly.

*Note: Interest applies to **ANY** balance of tax due not paid by the April 15<sup>th</sup> (or Federal Revised) due date of a return, even if an extension has been filed.*

REV. RUL. 2023-12 TABLE 1  
Applicable Federal Rates (AFR) for July 2023  
(For Tax Year **2024**)

#### SHORT TERM

Period for Compounding

	<u>Annual</u>	<u>Semiannual</u>	<u>Quarterly</u>	<u>Monthly</u>
<b>AFR:</b>	4.80%	4.74%	4.71%	4.69%

Federal Short Term Rate = 4.80%

Rounded to the nearest Whole Number = 5%

5% + 5% = **10% per annum. or .83% monthly**

REV. RUL. 2022-12 TABLE 1  
Applicable Federal Rates (AFR) for July 2022  
(For Tax Year **2023**)

#### SHORT TERM

Period for Compounding

	<u>Annual</u>	<u>Semiannual</u>	<u>Quarterly</u>	<u>Monthly</u>
<b>AFR:</b>	2.37%	2.36%	2.35%	2.35%

Federal Short Term Rate = 2.37%

Rounded to the nearest Whole Number = 2%

2% + 5% = **7% per annum. or .58% monthly**

#### §39A.10 PENALTY, INTEREST, FEES, AND CHARGES:

(C) The municipality shall impose on a taxpayer, employer, any agent of the employer, and any other payer, and will attempt to collect, the interest amounts and penalties prescribed in this section when the taxpayer, employer, any agent of the employer, or any other payer for any reason fails, in whole or in part, to make to the municipality timely and full payment or remittance of income tax, estimated income tax, or withholding tax or to file timely with the municipality any return required to be filed.

- (1) Interest shall be imposed at the current Federal Short Term rate, per annum, on all unpaid income tax, unpaid estimated income tax, and unpaid withholding tax. This imposition of interest shall be assessed per month, or fraction of a month.
- (2) With respect to unpaid income tax and unpaid estimated income tax, a penalty equal to 15% of the amount not timely paid shall be imposed.
- (3) With respect to any unpaid withholding tax, a penalty equal to 50% of the amount not timely paid shall be imposed.
- (4) With respect to returns other than estimated income tax returns (Q-1), the municipality shall impose a monthly penalty of \$25 for each failure to timely file each return, regardless of the liability shown thereon for each month, or any fraction thereof, during which the return remains unfiled regardless of the liability shown thereon. The penalty shall not exceed a total of \$150 in assessed penalty for each failure to timely file a return.