

# ANNUAL PAYROLL RECONCILIATION

## City of Canton, Income Tax Department

P.O. BOX 9940 • 424 MARKET N., CANTON, OHIO 44711 • PHONE (330) 430-7900  
cantonincometax.com

ROBERT C. SCHIRACK  
TREASURER, CITY OF CANTON

HOURS: 8:00 - 4:00  
Monday through Friday

EMPLOYER I.D. NO. \_\_\_\_\_

OTHER EIN USED \_\_\_\_\_

*All W-2's, or a computer printout or magnetic media  
containing W-2 data MUST BE ENCLOSED.*

### PART 1 - ACCOUNT INFORMATION

TYPE OF ACCOUNT:

- ☐ Resident Employer Withholding Canton Tax Only
- ☐ Non-Resident Employer Doing Business in Canton
- ☐ Employer (Either Resident or Non-Resident) doing Business in Canton and other Ohio Cities/JEDDS/Townships
- ☐ Courtesy Withholding Account

Contact Person \_\_\_\_\_  
Phone No. \_\_\_\_\_  
Fax No. \_\_\_\_\_  
E-Mail Address \_\_\_\_\_

### PART 2 RECONCILIATION OF FEDERAL WAGES

**Medicare Taxable Wages** (From Box 5 of Forms W-2) \_\_\_\_\_

Add: - Ordinary income from the exercise of stock options excluded from Medicare wages. \_\_\_\_\_

- Supplemental unemployment compensation ("sub-pay") excluded from Medicare wages. \_\_\_\_\_

Less: - Wages Not Subject to Canton Tax (Explain) \_\_\_\_\_

- Other (Explain) \_\_\_\_\_

Canton Taxable Wages \_\_\_\_\_

No. of W-2's Attached \_\_\_\_\_

No. of 1099 Statements Attached \_\_\_\_\_

Total 1099 Amount \_\_\_\_\_

### PART 3 RECONCILIATION OF TAX WITHHELD

**Canton Taxable Wages** Subject To Tax at 2% (From Part 2) \_\_\_\_\_ X 2% \_\_\_\_\_

Wages Subject To Tax At Less Than 2% \_\_\_\_\_ X \_\_\_\_\_ % \_\_\_\_\_

(i.e. courtesy withholding, other, explain)

Total Canton Income Tax Due \_\_\_\_\_

Total Canton Income Tax Withheld \_\_\_\_\_

### PART 4 RECONCILIATION OF DEPOSITS

Quarter Ended 03/31 \_\_\_\_\_

Quarter Ended 06/30 \_\_\_\_\_

Quarter Ended 09/30 \_\_\_\_\_

Quarter Ended 12/31 \_\_\_\_\_

Total Canton Income Tax Paid \_\_\_\_\_

Greater of Tax Due or Withheld (From Part 3) \_\_\_\_\_

Balance Due / Overpayment [Transfer Credit] \_\_\_\_\_

Under Penalties of perjury, I declare that I have examined this return and accompanying documents, and, to the best of my knowledge and belief, they are true, correct, and complete.



Signature \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

# Annual Payroll Reconciliation Instructions

***Please fill out this form completely, and file it on or before March 31. You may mail it to the Canton City Income Tax Department, PO Box 9940, Canton OH 44711-9940, or hand deliver it to our office at 424 Market Ave., North (4<sup>th</sup> Floor). The form must be signed, and all W-2's and 1099's (or a detailed computer print-out of each employee's W-2/1099 information) must be attached. You may choose to submit the W-2 data via magnetic media, MMREF-1 format. For required fields and additional MMREF information, please refer to our website. **THE FILING CANNOT BE ACCEPTED WITHOUT W-2s.** Feel free to call our office with any questions (430-7900), or visit us online: [www.cantonincometax.com](http://www.cantonincometax.com)***

## Part 1 - Account Information

Enter current *EIN*, and any other *EIN* used by a directly related company for Canton City Income Tax reporting purposes in the past year.

If an entity is acting as a pay agent for affiliated companies, pursuant to *Rev. Proc. 70-06*, please attach a list of the names and *EINs* of the affiliates which currently are conducting business, or are active accounts, in Canton.

Enter account type.

Enter contact information. Most issues and questions we have regarding the Annual Payroll Reconciliation can be addressed with a quick phone call or e-mail. Please help us to be more efficient, by including this important information.

## Part 2 - Reconciliation of Federal Wages

Canton City Income Tax is imposed on “**qualifying wages**” as defined in Section 3121(a) of the *Internal Revenue Code*, without regard to the Social Security wage limitation, adjusted as follows:

### DEDUCT:

✓ any amount included in wages if the amount constitutes compensation attributable to a plan or program described in Section 125 of the Internal Revenue Code.

### ADD:

✓ any amount not included in wages because the amount arises from the sale, exchange, or other disposition of a stock option, or the sale, exchange, or other disposition of stock purchased under a stock option.

✓ any employee contribution or elective deferral that is not included in wages if the amount is an amount described in Section 401(k) or 457 of the Internal Revenue Code.

✓ any supplemental unemployment compensation benefits not included in wages, described in Section 3402(o)(2) of the Internal Revenue Code.

✓ any amount excluded from wages solely because the employee was employed by the employer prior to April 1, 1986.

*Be sure to note, on the appropriate line, the number of W-2's being totaled and reconciled, and the number of Forms 1099 MISC and their total dollar amount.*

## Part 3 - Reconciliation of Tax Withheld

The taxable wages are reconciled with local tax withholdings by

reporting separately the wage amount subject to Canton's tax at 2%, and the amount taxed at less than 2%. Begin with the “Canton Taxable Wages” from Part 2. The wages “Subject to tax at 2%,” and “Subject to tax at less than 2%” should add up to this amount. For wages “Subject to tax at less than 2%,” enter the amount of wages for which Canton is not receiving the full 2% tax (*i.e.*, when Canton residents are working in a city where the tax rate is less than 2%, and the difference between that city's rate and 2% is being withheld and remitted to Canton). Enter the percentage which represents the difference between Canton's tax rate (2%) and the tax rate of the other city for which taxes have been withheld. Add the two tax amounts to determine the “Total Canton Income Tax due.” Add tax withheld for Canton, from “block 21” of all subject W-2's, to derive “Total Canton Income Tax withheld.”

## Part 4 - Reconciliation of Deposits

Add quarterly amounts of tax remitted to Canton, to calculate “Total Canton Income Tax paid.” Subtract from this amount, the greater of the “Total tax due”, or “Total tax withheld” from Part 3.

If the difference is a negative number, you have a balance due. Please remit payment with this reconciliation.

If the difference is a positive number, you have overpaid your withholding for the year. The overpayment will be used to credit subsequent payroll withholdings. (Transfer Credit)

If there will be no more payroll withholdings, the overpayment can be refunded. Please provide a detailed statement of explanation.

***Be sure to fill out all 4 parts of the form COMPLETELY.***

*No taxes of less than one dollar (\$1.00) shall be collected, or refunded.*