

City of Forest Park Income Tax Department

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NOTICE TO EMPLOYERS

This letter is to help inform you that effective January 1, 2014 there has been a change in Forest Park's income tax for courtesy withholding. Although this change has been publicized over the last couple of months we hope that this letter will be useful in providing you with additional helpful details. It is important that you are aware of this change in the credit for taxes paid to other municipalities have been reduced as explained below. This means that the credit reduction WILL increase the tax liability for an employee who lives in Forest Park but works in another taxing jurisdiction and if you are withholding on behalf of such employees then the withholding amount should increase accordingly.

Effective 1/1/2014, residents will be given a 25% credit for taxes paid to other municipalities. This allows for a maximum credit of .375% of taxes paid to another municipality based on a tax rate of 1.5% or higher. If the tax rate of the other municipality is less than 1.5%, the taxpayer would only receive a credit up to 25% of that city's tax rate. **Forest Park tax remains 1.5%, only allowable credit is changing.**

- **Example 1:**

- In 2014, a Forest Park resident works in Cincinnati, earns \$50,000/year,
- Person has Cincinnati tax of 2.1% withheld from paycheck totaling \$1,050.
- Forest Park will now only allow a credit up to .375% of \$50,000 or \$187.50.
- Total Forest Park Liability: $\$50,000 \times 1.5\% = \$750 - \$187.50 = 562.50$.

In the above scenario, we are requesting employers to withhold 1.125% of total wages and remit it to Forest Park.

- **Example 2:**

- In 2014, a Forest Park resident works in Blue Ash, earns \$50,000/year,
- Person has Blue Ash tax of 1.25% withheld from paycheck totaling \$625.
- Forest Park will now only allow a credit up to 25% of the 1.25% tax rate or .3125% ($1.25\% \times 25\% = .3125\%$).
- Forest Park Allowable credit is now $\$50,000 \times .3125\% = \156.25 .
- Total Forest Park Liability: $\$50,000 \times 1.5\% = \$750 - \$156.25 = \593.75 .

In the above scenario, we are requesting employers to withhold 1.1875% of total wages and remit it to Forest Park.

If you have any questions regarding this notice please do not hesitate to contact us at the information at the top of the page.

Sincerely,

The Forest Park Tax Office