



MUNICIPAL BUILDING
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To: Mayor, Members of City Council and Administrator

From: Jason Carr, CPA, Finance Director

Date: April 26, 2021

RE: Finance Director Report

Internal Revenue Service – Employer Shared Responsibility Payment

The Finance Department was in receipt of an assessment from the Internal Revenue Service of \$17,786.36 regarding information reported specific to forms 1095-C, *Employer-Provided Health Insurance Offer and Coverage*. We have taken the tax position that the proposed Employer Shared Responsibility Payment is not warranted and information submitted by the City for tax year 2018 is correct.

Contractor Withholding Requirements – Income Taxes

Ohio Revised Code Section 718 provides rules specific to occasional entrant provisions for employer's who conduct business within the City of Groveport and their requirement to withhold City income taxes. Occasional entrant provisions require that income taxes must be withheld for the employee's "principal place of work" (as defined by Ohio Revised Code Section 718) for the first 20 days an employee works in another Ohio municipality (non-principal place of work municipality). Employee withholding is required for the "non-principal place of work municipality" beginning on the 21st day and the employer is not required to look back to the first day. Worksite location means a construction site or other temporary worksite at which the employer provides services for more than 20 days during the calendar year. However, construction contractors that expect to spend 20 days or more in the City of Groveport are required to begin withholding City of Groveport municipal income tax on Day 1 and not Day 21.

The Finance Department, which also serves as the Income Tax Department, has formalized this process and developed a registration form which will be remitted to all new and existing contractors in order to determine compliance with income tax withholding rules and regulations.

Automated Clearing House (ACH) Payments – Finance Department Payables

In an effort to reduce costs and streamline processes, vendors will have the option to be paid by ACH versus the physical issuance of budgetary checks. The Finance Department expects to have this new process implemented by the end of May 2021.