



# CITY OF CLEVELAND HEIGHTS

## IMPORTANT PAYROLL TAX INFORMATION

In June of 2003, the Ohio State Legislature (ILB 95) amended a portion of the State law that governs municipal income tax and the definition of taxable wages (ORC 718.03). Some of these changes are indicated below:

- Section 125 plans will be exempt from municipal taxes beginning with the first payroll paid in 2004.
- All Deferred Compensation (qualified and non-qualified) is taxed when it is earned.
- Supplemental Unemployment (SUB and SUCB) payments are taxable, and the employer is responsible for the collection and payment of this tax.

The term "Taxable Earnings" has the same meaning as "Qualifying Wages" as defined in ORC 718.03(A). For most employees that is the Medicare Wage amount. If the employee is not subject to Medicare withholding, the provisions in ORC 718.03(A) apply.