



INCOME TAX INCREASE EFFECTIVE JULY 1, 2011 NEW TAX RATE IS “1.5%”

The Tipp City municipal income tax rate increases **from 1.25% to 1.5%** for a period of **ten (10) years beginning July 1, 2011 and ending June 30, 2021.** This increase was approved by the residents of Tipp City and incorporated into the Tipp City Income Tax Ordinance by a majority vote in the primary election held May 3, 2011. This 0.25% increase is restricted to use for the purposes of capital improvements including but not limited to repairing, replacing, improving or expanding municipal roads, streets, alleys, stormwater systems, buildings, structures or other physical assets, including vehicles and equipment. **Please notify your tax preparer, employer, payroll department and/or payroll processing company of this income tax rate increase from 1.25% to 1.5%.**

Residents - all Tipp City residents are subject to the municipal income tax, and are required to register with the Tax Office, and to file an annual Tipp City income tax return on or before April 15th. Based on the July 1st effective date, this tax increase will affect estimated tax payments due for the 2nd half of 2011. Estimated tax payment dates are April 30, July 31, October 31 and January 31. As the October 31 and January 31 estimated tax payments are made, consideration should be given to the rate increase to ensure 90% of the estimated liability is paid by January 31, 2012. Tipp City continues to grant full credit to residents who are taxed by other cities up to the lesser of the amount paid to the other city or the amount due to Tipp City.

Businesses - the 1.5% tax applies to net profits of businesses located within or doing business within Tipp City. All entities operating a business within or doing business within the city limits of Tipp City are required to register with the Tax Office and to file a Tipp City income tax return on net profits/losses. The filing date for businesses is on or before April 15th, or within three and one half (3 1/2) months after the end of the fiscal year.

Payroll Withholding - all employers located within or doing business within Tipp City are responsible for withholding the 1.5% income tax on qualifying wages of their employees and remitting the tax to the City on a monthly or quarterly basis. **Each employer required to deduct and withhold the municipal income tax, is liable to the City of Tipp City for payment of such tax, whether the tax was actually withheld from such employee or not.** This income tax rate increase is effective with the **first payroll paid in July 2011.**

If you have questions or need additional information, please call the Tipp City Tax Office at 937-667-8426. The Tax Office is open Monday through Friday from 8:00 AM to 5:00 PM, Eastern Time.

JOHN J. SKOLNICKI, CPA
INCOME TAX SUPERVISOR
JUNE 20, 2011