

**2021 TAX SEASON**  
**Questions regarding municipal refunds**

**Q. I worked from home during the entirety of 2021, but my employer continued to withhold tax from my former work city. Am I able get a refund of that tax since I never actually worked in the other city?**

**A.** Yes. 2021 changes to Ohio tax withholding regulations make it possible for you to request a refund of tax paid to another city on wages you earned while you worked from your Springboro home. The refund process is administered by your former work city, **not** the City of Springboro. To apply for a refund, we advise you to visit the website of the city for which tax was withheld and download that city's non-resident refund request form.

**Q. May I get a refund of taxes paid to another city while I was working from home in 2020 due to COVID?**

**A.** No. Ohio law directed employers to continue withholding taxes during 2020 as if employees continued to work at their pre-pandemic work location. No refunds are currently available for the 2020 tax year.

**Q. If I apply for a refund, will there be any adjustments that need to be made to my Springboro return?**

**A. YES.** You receive credit on your tax return for payments made to another city. (The credit is equal to 1% of the wages taxed by the other city.) But, if all or part of those taxes are refunded to you, we'll need to adjust the credit you claim on your Springboro return. ***(NOTE: If you file for a refund of local tax from another city this year, we encourage you to let us make the credit calculation for you. Schedule an appointment online or call us at 937-748-9701. Tax preparation services are provided free of charge.)***

**The following examples show how the credit for local taxes paid is calculated—and how receipt of a local tax refund would affect that calculation.**

**EXAMPLE 1: NO REFUND OF OTHER LOCAL TAX**

Betty is a Springboro resident. She worked in Kettering for all of 2021; her work was never relocated to home. She made \$50,000 and had \$1,125 in Kettering tax withheld from her wages (\$50,000 x Kettering 2.25% tax rate). **Here's what the calculation of her Springboro tax due would look like:**

|                                      |  |
|--------------------------------------|--|
| Wages taxed by Springboro            | \$50,000   |
| Tax liability @ 1.5% Springboro rate | \$750  |
| Credit for tax paid to Kettering     | \$500 (limited to 1% of \$50,000 wages taxed in Kettering) |
| Balance Due                          | \$250  |

As a result, Betty's total out-of-pocket expense for local taxes in 2021 would be \$1,375 (\$1,125 tax paid to Kettering plus \$250 Springboro tax due).

### EXAMPLE 2: REFUND OF ALL OTHER LOCAL TAX PAID

Assume, instead, that Betty's work was relocated to her Springboro home in 2020 and she has not returned to her former work location. Her employer, however, continued to withhold Kettering tax from her \$50,000 in wages for the entire 2021 tax year. She applies for a refund from Kettering of \$1,125 ( $\$50,000 \times 2.25\%$  Kettering tax rate). **Here's what her 2021 Springboro tax calculation would look like.**

|                                  |   |
|----------------------------------|---|
| Wages taxed                      | \$50,000  |
| Tax liability @ 1.5%             | \$750   |
| Credit for tax paid to Kettering | \$0 (since she received a refund of all her Kettering tax paid) |
| Balance Due                      | \$750   |

For 2021, then, Betty's total out-of-pocket expense for local taxes is \$750. By having her work relocated 100% to home, she saved \$625 in 2021 local taxes ( $\$1,375 - \$750$ ).

### EXAMPLE 3: REFUND OF PART OF OTHER LOCAL TAX PAID

Betty worked at her employer's Kettering office for half of 2021, then returned to work at her home for the rest of the year. She still made \$50,000 and Kettering tax was withheld from her wages the entire year. She files a refund request with Kettering for the \$562.50 tax that was withheld while she was working in Springboro ( $\$25,000 \times 2.25\%$  Kettering tax rate). **Here's what her 2021 Springboro tax calculation would look like:**

|                                  |  |
|----------------------------------|--|
| Wages taxed                      | \$50,000   |
| Tax liability @ 1.5%             | \$750  |
| Credit for tax paid to Kettering | \$250 (limited to 1% of \$25,000 wages taxed in Kettering) |
| Balance Due                      | \$500  |

For 2021, then, Betty's total out of pocket expense for local taxes is \$1,062.50 (\$500.00 to Springboro + \$562.50 for wages taxed in Kettering). By having 50% of her work relocated to home, she saved \$312.50 ( $\$1,375 - \$1062.50$ ) in local taxes.

### Q. Do I have to apply for a refund from another city if I'm eligible?

**A.** No. The decision is entirely up to you. In most circumstances, however, you will benefit financially if you apply for an available refund. If you have questions, or are trying to determine the net benefit of applying for a refund in your particular case, feel free to contact us at 937-748-9701.