

**Bowling Green State University**  
**BG@100 Information Item**  
**ESC Submission: September 27, 2004**

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**Identification Information:**

<i>Reference Number</i>	HCM-0016
<i>Functional Area</i>	Payroll
<i>Title</i>	Resident City Income Tax Withholding

**Background Information:**

BGSU is required to withhold city income tax on all employees based on where they work, but is not required to withhold resident city income taxes (where you live) for employees. This is an additional labor intensive service provided to assist employees in paying their resident income taxes on a regular basis, and is also a Bowling Green State University good neighbor policy with local area city taxing authorities (currently 55 withholding localities).

While BGSU does not have a written policy regarding this additional service on behalf of the employees, this service, for the majority of employees, allows them to avoid filing quarterly estimated tax returns with their resident city and having to pay the tax in a lump sum. The regular withholding from their paycheck is less of a burden on the employee.

The issue with this practice is that there are 19 city locations in non-adjacent counties where Payroll has withheld and remitted taxes, filed quarterly tax returns, and produced W-2's at year end, usually for just one employee at a location. Only six had any activity in the last five years and four of the nineteen locations were for only one year, yet the Payroll Department will automatically receive tax forms from those localities for the subsequent year that need to be filed even if no tax has been withheld.

**Information Item:**

As an ongoing practice, resident city taxes will be withheld for employees who voluntarily elect this service and live in the adjacent counties to the Bowling Green and Firelands campuses (Wood and Erie County respectively). These counties are Erie, Hancock, Henry, Huron, Lorain, Lucas, Sandusky, Seneca, Ottawa, and Wood.

As a courtesy to current employees living in the five localities in non-adjacent counties, we will continue to withhold taxes. However, this would not be offered to new employees or current employees moving into those non-adjacent county localities. When current active employees are no longer in any of these five localities, this service will be discontinued for that specific locality.