

CITY OF SPRINGDALE

Summary of Major Differences Between the Tax Ordinance (Tax Years 2015 and Prior) and House Bill 5 (Effective 1-1-2016)

TOPIC	TAX ORDINANCE (Tax Years 2015 and Prior)	HOUSE BILL 5 (Tax Years 2016 and Forward)
Quarterly Declaration Payments	<ul style="list-style-type: none"> - 1st Quarter payment due April 30 - 2nd Quarter payment due July 31 - 3rd Quarter payment due October 31 - 4th Quarter payment due January 31 <p>70% of tax liability is due January 31</p>	<ul style="list-style-type: none"> - 1st Quarter payment due April 15 - 2nd Quarter payment due June 15 - 3rd Quarter payment due Sept 15 - 4th Quarter payment due Dec 15 <p>90% of tax liability due December 15</p>
Obtaining a Tax Return Filing Extension	Written extension request must be received by April 15th (or tax return due date). If the account is current the extension is granted for 7 1/2 months.	A tax return filing extension is granted automatically if the taxpayer has filed for a Federal extension (6 month extension). If a Federal extension has not been obtained then a written extension request must be received by April 15th (or tax return due date).
Interest	Tax balances owed are assessed interest at 1% per month (12% annual).	Interest is calculated at the Federal short-term rate plus 5%. This rate is subject to change annually and the next years interest rate is based on the Federal short-term rate posted in July of the current year.
Penalty Assessment	<ul style="list-style-type: none"> - \$25 penalty for late tax return filing - \$25 penalty if 70% of the tax liability is not paid by January 31 - 2.5% per month of withholding balance penalty for late withholdings - \$25 penalty for late withholding W-1 Form 	<ul style="list-style-type: none"> - Late tax return filing, \$25 per month, up to a maximum of \$150. - For tax balances due, a 15% penalty - 50% penalty for late withholdings

TOPIC	CURRENT ORDINANCE (Tax Years 2015 and Prior)	HOUSE BILL 5 (Tax Years 2016 and Forward)
Lottery, Sweepstakes, Gambling and Sports Winnings	Not Taxable	Taxable (credit is given if local taxes are paid)
Net Operating Loss Carry-Forward	Allows a business loss to be carried forward for three years to offset net profits.	Allows a business loss to be carried forward for five years to offset net profits (effective 1-1-17).
Frequency of Withholding Remittance	Quarterly withholding payments are required unless another time period (for example monthly) is agreed upon.	<p>If prior year withholdings are over \$2,399, monthly withholdings are required.</p> <p>If prior year withholdings are at or under \$2,399, quarterly withholdings are required.</p>
Occasional Entrant Rule	<u>12 Day Rule</u> - For businesses located outside of Springdale doing work in the City, no employee withholdings are required until the 13th day of work, then the whole amount is required (days 1 to 12).	<u>20 Day Rule</u> - For businesses located outside of Springdale doing work in the City, no employee withholdings are required until the 21st day of work (The employee does not have to be withheld on for days 1 to 20).
"Small Employer" Treatment	All businesses located in the City and businesses that earn revenue from activity in the City are required to withhold on employees wages (with the exception of the 12-day rule above).	A small employer (defined by House Bill 5 as a business with revenues less than \$500,000 in a year) are only required to withhold where they are located.
Do Not Collect / Do Not Refund	This is something that is not addressed in the ordinance, but for internal purposes (and as stated on the face of the tax return) the amount of "do not collect/do not refund" is less than \$3. This means that original amounts owed of less than \$3 are not expected to be collected, and refunds of less than \$3 will not be refunded.	This is expressly written in the HB5 ordinance, "do not collect/do not refund" is \$10 or less. This means that original amounts owed of \$10 or less are not expected to be collected, and refunds of \$10 or less will not be refunded (beginning with the 2016 tax return filing).