



January 2023

City of Union Payroll Tax UPDATE Tax Holiday Until July 1, 2023

You should have previously received a notification of the new 2023 City of Union Payroll Tax and Business License effective as of January 1, 2023. **However, due to software delays, the City Commission has declared a Payroll Tax Holiday for the first two quarters of 2023 (January – June). All account numbers, business license applications, and withholding forms will be available online. Payment will be accepted by mail, in-person, or through the online portal. Once the software development is complete and the online portal is ready, you will receive another notification with instructions. Withholding will begin July 1, 2023.**

City of Union 2023 Remittance Due Dates

<u>Quarter</u>	<u>Quarterly Due Date</u>
3 rd : July, August, September	October 31, 2023
4 th : October, November, December	January 31, 2024

Every person or business entity engaged in any business for profit and any person or business entity that is required to make a filing with the Internal Revenue Service, or the Kentucky Revenue Cabinet, shall be required to file and pay to the city an occupational tax for the privilege of engaging in such activities within the city. The payroll rate is 2% of all wages and or compensation paid or payable for work done, or services performed or rendered in the city, by every resident and nonresident. Please note that the place of business will need to withhold this 2% from each employee's wages and remit the total taxes collected to the city each quarter starting July 1, 2023. Nothing has changed except the starting date.

In addition, the city has levied a **Business License** to be obtained by each business or self-employee that exists in or has employees which operate in the city corporate limit. Licenses are **\$50** and expire on **December 31st** annually. Not for profit organizations are exempt from the business license. The Business License application and print out will be available online, once the portal opens, and on paper.

The city has contracted with a third-party vendor named GovOS to manage and provide a convenient paperless online platform.

What this means for you:

- You will have the option to file online – no paper application forms or mailing in checks
- Automated reminders to your email address
- View completed transaction history from your Business Center
- Support from GovOS

How will I be notified?

The city will be sending out registration letters to your mailing address in 2023. The registration letter will include the GovOS web address and procedures for creating your account. All notifications will contain an activation code and account number that you will use to attach to your property / business record. **Please hold onto the registration letter**

as it will contain the activation code and account number you will need to login. After you have registered, GovOS will send you online reminders about tax form due dates moving forward.

Frequently Asked Questions:

Why a new Payroll Tax instead of increasing Property Tax?

As Boone County continues to explode in population, so does Union. Having more people brings with it a greater demand for entertainment options, services, workplaces and public amenities. Negatively, this also brings congestion and a quicker degradation of our public infrastructure. In addition, these costs reduce the investment the city can make into new amenities to entertain those that live in the area. While the city could levy additional revenue on property, this would be an unfair practice distribution of the tax burden necessary to maintain these resources.

Has the city changed its mind on Payroll Taxation?

Payroll Taxation is the fairest taxation for City of Union residents. The city has always kept Property Taxation down, and has lowered it over the past two years. Most city residents still do not work within the city limits of Union, however they do pay a Payroll Tax...not to the Union, but the city to where they work. Those who work within the city have had a tax break for many years now by not paying any Payroll Tax for working here. The city is simply moving the initial Payroll Taxation starting date until collection systems can run at maximum efficiency.

Are Net/Gross Profits included with this Tax?

No, Net/Gross Profits were left at 0%. It is the city's intension to not hurt the bottom line of our small business network.

I own my own business/perform my own trade, do I need to pay this tax?

No, you would only pay the annual business license.

1099 vs w-2?

If you receive a 1099, you would pay the annual business license. If you receive a w-2, you would pay the 2% tax.

What if I work in Union and other jurisdictions inside a quarter?

You will need to report your total time, then divide out the time spent in Union.

Why is the city concerned about Business Licenses?

Business Retention and Expansion (BRE) makes up 80% of the economic development across America. The city currently has no data on any of our businesses at the moment. Stepping up to help assist business needs, wants and desires through a BRE program will initially require this data.

Why did I receive a letter?

You received a letter as your business or an employee of your business may have worked or provided a service within the city limits of Union, Kentucky. If not applicable, please contact the City of Union at occtax@cityofunionky.org or 859-384-1511.

Amy Safran
Interim City Administrator
City of Union, KY