

City of Leeds Employer's Withholding Guide for Occupational Tax

Introduction

As an employer operating within the City of Leeds, you are required to withhold the City Occupational Tax from your employees' earnings. This guide provides you with the necessary steps, forms, and deadlines to ensure compliance with the city's tax regulations.

1. Employer's Responsibility

Employers are required to:

- Withhold 1% of each employee's gross earnings for work performed within the city limits of Leeds.
 - File and remit these withholdings online through Avenu Taxpayer Portal or mailed to the Avenu Tax Remittance Department monthly.
 - Provide an annual reconciliation of all withholdings and submit required forms by the designated deadlines.
-

2. What Earnings are Subject to Withholding?

The following types of earnings are subject to the Occupational Tax withholding:

- Wages
 - Salaries
 - Commissions
 - Bonuses
 - Overtime pay
 - Tips and gratuities
 - Severance pay
 - Stock options and other forms of compensation
-

3. Obtaining a Business License

Before withholding Occupational Tax, employers must obtain a business license with the City of Leeds. The application can be completed online or in person at City Hall.

4. Withholding Calculation

Calculate the withholding by applying the 1% tax rate to each employee's gross earnings. For example, if an employee earns \$3,000 in a given month, you would withhold \$30 ($\$3,000 \times 1\%$) for the Occupational Tax.

5. Filing and Remittance

Monthly Filing

- **Due Date:** The 20th day of the month following the month in which the wages were paid.
- **Form:** Use the Occupational Tax Return Form, which can be downloaded from the city's website.
- **Payment:** Payments can be made online through Avenu Taxpayer Portal or mailed to the Avenu Tax Remittance Department.

Annual Reconciliation

- **Due Date:** January 31st of the following year.
 - **Form:** Use the Occupational Withholding Tax Annual Reconciliation Report Form.
 - **Documentation:** Include copies of IRS Form W-2 and Form W-3 for each employee, along with a summary of all Occupational Tax withholdings for the year.
-

6. Penalties for Non-Compliance

Failure to file or remit the Occupational Tax by the due dates will result in penalties, including:

- **Late Payment Penalty:** 10% of the unpaid tax.
 - **Interest:** Accrues at a rate of 12% per annum on the unpaid tax.
 - **Additional Penalties:** Possible civil and criminal penalties for continued non-compliance.
-

7. Reporting Changes

Employers must report any changes in business status, such as changes in address, ownership, or cessation of business operations, to the City of Leeds within 30 days of the change.

8. Employee Notification

Employers must inform their employees about the Occupational Tax withholding. This can be done by providing a statement on the employee's pay stub showing the amount of tax withheld.

9. Record Keeping

Employers are required to keep detailed records of all wages paid, Occupational Tax withheld, and returns filed for at least five years. These records must be made available to the City of Leeds upon request.

10. Contact Information

For assistance with Occupational Tax withholding, you can reach the revenue examiner:

- **Phone:** (205) 699-0940
- **Email:** psmith@leedsalabama.gov
- **Office Hours:** Monday to Thursday, 8:00 AM to 4:45 PM

Conclusion

By following this guide, employers can ensure they comply with the City of Leeds' Occupational Tax requirements. Timely and accurate withholding and remittance of taxes support essential city services and contribute to the well-being of our community. Thank you for your cooperation.