

**CITY INCOME TAX ACT (EXCERPT)**  
**Act 284 of 1964**

**141.651 Withholding of tax by employer; voluntary withholding by certain employers; employer as trustee; failure or refusal to deduct and withhold tax; liability; discharge.**

Sec. 51. (1) An employer doing business or maintaining an establishment within the city shall withhold from each payment to the employer's employees on and after the effective date of this ordinance the tax on their compensation subject to the tax, after giving effect to exemptions, as follows:

(a) Residents.

(i) At a rate equal to the rate set by ordinance to be levied against resident individuals under this ordinance, but not to exceed 3%, of all compensation paid to the employee who is a resident of the city, if the employee is not subject to withholding in any other city levying the tax.

(ii) At a rate equal to the difference in the percentage rate of tax on resident individuals as set by ordinance to be levied under this ordinance less the percentage rate of tax levied by any other city in which the employee works, on all compensation earned by the resident in another city.

(b) Nonresidents. At a rate equal to the rate set by ordinance to be levied under this ordinance on nonresidents but not to exceed 50% of the percentage rate imposed on resident individuals of the compensation paid to the employee for work done or services performed in the city designated by the employee as the employee's predominant place of employment. The withholding rate shall be applied to the percentage of the employee's total compensation equal to the employee's estimated percentage of work to be done or services to be performed in the city for that employer, but no withholding shall be required if the estimated percentage of work is less than 25%.

(2) An employer withholding the tax is deemed to hold the tax as a trustee for the city.

(3) An employer who is required to withhold and who fails or refuses to deduct and withhold is liable for the payment of the amount required to be withheld. The liability shall be discharged upon payment of the tax by the employee but the employer is not relieved of penalties and interest provided in this ordinance for this failure or refusal.

(4) An employer that voluntarily registers to withhold taxes in accordance with section 6 of chapter 1 shall withhold from all employees who are residents of that city based on the form required to be filed by each employee under section 54 on their compensation subject to tax, after giving effect to exemptions as provided under subsection (1)(a). If an employer no longer wishes to voluntarily withhold taxes under section 6 of chapter 1, the employer shall file a written notice with the city, and with the administrator if the administrator is not the city, indicating that the employer will no longer voluntarily withhold taxes from employees who are residents of that city.

**History:** 1964, Act 284, Imd. Eff. June 12, 1964;—Am. 1981, Act 60, Imd. Eff. June 5, 1981;—Am. 1982, Act 124, Imd. Eff. Apr. 19, 1982;—Am. 2018, Act 456, Imd. Eff. Dec. 21, 2018.