

**As Introduced**

**134th General Assembly  
Regular Session  
2021-2022**

**S. B. No. 24**

**Senators Gavarone, Peterson**

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**A BILL**

To amend sections 5747.01 and 5747.10 and to enact 1  
sections 193.01, 193.02, 193.03, 193.04, 193.05, 2  
193.06, and 193.07 of the Revised Code to enact 3  
the First-time Home Buyer Savings Act, 4  
authorizing income tax deductions for 5  
contributions to and earnings on savings 6  
accounts designated for the purchase of a home. 7

**BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:**

**Section 1.** That sections 5747.01 and 5747.10 be amended 8  
and sections 193.01, 193.02, 193.03, 193.04, 193.05, 193.06, and 9  
193.07 of the Revised Code be enacted to read as follows: 10

**Sec. 193.01.** As used in this chapter: 11

(A) "Account holder" means an individual who establishes, 12  
individually or jointly with the individual's spouse, a first- 13  
time home buyer savings account. 14

(B) "Allowable closing costs" means a disbursement listed 15  
on a closing disclosure for the purchase of a single-family 16  
residence in this state by a qualified beneficiary. 17

(C) "Eligible costs" means the down payment and allowable 18

closing costs for the purchase of a single-family residence in 19  
this state by a qualified beneficiary. 20

(D) "Financial institution" means any bank, trust company, 21  
savings institution, industrial loan association, consumer 22  
finance company, credit union, or any benefit association, 23  
insurance company, safe deposit company, money market mutual 24  
fund, or similar entity authorized to do business in this state. 25

(E) "First-time home buyer" means an individual who 26  
resides in this state and has not owned or purchased, either 27  
individually or jointly, a single-family residence during the 28  
three years immediately preceding the purchase of a single- 29  
family residence using amounts from a first-time home buyer 30  
savings account. 31

(F) "First-time home buyer savings account" or "account" 32  
means an account at a financial institution that is designated 33  
by the account holder as a first-time home buyer savings account 34  
pursuant to this chapter for the purpose of paying or 35  
reimbursing eligible costs for the purchase of a single-family 36  
residence in this state by a qualified beneficiary. 37

(G) "Qualified beneficiary" means a first-time home buyer 38  
who is designated by the account holder of a first-time home 39  
buyer savings account. 40

(H) "Closing disclosure" means the statement of receipts 41  
and disbursement for a transaction related to real estate, 42  
including a statement prescribed under the "Real Estate 43  
Settlement Procedures Act of 1974," 12 U.S.C. 2601 et seq., as 44  
amended, and regulations thereunder. 45

(I) "Single-family residence" means a dwelling, including 46  
a unit in a multiple-unit dwelling and a manufactured home or 47

mobile home, owned and occupied by a qualified beneficiary as a principal residence. A single-family residence includes so much of the land surrounding it as is reasonably necessary for the use of the dwelling or unit as a home. 48  
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(J) "Manufactured home" has the same meaning as in section 3781.06 of the Revised Code. 52  
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(K) "Mobile home" has the same meaning as in section 4501.01 of the Revised Code. 54  
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(L) "Active duty" and "uniformed services" have the same meanings as in section 5906.01 of the Revised Code. 56  
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**Sec. 193.02.** (A) Any individual may open an account at a financial institution and designate the account, in its entirety, as a first-time home buyer savings account to be used to pay or reimburse a qualified beneficiary's eligible costs for the purchase of a single-family residence in this state. Individuals who are married may jointly open, designate, and own a first-time home buyer savings account but, otherwise, a first-time home buyer savings account shall be owned by not more than one account holder. 58  
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(B) An account holder shall designate one first-time home buyer as the qualified beneficiary of the first-time home buyer savings account not later than the fifteenth day of April of the year following the year in which the account is opened. Account holders may designate themselves as the qualified beneficiary and may change the designated qualified beneficiary at any time. 67  
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(C) A first-time home buyer savings account shall not have more than one qualified beneficiary at any time. 74  
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(D) An individual may be the account holder of more than 76

one first-time home buyer savings account. However, an account 77  
holder shall not designate the same qualified beneficiary for 78  
more than one account. 79

(E) An individual may be designated as the qualified 80  
beneficiary on more than one first-time home buyer savings 81  
account only if the accounts are owned by different account 82  
holders. 83

(F) Only cash and marketable securities may be deposited 84  
to a first-time home buyer savings account. 85

(G) Any person may deposit money in a first-time home 86  
buyer savings account. There is no limitation on the amount of 87  
money that may be deposited to or retained in a first-time home 88  
buyer savings account. Only deposits made by an account holder 89  
qualify for the income tax deduction authorized under section 90  
193.05 of the Revised Code. 91

**Sec. 193.03.** (A) For each taxable year that an account 92  
holder claims a deduction or is required to make an addition to 93  
the account holder's federal adjusted gross income under section 94  
193.05 of the Revised Code, the account holder shall include the 95  
following information with the account holder's state income tax 96  
return filed pursuant to section 5747.08 of the Revised Code in 97  
the manner prescribed by the tax commissioner: 98

(1) A ledger listing the deposits to and withdrawals from 99  
each first-time home buyer savings account owned by the account 100  
holder during the taxable year, including debits for service 101  
fees associated with administering the account; 102

(2) The internal revenue service form 1099 issued pursuant 103  
to the Internal Revenue Code by the financial institution or 104  
financial institutions with which the account or accounts are 105

<u>held.</u>	106
<u>(B) In addition to the reporting requirements of division</u>	107
<u>(A) of this section, each time money is withdrawn from a first-</u>	108
<u>time home buyer savings account for purposes other than</u>	109
<u>reimbursing the financial institution with which the account is</u>	110
<u>held for a service fee associated with administering the</u>	111
<u>account, the account holder shall provide the following</u>	112
<u>information to the department of taxation:</u>	113
<u>(1) The amount of money withdrawn from the account;</u>	114
<u>(2) The amount of money remaining in the account, if any;</u>	115
<u>(3) If the withdrawn money was used to pay eligible costs</u>	116
<u>for the purchase of a single-family residence by the account's</u>	117
<u>qualified beneficiary or to reimburse the qualified beneficiary</u>	118
<u>for such eligible costs, a detailed accounting of the eligible</u>	119
<u>costs toward which the money was applied;</u>	120
<u>(4) If the money was transferred to another first-time</u>	121
<u>home buyer savings account, the name of the financial</u>	122
<u>institution with which the new account is held and the qualified</u>	123
<u>beneficiary of the new account;</u>	124
<u>(5) If the money was withdrawn due to the death or</u>	125
<u>disability of the account holder, the name and address of each</u>	126
<u>person to which the money was distributed.</u>	127
<u>(C) In complying with the reporting obligations prescribed</u>	128
<u>by this section, the account holder shall use the forms</u>	129
<u>prescribed by the tax commissioner pursuant to section 193.07 of</u>	130
<u>the Revised Code.</u>	131
<b><u>Sec. 193.04.</u></b> (A) A financial institution shall not be	132
<u>required to do any of the following:</u>	133

<u>(1) Designate an account as a first-time home buyer</u>	134
<u>savings account, or designate the qualified beneficiary of an</u>	135
<u>account, in the financial institution's account contracts or</u>	136
<u>systems or in any other way;</u>	137
<u>(2) Track the use of money withdrawn from a first-time</u>	138
<u>home buyer savings account;</u>	139
<u>(3) Allocate funds in a first-time home buyer savings</u>	140
<u>account among joint account holder or multiple qualified</u>	141
<u>beneficiaries;</u>	142
<u>(4) Report any information not otherwise required by law</u>	143
<u>to the department of taxation or any other governmental agency.</u>	144
<u>(B) A financial institution is not responsible or liable</u>	145
<u>for any of the following:</u>	146
<u>(1) Determining or ensuring that an account satisfies the</u>	147
<u>requirements to be a first-time home buyer savings account;</u>	148
<u>(2) Determining or ensuring that funds in a first-time</u>	149
<u>home buyer savings account are used for eligible costs;</u>	150
<u>(3) Reporting or remitting taxes or penalties related to</u>	151
<u>the use of a first-time home buyer savings account.</u>	152
<u>(C) Upon being furnished proof of the death of the account</u>	153
<u>holder and such other information required by the contract</u>	154
<u>governing the first-time home buyer savings account, a financial</u>	155
<u>institution shall distribute the principal and accumulated</u>	156
<u>interest or other income in the account in accordance with the</u>	157
<u>terms of the contract governing the account.</u>	158
<b>Sec. 193.05.</b> <u>(A) Subject to the limitations prescribed by</u>	159
<u>division (C) of this section, in determining Ohio adjusted gross</u>	160
<u>income under Chapter 5747. of the Revised Code an account holder</u>	161

may deduct the following amounts, to the extent such amounts 162  
have not otherwise been deducted or excluded in determining the 163  
account holder's federal adjusted gross income: 164

(1) The total of the deposits that the account holder made 165  
to one or more first-time home buyer savings accounts owned by 166  
the account holder or the account holder's spouse during the 167  
taxable year; 168

(2) The interest and other income on the principal balance 169  
of each of the account holder's first-time home buyer savings 170  
accounts. 171

(B) In determining Ohio adjusted gross income under 172  
Chapter 5747. of the Revised Code, an account holder shall add 173  
to the account holder's federal adjusted gross income an amount 174  
equal to the sum of the amounts described in divisions (B) (1), 175  
(2), and (3) of this section to the extent that such amounts 176  
were included in the account holder's federal adjusted gross 177  
income in a prior taxable year and were deducted in determining 178  
the account holder's Ohio adjusted gross income for that taxable 179  
year. In determining the extent to which such amounts shall be 180  
included in the account holder's Ohio adjusted gross income, the 181  
tax commissioner shall be guided by sections 72 and 408 of the 182  
Internal Revenue Code governing the determination of the amount 183  
of withdrawals from an individual retirement account to be 184  
included in federal adjusted gross income. 185

(1) Amounts withdrawn from a first-time home buyer savings 186  
account owned by the account holder that are not transferred to 187  
another first-time home buyer savings account, debited by the 188  
financial institution with which the account is held to pay a 189  
service fee for administering the account, or used to pay 190  
eligible costs for the purchase of a single-family residence by 191

a qualified beneficiary or to reimburse a qualified beneficiary 192  
for such eligible costs; 193

(2) Investment earnings during the taxable year on amounts 194  
withdrawn from the account that are described in division (B)(1) 195  
of this section; 196

(3) Amounts remaining in the account on the thirty-first 197  
day of December of the fourteenth taxable year following the 198  
taxable year in which the account was opened. For the purposes 199  
of division (B)(3) of this section, a first-time home buyer 200  
savings account is "opened" in the taxable year in which the 201  
account was established under section 193.02 of the Revised Code 202  
or, if the account includes amounts transferred from other 203  
first-time home buyer savings accounts, in the earliest taxable 204  
year for which the account holder claimed a deduction under 205  
division (A) of this section with respect to the first such 206  
account. Changing the qualified beneficiary of the account does 207  
not affect the taxable year in which the account is opened. 208

(C)(1) The total amount of deposits deducted by an account 209  
holder under division (A)(1) of this section for a taxable year, 210  
regardless of how many first-time home buyer savings accounts 211  
the account holder owns, shall not exceed ten thousand dollars 212  
for spouses filing a joint income tax return under section 213  
5747.08 of the Revised Code, or five thousand dollars for all 214  
other account holders. 215

(2) The total amount of deposits, interest, and other 216  
income deducted by an account holder under divisions (A)(1) and 217  
(2) of this section for all taxable years, regardless of how 218  
many first-time home buyer savings accounts the account holder 219  
owns, shall not exceed one hundred thousand dollars for spouses 220  
filing a joint income tax return under section 5747.08 of the 221



Revised Code or fifty thousand dollars for all other account 222  
holders. 223

(3) No account holder may claim a deduction under division 224  
(A) of this section after the fourteenth taxable year following 225  
the taxable year in which the account holder first opens a 226  
first-time home buyer savings account under section 193.02 of 227  
the Revised Code. 228

(D) A person other than the account holder who deposits 229  
money in a first-time home buyer savings account is not entitled 230  
to a deduction under this section. 231

**Sec. 193.06.** (A) Except as otherwise provided in division 232  
(B) of this section, an account holder shall pay a penalty equal 233  
to ten per cent of the amounts described in divisions (B) (1) and 234  
(3) of section 193.05 of the Revised Code for the taxable year 235  
in which the account holder is required to add the amounts in 236  
computing the account holder's Ohio adjusted gross income under 237  
Chapter 5747. of the Revised Code. The penalty imposed under 238  
this section shall be in addition to all other taxes and 239  
penalties imposed on the amounts. The penalty shall be 240  
considered as revenue arising from the taxes imposed by Chapter 241  
5747. of the Revised Code and the tax commissioner may collect 242  
past due penalties and interest thereon by assessment under 243  
section 5747.13 of the Revised Code in the same manner as taxes 244  
that are past due. 245

(B) The penalty imposed under this section does not apply 246  
to any of the following: 247

(1) Amounts withdrawn by reason of the account holder's 248  
death or disability; 249

(2) A disbursement of assets of the account pursuant to a 250

filing for protection under the United States Bankruptcy Code, 251  
11 U.S.C. 101, et seq., more than one year after the date the 252  
account was established under section 193.02 of the Revised Code 253  
or, if the account includes amounts transferred from other 254  
first-time home buyer savings accounts, more than one year after 255  
the earliest date that a first-time home buyer savings account 256  
from which the funds were transferred was established; 257

(3) Amounts transferred from one first-time home buyer 258  
savings account to another first-time home buyers savings 259  
account; 260

(4) Amounts debited from the account by the financial 261  
institution with which the account is held to pay a service fee 262  
for administering the account; 263

(5) Amounts withdrawn by an account holder who is a member 264  
of the uniformed services within one year of either of the 265  
following: 266

(a) The account holder is transferred or called into an 267  
active duty assignment outside this state; 268

(b) The account holder's active duty assignment in this 269  
state terminates or relocates outside this state. 270

**Sec. 193.07. (A) The tax commissioner may adopt rules in** 271  
**accordance with Chapter 119. of the Revised Code to implement** 272  
**this chapter.** 273

(B) The commissioner shall prepare forms for all of the 274  
following: 275

(1) The designation of an account with a financial 276  
institution to serve as a first-time home buyer savings account; 277

(2) The designation of a qualified beneficiary of a first- 278

<u>time home buyer savings account;</u>	279
<u>(3) For an account holder to annually submit to the</u>	280
<u>department detailed information regarding the first-time home</u>	281
<u>buyer savings account, including a list of transactions for the</u>	282
<u>account during a taxable year, and identifying any supporting</u>	283
<u>documentation that is required to be maintained by the account</u>	284
<u>holder.</u>	285
<u>(C) The department of taxation shall prepare and</u>	286
<u>distribute informational materials on the first-time home buyer</u>	287
<u>savings account program to financial institutions and potential</u>	288
<u>home buyers to publicize the availability of the program.</u>	289
<b>Sec. 5747.01.</b> Except as otherwise expressly provided or	290
clearly appearing from the context, any term used in this	291
chapter that is not otherwise defined in this section has the	292
same meaning as when used in a comparable context in the laws of	293
the United States relating to federal income taxes or if not	294
used in a comparable context in those laws, has the same meaning	295
as in section 5733.40 of the Revised Code. Any reference in this	296
chapter to the Internal Revenue Code includes other laws of the	297
United States relating to federal income taxes.	298
As used in this chapter:	299
(A) "Adjusted gross income" or "Ohio adjusted gross	300
income" means federal adjusted gross income, as defined and used	301
in the Internal Revenue Code, adjusted as provided in this	302
section:	303
(1) Add interest or dividends on obligations or securities	304
of any state or of any political subdivision or authority of any	305
state, other than this state and its subdivisions and	306
authorities.	307

(2) Add interest or dividends on obligations of any authority, commission, instrumentality, territory, or possession of the United States to the extent that the interest or dividends are exempt from federal income taxes but not from state income taxes.

(3) Deduct interest or dividends on obligations of the United States and its territories and possessions or of any authority, commission, or instrumentality of the United States to the extent that the interest or dividends are included in federal adjusted gross income but exempt from state income taxes under the laws of the United States.

(4) Deduct disability and survivor's benefits to the extent included in federal adjusted gross income.

(5) Deduct benefits under Title II of the Social Security Act and tier 1 railroad retirement benefits to the extent included in federal adjusted gross income under section 86 of the Internal Revenue Code.

(6) Deduct the amount of wages and salaries, if any, not otherwise allowable as a deduction but that would have been allowable as a deduction in computing federal adjusted gross income for the taxable year, had the targeted jobs credit allowed and determined under sections 38, 51, and 52 of the Internal Revenue Code not been in effect.

(7) Deduct any interest or interest equivalent on public obligations and purchase obligations to the extent that the interest or interest equivalent is included in federal adjusted gross income.

(8) Add any loss or deduct any gain resulting from the sale, exchange, or other disposition of public obligations to

the extent that the loss has been deducted or the gain has been 337  
included in computing federal adjusted gross income. 338

(9) Deduct or add amounts, as provided under section 339  
5747.70 of the Revised Code, related to contributions to 340  
variable college savings program accounts made or tuition units 341  
purchased pursuant to Chapter 3334. of the Revised Code. 342

(10) (a) Deduct, to the extent not otherwise allowable as a 343  
deduction or exclusion in computing federal or Ohio adjusted 344  
gross income for the taxable year, the amount the taxpayer paid 345  
during the taxable year for medical care insurance and qualified 346  
long-term care insurance for the taxpayer, the taxpayer's 347  
spouse, and dependents. No deduction for medical care insurance 348  
under division (A) (10) (a) of this section shall be allowed 349  
either to any taxpayer who is eligible to participate in any 350  
subsidized health plan maintained by any employer of the 351  
taxpayer or of the taxpayer's spouse, or to any taxpayer who is 352  
entitled to, or on application would be entitled to, benefits 353  
under part A of Title XVIII of the "Social Security Act," 49 354  
Stat. 620 (1935), 42 U.S.C. 301, as amended. For the purposes of 355  
division (A) (10) (a) of this section, "subsidized health plan" 356  
means a health plan for which the employer pays any portion of 357  
the plan's cost. The deduction allowed under division (A) (10) (a) 358  
of this section shall be the net of any related premium refunds, 359  
related premium reimbursements, or related insurance premium 360  
dividends received during the taxable year. 361

(b) Deduct, to the extent not otherwise deducted or 362  
excluded in computing federal or Ohio adjusted gross income 363  
during the taxable year, the amount the taxpayer paid during the 364  
taxable year, not compensated for by any insurance or otherwise, 365  
for medical care of the taxpayer, the taxpayer's spouse, and 366

dependents, to the extent the expenses exceed seven and one-half 367  
per cent of the taxpayer's federal adjusted gross income. 368

(c) For purposes of division (A)(10) of this section, 369  
"medical care" has the meaning given in section 213 of the 370  
Internal Revenue Code, subject to the special rules, 371  
limitations, and exclusions set forth therein, and "qualified 372  
long-term care" has the same meaning given in section 7702B(c) 373  
of the Internal Revenue Code. Solely for purposes of division 374  
(A)(10)(a) of this section, "dependent" includes a person who 375  
otherwise would be a "qualifying relative" and thus a 376  
"dependent" under section 152 of the Internal Revenue Code but 377  
for the fact that the person fails to meet the income and 378  
support limitations under section 152(d)(1)(B) and (C) of the 379  
Internal Revenue Code. 380

(11)(a) Deduct any amount included in federal adjusted 381  
gross income solely because the amount represents a 382  
reimbursement or refund of expenses that in any year the 383  
taxpayer had deducted as an itemized deduction pursuant to 384  
section 63 of the Internal Revenue Code and applicable United 385  
States department of the treasury regulations. The deduction 386  
otherwise allowed under division (A)(11)(a) of this section 387  
shall be reduced to the extent the reimbursement is attributable 388  
to an amount the taxpayer deducted under this section in any 389  
taxable year. 390

(b) Add any amount not otherwise included in Ohio adjusted 391  
gross income for any taxable year to the extent that the amount 392  
is attributable to the recovery during the taxable year of any 393  
amount deducted or excluded in computing federal or Ohio 394  
adjusted gross income in any taxable year. 395

(12) Deduct any portion of the deduction described in 396

section 1341(a) (2) of the Internal Revenue Code, for repaying 397  
previously reported income received under a claim of right, that 398  
meets both of the following requirements: 399

(a) It is allowable for repayment of an item that was 400  
included in the taxpayer's adjusted gross income for a prior 401  
taxable year and did not qualify for a credit under division (A) 402  
or (B) of section 5747.05 of the Revised Code for that year; 403

(b) It does not otherwise reduce the taxpayer's adjusted 404  
gross income for the current or any other taxable year. 405

(13) Deduct an amount equal to the deposits made to, and 406  
net investment earnings of, a medical savings account during the 407  
taxable year, in accordance with section 3924.66 of the Revised 408  
Code. The deduction allowed by division (A) (13) of this section 409  
does not apply to medical savings account deposits and earnings 410  
otherwise deducted or excluded for the current or any other 411  
taxable year from the taxpayer's federal adjusted gross income. 412

(14) (a) Add an amount equal to the funds withdrawn from a 413  
medical savings account during the taxable year, and the net 414  
investment earnings on those funds, when the funds withdrawn 415  
were used for any purpose other than to reimburse an account 416  
holder for, or to pay, eligible medical expenses, in accordance 417  
with section 3924.66 of the Revised Code; 418

(b) Add the amounts distributed from a medical savings 419  
account under division (A) (2) of section 3924.68 of the Revised 420  
Code during the taxable year. 421

(15) Add any amount claimed as a credit under section 422  
5747.059 of the Revised Code to the extent that such amount 423  
satisfies either of the following: 424

(a) The amount was deducted or excluded from the 425

computation of the taxpayer's federal adjusted gross income as 426  
required to be reported for the taxpayer's taxable year under 427  
the Internal Revenue Code; 428

(b) The amount resulted in a reduction of the taxpayer's 429  
federal adjusted gross income as required to be reported for any 430  
of the taxpayer's taxable years under the Internal Revenue Code. 431

(16) Deduct the amount contributed by the taxpayer to an 432  
individual development account program established by a county 433  
department of job and family services pursuant to sections 434  
329.11 to 329.14 of the Revised Code for the purpose of matching 435  
funds deposited by program participants. On request of the tax 436  
commissioner, the taxpayer shall provide any information that, 437  
in the tax commissioner's opinion, is necessary to establish the 438  
amount deducted under division (A) (16) of this section. 439

(17) (a) (i) Subject to divisions (A) (17) (a) (iii), (iv), and 440  
(v) of this section, add five-sixths of the amount of 441  
depreciation expense allowed by subsection (k) of section 168 of 442  
the Internal Revenue Code, including the taxpayer's 443  
proportionate or distributive share of the amount of 444  
depreciation expense allowed by that subsection to a pass- 445  
through entity in which the taxpayer has a direct or indirect 446  
ownership interest. 447

(ii) Subject to divisions (A) (17) (a) (iii), (iv), and (v) 448  
of this section, add five-sixths of the amount of qualifying 449  
section 179 depreciation expense, including the taxpayer's 450  
proportionate or distributive share of the amount of qualifying 451  
section 179 depreciation expense allowed to any pass-through 452  
entity in which the taxpayer has a direct or indirect ownership 453  
interest. 454



(iii) Subject to division (A) (17) (a) (v) of this section, 455  
for taxable years beginning in 2012 or thereafter, if the 456  
increase in income taxes withheld by the taxpayer is equal to or 457  
greater than ten per cent of income taxes withheld by the 458  
taxpayer during the taxpayer's immediately preceding taxable 459  
year, "two-thirds" shall be substituted for "five-sixths" for 460  
the purpose of divisions (A) (17) (a) (i) and (ii) of this section. 461

(iv) Subject to division (A) (17) (a) (v) of this section, 462  
for taxable years beginning in 2012 or thereafter, a taxpayer is 463  
not required to add an amount under division (A) (17) of this 464  
section if the increase in income taxes withheld by the taxpayer 465  
and by any pass-through entity in which the taxpayer has a 466  
direct or indirect ownership interest is equal to or greater 467  
than the sum of (I) the amount of qualifying section 179 468  
depreciation expense and (II) the amount of depreciation expense 469  
allowed to the taxpayer by subsection (k) of section 168 of the 470  
Internal Revenue Code, and including the taxpayer's 471  
proportionate or distributive shares of such amounts allowed to 472  
any such pass-through entities. 473

(v) If a taxpayer directly or indirectly incurs a net 474  
operating loss for the taxable year for federal income tax 475  
purposes, to the extent such loss resulted from depreciation 476  
expense allowed by subsection (k) of section 168 of the Internal 477  
Revenue Code and by qualifying section 179 depreciation expense, 478  
"the entire" shall be substituted for "five-sixths of the" for 479  
the purpose of divisions (A) (17) (a) (i) and (ii) of this section. 480

The tax commissioner, under procedures established by the 481  
commissioner, may waive the add-backs related to a pass-through 482  
entity if the taxpayer owns, directly or indirectly, less than 483  
five per cent of the pass-through entity. 484

(b) Nothing in division (A) (17) of this section shall be 485  
construed to adjust or modify the adjusted basis of any asset. 486

(c) To the extent the add-back required under division (A) 487  
(17) (a) of this section is attributable to property generating 488  
nonbusiness income or loss allocated under section 5747.20 of 489  
the Revised Code, the add-back shall be situated to the same 490  
location as the nonbusiness income or loss generated by the 491  
property for the purpose of determining the credit under 492  
division (A) of section 5747.05 of the Revised Code. Otherwise, 493  
the add-back shall be apportioned, subject to one or more of the 494  
four alternative methods of apportionment enumerated in section 495  
5747.21 of the Revised Code. 496

(d) For the purposes of division (A) (17) (a) (v) of this 497  
section, net operating loss carryback and carryforward shall not 498  
include the allowance of any net operating loss deduction 499  
carryback or carryforward to the taxable year to the extent such 500  
loss resulted from depreciation allowed by section 168(k) of the 501  
Internal Revenue Code and by the qualifying section 179 502  
depreciation expense amount. 503

(e) For the purposes of divisions (A) (17) and (18) of this 504  
section: 505

(i) "Income taxes withheld" means the total amount 506  
withheld and remitted under sections 5747.06 and 5747.07 of the 507  
Revised Code by an employer during the employer's taxable year. 508

(ii) "Increase in income taxes withheld" means the amount 509  
by which the amount of income taxes withheld by an employer 510  
during the employer's current taxable year exceeds the amount of 511  
income taxes withheld by that employer during the employer's 512  
immediately preceding taxable year. 513

(iii) "Qualifying section 179 depreciation expense" means 514  
the difference between (I) the amount of depreciation expense 515  
directly or indirectly allowed to a taxpayer under section 179 516  
of the Internal Revised Code, and (II) the amount of 517  
depreciation expense directly or indirectly allowed to the 518  
taxpayer under section 179 of the Internal Revenue Code as that 519  
section existed on December 31, 2002. 520

(18) (a) If the taxpayer was required to add an amount 521  
under division (A) (17) (a) of this section for a taxable year, 522  
deduct one of the following: 523

(i) One-fifth of the amount so added for each of the five 524  
succeeding taxable years if the amount so added was five-sixths 525  
of qualifying section 179 depreciation expense or depreciation 526  
expense allowed by subsection (k) of section 168 of the Internal 527  
Revenue Code; 528

(ii) One-half of the amount so added for each of the two 529  
succeeding taxable years if the amount so added was two-thirds 530  
of such depreciation expense; 531

(iii) One-sixth of the amount so added for each of the six 532  
succeeding taxable years if the entire amount of such 533  
depreciation expense was so added. 534

(b) If the amount deducted under division (A) (18) (a) of 535  
this section is attributable to an add-back allocated under 536  
division (A) (17) (c) of this section, the amount deducted shall 537  
be situated to the same location. Otherwise, the add-back shall 538  
be apportioned using the apportionment factors for the taxable 539  
year in which the deduction is taken, subject to one or more of 540  
the four alternative methods of apportionment enumerated in 541  
section 5747.21 of the Revised Code. 542

(c) No deduction is available under division (A) (18) (a) of 543  
this section with regard to any depreciation allowed by section 544  
168(k) of the Internal Revenue Code and by the qualifying 545  
section 179 depreciation expense amount to the extent that such 546  
depreciation results in or increases a federal net operating 547  
loss carryback or carryforward. If no such deduction is 548  
available for a taxable year, the taxpayer may carry forward the 549  
amount not deducted in such taxable year to the next taxable 550  
year and add that amount to any deduction otherwise available 551  
under division (A) (18) (a) of this section for that next taxable 552  
year. The carryforward of amounts not so deducted shall continue 553  
until the entire addition required by division (A) (17) (a) of 554  
this section has been deducted. 555

(19) Deduct, to the extent not otherwise deducted or 556  
excluded in computing federal or Ohio adjusted gross income for 557  
the taxable year, the amount the taxpayer received during the 558  
taxable year as reimbursement for life insurance premiums under 559  
section 5919.31 of the Revised Code. 560

(20) Deduct, to the extent not otherwise deducted or 561  
excluded in computing federal or Ohio adjusted gross income for 562  
the taxable year, the amount the taxpayer received during the 563  
taxable year as a death benefit paid by the adjutant general 564  
under section 5919.33 of the Revised Code. 565

(21) Deduct, to the extent included in federal adjusted 566  
gross income and not otherwise allowable as a deduction or 567  
exclusion in computing federal or Ohio adjusted gross income for 568  
the taxable year, military pay and allowances received by the 569  
taxpayer during the taxable year for active duty service in the 570  
United States army, air force, navy, marine corps, or coast 571  
guard or reserve components thereof or the national guard. The 572

deduction may not be claimed for military pay and allowances 573  
received by the taxpayer while the taxpayer is stationed in this 574  
state. 575

(22) Deduct, to the extent not otherwise allowable as a 576  
deduction or exclusion in computing federal or Ohio adjusted 577  
gross income for the taxable year and not otherwise compensated 578  
for by any other source, the amount of qualified organ donation 579  
expenses incurred by the taxpayer during the taxable year, not 580  
to exceed ten thousand dollars. A taxpayer may deduct qualified 581  
organ donation expenses only once for all taxable years 582  
beginning with taxable years beginning in 2007. 583

For the purposes of division (A) (22) of this section: 584

(a) "Human organ" means all or any portion of a human 585  
liver, pancreas, kidney, intestine, or lung, and any portion of 586  
human bone marrow. 587

(b) "Qualified organ donation expenses" means travel 588  
expenses, lodging expenses, and wages and salary forgone by a 589  
taxpayer in connection with the taxpayer's donation, while 590  
living, of one or more of the taxpayer's human organs to another 591  
human being. 592

(23) Deduct, to the extent not otherwise deducted or 593  
excluded in computing federal or Ohio adjusted gross income for 594  
the taxable year, amounts received by the taxpayer as retired 595  
personnel pay for service in the uniformed services or reserve 596  
components thereof, or the national guard, or received by the 597  
surviving spouse or former spouse of such a taxpayer under the 598  
survivor benefit plan on account of such a taxpayer's death. If 599  
the taxpayer receives income on account of retirement paid under 600  
the federal civil service retirement system or federal employees 601

retirement system, or under any successor retirement program 602  
enacted by the congress of the United States that is established 603  
and maintained for retired employees of the United States 604  
government, and such retirement income is based, in whole or in 605  
part, on credit for the taxpayer's uniformed service, the 606  
deduction allowed under this division shall include only that 607  
portion of such retirement income that is attributable to the 608  
taxpayer's uniformed service, to the extent that portion of such 609  
retirement income is otherwise included in federal adjusted 610  
gross income and is not otherwise deducted under this section. 611  
Any amount deducted under division (A) (23) of this section is 612  
not included in a taxpayer's adjusted gross income for the 613  
purposes of section 5747.055 of the Revised Code. No amount may 614  
be deducted under division (A) (23) of this section on the basis 615  
of which a credit was claimed under section 5747.055 of the 616  
Revised Code. 617

(24) Deduct, to the extent not otherwise deducted or 618  
excluded in computing federal or Ohio adjusted gross income for 619  
the taxable year, the amount the taxpayer received during the 620  
taxable year from the military injury relief fund created in 621  
section 5902.05 of the Revised Code. 622

(25) Deduct, to the extent not otherwise deducted or 623  
excluded in computing federal or Ohio adjusted gross income for 624  
the taxable year, the amount the taxpayer received as a veterans 625  
bonus during the taxable year from the Ohio department of 626  
veterans services as authorized by Section 2r of Article VIII, 627  
Ohio Constitution. 628

(26) Deduct, to the extent not otherwise deducted or 629  
excluded in computing federal or Ohio adjusted gross income for 630  
the taxable year, any income derived from a transfer agreement 631

or from the enterprise transferred under that agreement under 632  
section 4313.02 of the Revised Code. 633

(27) Deduct, to the extent not otherwise deducted or 634  
excluded in computing federal or Ohio adjusted gross income for 635  
the taxable year, Ohio college opportunity or federal Pell grant 636  
amounts received by the taxpayer or the taxpayer's spouse or 637  
dependent pursuant to section 3333.122 of the Revised Code or 20 638  
U.S.C. 1070a, et seq., and used to pay room or board furnished 639  
by the educational institution for which the grant was awarded 640  
at the institution's facilities, including meal plans 641  
administered by the institution. For the purposes of this 642  
division, receipt of a grant includes the distribution of a 643  
grant directly to an educational institution and the crediting 644  
of the grant to the enrollee's account with the institution. 645

(28) Deduct from the portion of an individual's federal 646  
adjusted gross income that is business income, to the extent not 647  
otherwise deducted or excluded in computing federal adjusted 648  
gross income for the taxable year, one hundred twenty-five 649  
thousand dollars for each spouse if spouses file separate 650  
returns under section 5747.08 of the Revised Code or two hundred 651  
fifty thousand dollars for all other individuals. 652

(29) Deduct, as provided under section 5747.78 of the 653  
Revised Code, contributions to ABLE savings accounts made in 654  
accordance with sections 113.50 to 113.56 of the Revised Code. 655

(30) (a) Deduct, to the extent not otherwise deducted or 656  
excluded in computing federal or Ohio adjusted gross income 657  
during the taxable year, all of the following: 658

(i) Compensation paid to a qualifying employee described 659  
in division (A) (14) (a) of section 5703.94 of the Revised Code to 660

the extent such compensation is for disaster work conducted in 661  
this state during a disaster response period pursuant to a 662  
qualifying solicitation received by the employee's employer; 663

(ii) Compensation paid to a qualifying employee described 664  
in division (A)(14)(b) of section 5703.94 of the Revised Code to 665  
the extent such compensation is for disaster work conducted in 666  
this state by the employee during the disaster response period 667  
on critical infrastructure owned or used by the employee's 668  
employer; 669

(iii) Income received by an out-of-state disaster business 670  
for disaster work conducted in this state during a disaster 671  
response period, or, if the out-of-state disaster business is a 672  
pass-through entity, a taxpayer's distributive share of the 673  
pass-through entity's income from the business conducting 674  
disaster work in this state during a disaster response period, 675  
if, in either case, the disaster work is conducted pursuant to a 676  
qualifying solicitation received by the business. 677

(b) All terms used in division (A)(30) of this section 678  
have the same meanings as in section 5703.94 of the Revised 679  
Code. 680

(31) For a taxpayer who is a qualifying Ohio educator, 681  
deduct, to the extent not otherwise deducted or excluded in 682  
computing federal or Ohio adjusted gross income for the taxable 683  
year, the lesser of two hundred fifty dollars or the amount of 684  
expenses described in subsections (a)(2)(D)(i) and (ii) of 685  
section 62 of the Internal Revenue Code paid or incurred by the 686  
taxpayer during the taxpayer's taxable year in excess of the 687  
amount the taxpayer is authorized to deduct for that taxable 688  
year under subsection (a)(2)(D) of that section. 689



~~(34)~~(32) Deduct, to the extent not otherwise deducted or 690  
excluded in computing federal or Ohio adjusted gross income for 691  
the taxable year, amounts received by the taxpayer as a 692  
disability severance payment, computed under 10 U.S.C. 1212, 693  
following discharge or release under honorable conditions from 694  
the armed forces, as defined by 10 U.S.C. 101. 695

(33)(a) Deduct the amounts described in division (A) of 696  
section 193.05 of the Revised Code pertaining to deposits made 697  
to, and the interest and other income on the principal balance 698  
of, a first-time home buyer savings account during the taxable 699  
year. The deduction allowed by division (A)(33)(a) of this 700  
section does not apply to first-time home buyer savings account 701  
deposits and earnings otherwise deducted or excluded for the 702  
current or any other taxable year from the taxpayer's federal 703  
adjusted gross income. 704

(b) Add the amounts described in division (B) of section 705  
193.05 of the Revised Code pertaining to withdrawals from a 706  
first-time home buyer savings account during the taxable year 707  
that are not used to pay eligible costs for the purchase of a 708  
single-family residence by a qualified beneficiary, investment 709  
earnings on such withdrawals, and amounts remaining in a first- 710  
time home buyer savings account on the thirty-first day of 711  
December of the fourteenth taxable year following the date the 712  
account was opened. 713

(B) "Business income" means income, including gain or 714  
loss, arising from transactions, activities, and sources in the 715  
regular course of a trade or business and includes income, gain, 716  
or loss from real property, tangible property, and intangible 717  
property if the acquisition, rental, management, and disposition 718  
of the property constitute integral parts of the regular course 719

of a trade or business operation. "Business income" includes 720  
income, including gain or loss, from a partial or complete 721  
liquidation of a business, including, but not limited to, gain 722  
or loss from the sale or other disposition of goodwill. 723

(C) "Nonbusiness income" means all income other than 724  
business income and may include, but is not limited to, 725  
compensation, rents and royalties from real or tangible personal 726  
property, capital gains, interest, dividends and distributions, 727  
patent or copyright royalties, or lottery winnings, prizes, and 728  
awards. 729

(D) "Compensation" means any form of remuneration paid to 730  
an employee for personal services. 731

(E) "Fiduciary" means a guardian, trustee, executor, 732  
administrator, receiver, conservator, or any other person acting 733  
in any fiduciary capacity for any individual, trust, or estate. 734

(F) "Fiscal year" means an accounting period of twelve 735  
months ending on the last day of any month other than December. 736

(G) "Individual" means any natural person. 737

(H) "Internal Revenue Code" means the "Internal Revenue 738  
Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 1, as amended. 739

(I) "Resident" means any of the following: 740

(1) An individual who is domiciled in this state, subject 741  
to section 5747.24 of the Revised Code; 742

(2) The estate of a decedent who at the time of death was 743  
domiciled in this state. The domicile tests of section 5747.24 744  
of the Revised Code are not controlling for purposes of division 745  
(I) (2) of this section. 746

(3) A trust that, in whole or part, resides in this state. 747  
If only part of a trust resides in this state, the trust is a 748  
resident only with respect to that part. 749

For the purposes of division (I)(3) of this section: 750

(a) A trust resides in this state for the trust's current 751  
taxable year to the extent, as described in division (I)(3)(d) 752  
of this section, that the trust consists directly or indirectly, 753  
in whole or in part, of assets, net of any related liabilities, 754  
that were transferred, or caused to be transferred, directly or 755  
indirectly, to the trust by any of the following: 756

(i) A person, a court, or a governmental entity or 757  
instrumentality on account of the death of a decedent, but only 758  
if the trust is described in division (I)(3)(e)(i) or (ii) of 759  
this section; 760

(ii) A person who was domiciled in this state for the 761  
purposes of this chapter when the person directly or indirectly 762  
transferred assets to an irrevocable trust, but only if at least 763  
one of the trust's qualifying beneficiaries is domiciled in this 764  
state for the purposes of this chapter during all or some 765  
portion of the trust's current taxable year; 766

(iii) A person who was domiciled in this state for the 767  
purposes of this chapter when the trust document or instrument 768  
or part of the trust document or instrument became irrevocable, 769  
but only if at least one of the trust's qualifying beneficiaries 770  
is a resident domiciled in this state for the purposes of this 771  
chapter during all or some portion of the trust's current 772  
taxable year. If a trust document or instrument became 773  
irrevocable upon the death of a person who at the time of death 774  
was domiciled in this state for purposes of this chapter, that 775

person is a person described in division (I) (3) (a) (iii) of this section. 776  
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(b) A trust is irrevocable to the extent that the transferor is not considered to be the owner of the net assets of the trust under sections 671 to 678 of the Internal Revenue Code. 778  
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(c) With respect to a trust other than a charitable lead trust, "qualifying beneficiary" has the same meaning as "potential current beneficiary" as defined in section 1361(e) (2) of the Internal Revenue Code, and with respect to a charitable lead trust "qualifying beneficiary" is any current, future, or contingent beneficiary, but with respect to any trust "qualifying beneficiary" excludes a person or a governmental entity or instrumentality to any of which a contribution would qualify for the charitable deduction under section 170 of the Internal Revenue Code. 782  
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(d) For the purposes of division (I) (3) (a) of this section, the extent to which a trust consists directly or indirectly, in whole or in part, of assets, net of any related liabilities, that were transferred directly or indirectly, in whole or part, to the trust by any of the sources enumerated in that division shall be ascertained by multiplying the fair market value of the trust's assets, net of related liabilities, by the qualifying ratio, which shall be computed as follows: 792  
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(i) The first time the trust receives assets, the numerator of the qualifying ratio is the fair market value of those assets at that time, net of any related liabilities, from sources enumerated in division (I) (3) (a) of this section. The denominator of the qualifying ratio is the fair market value of all the trust's assets at that time, net of any related 800  
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liabilities. 806

(ii) Each subsequent time the trust receives assets, a 807  
revised qualifying ratio shall be computed. The numerator of the 808  
revised qualifying ratio is the sum of (1) the fair market value 809  
of the trust's assets immediately prior to the subsequent 810  
transfer, net of any related liabilities, multiplied by the 811  
qualifying ratio last computed without regard to the subsequent 812  
transfer, and (2) the fair market value of the subsequently 813  
transferred assets at the time transferred, net of any related 814  
liabilities, from sources enumerated in division (I) (3) (a) of 815  
this section. The denominator of the revised qualifying ratio is 816  
the fair market value of all the trust's assets immediately 817  
after the subsequent transfer, net of any related liabilities. 818

(iii) Whether a transfer to the trust is by or from any of 819  
the sources enumerated in division (I) (3) (a) of this section 820  
shall be ascertained without regard to the domicile of the 821  
trust's beneficiaries. 822

(e) For the purposes of division (I) (3) (a) (i) of this 823  
section: 824

(i) A trust is described in division (I) (3) (e) (i) of this 825  
section if the trust is a testamentary trust and the testator of 826  
that testamentary trust was domiciled in this state at the time 827  
of the testator's death for purposes of the taxes levied under 828  
Chapter 5731. of the Revised Code. 829

(ii) A trust is described in division (I) (3) (e) (ii) of 830  
this section if the transfer is a qualifying transfer described 831  
in any of divisions (I) (3) (f) (i) to (vi) of this section, the 832  
trust is an irrevocable inter vivos trust, and at least one of 833  
the trust's qualifying beneficiaries is domiciled in this state 834

for purposes of this chapter during all or some portion of the 835  
trust's current taxable year. 836

(f) For the purposes of division (I) (3) (e) (ii) of this 837  
section, a "qualifying transfer" is a transfer of assets, net of 838  
any related liabilities, directly or indirectly to a trust, if 839  
the transfer is described in any of the following: 840

(i) The transfer is made to a trust, created by the 841  
decedent before the decedent's death and while the decedent was 842  
domiciled in this state for the purposes of this chapter, and, 843  
prior to the death of the decedent, the trust became irrevocable 844  
while the decedent was domiciled in this state for the purposes 845  
of this chapter. 846

(ii) The transfer is made to a trust to which the 847  
decedent, prior to the decedent's death, had directly or 848  
indirectly transferred assets, net of any related liabilities, 849  
while the decedent was domiciled in this state for the purposes 850  
of this chapter, and prior to the death of the decedent the 851  
trust became irrevocable while the decedent was domiciled in 852  
this state for the purposes of this chapter. 853

(iii) The transfer is made on account of a contractual 854  
relationship existing directly or indirectly between the 855  
transferor and either the decedent or the estate of the decedent 856  
at any time prior to the date of the decedent's death, and the 857  
decedent was domiciled in this state at the time of death for 858  
purposes of the taxes levied under Chapter 5731. of the Revised 859  
Code. 860

(iv) The transfer is made to a trust on account of a 861  
contractual relationship existing directly or indirectly between 862  
the transferor and another person who at the time of the 863

decedent's death was domiciled in this state for purposes of 864  
this chapter. 865

(v) The transfer is made to a trust on account of the will 866  
of a testator who was domiciled in this state at the time of the 867  
testator's death for purposes of the taxes levied under Chapter 868  
5731. of the Revised Code. 869

(vi) The transfer is made to a trust created by or caused 870  
to be created by a court, and the trust was directly or 871  
indirectly created in connection with or as a result of the 872  
death of an individual who, for purposes of the taxes levied 873  
under Chapter 5731. of the Revised Code, was domiciled in this 874  
state at the time of the individual's death. 875

(g) The tax commissioner may adopt rules to ascertain the 876  
part of a trust residing in this state. 877

(J) "Nonresident" means an individual or estate that is 878  
not a resident. An individual who is a resident for only part of 879  
a taxable year is a nonresident for the remainder of that 880  
taxable year. 881

(K) "Pass-through entity" has the same meaning as in 882  
section 5733.04 of the Revised Code. 883

(L) "Return" means the notifications and reports required 884  
to be filed pursuant to this chapter for the purpose of 885  
reporting the tax due and includes declarations of estimated tax 886  
when so required. 887

(M) "Taxable year" means the calendar year or the 888  
taxpayer's fiscal year ending during the calendar year, or 889  
fractional part thereof, upon which the adjusted gross income is 890  
calculated pursuant to this chapter. 891

(N) "Taxpayer" means any person subject to the tax imposed	892
by section 5747.02 of the Revised Code or any pass-through	893
entity that makes the election under division (D) of section	894
5747.08 of the Revised Code.	895
(O) "Dependents" means one of the following:	896
(1) For taxable years beginning on or after January 1,	897
2018, and before January 1, 2026, dependents as defined in the	898
Internal Revenue Code;	899
(2) For all other taxable years, dependents as defined in	900
the Internal Revenue Code and as claimed in the taxpayer's	901
federal income tax return for the taxable year or which the	902
taxpayer would have been permitted to claim had the taxpayer	903
filed a federal income tax return.	904
(P) "Principal county of employment" means, in the case of	905
a nonresident, the county within the state in which a taxpayer	906
performs services for an employer or, if those services are	907
performed in more than one county, the county in which the major	908
portion of the services are performed.	909
(Q) As used in sections 5747.50 to 5747.55 of the Revised	910
Code:	911
(1) "Subdivision" means any county, municipal corporation,	912
park district, or township.	913
(2) "Essential local government purposes" includes all	914
functions that any subdivision is required by general law to	915
exercise, including like functions that are exercised under a	916
charter adopted pursuant to the Ohio Constitution.	917
(R) "Overpayment" means any amount already paid that	918
exceeds the figure determined to be the correct amount of the	919



tax.	920
(S) "Taxable income" or "Ohio taxable income" applies only	921
to estates and trusts, and means federal taxable income, as	922
defined and used in the Internal Revenue Code, adjusted as	923
follows:	924
(1) Add interest or dividends, net of ordinary, necessary,	925
and reasonable expenses not deducted in computing federal	926
taxable income, on obligations or securities of any state or of	927
any political subdivision or authority of any state, other than	928
this state and its subdivisions and authorities, but only to the	929
extent that such net amount is not otherwise includible in Ohio	930
taxable income and is described in either division (S) (1) (a) or	931
(b) of this section:	932
(a) The net amount is not attributable to the S portion of	933
an electing small business trust and has not been distributed to	934
beneficiaries for the taxable year;	935
(b) The net amount is attributable to the S portion of an	936
electing small business trust for the taxable year.	937
(2) Add interest or dividends, net of ordinary, necessary,	938
and reasonable expenses not deducted in computing federal	939
taxable income, on obligations of any authority, commission,	940
instrumentality, territory, or possession of the United States	941
to the extent that the interest or dividends are exempt from	942
federal income taxes but not from state income taxes, but only	943
to the extent that such net amount is not otherwise includible	944
in Ohio taxable income and is described in either division (S)	945
(1) (a) or (b) of this section;	946
(3) Add the amount of personal exemption allowed to the	947
estate pursuant to section 642(b) of the Internal Revenue Code;	948

(4) Deduct interest or dividends, net of related expenses 949  
deducted in computing federal taxable income, on obligations of 950  
the United States and its territories and possessions or of any 951  
authority, commission, or instrumentality of the United States 952  
to the extent that the interest or dividends are exempt from 953  
state taxes under the laws of the United States, but only to the 954  
extent that such amount is included in federal taxable income 955  
and is described in either division (S)(1)(a) or (b) of this 956  
section; 957

(5) Deduct the amount of wages and salaries, if any, not 958  
otherwise allowable as a deduction but that would have been 959  
allowable as a deduction in computing federal taxable income for 960  
the taxable year, had the targeted jobs credit allowed under 961  
sections 38, 51, and 52 of the Internal Revenue Code not been in 962  
effect, but only to the extent such amount relates either to 963  
income included in federal taxable income for the taxable year 964  
or to income of the S portion of an electing small business 965  
trust for the taxable year; 966

(6) Deduct any interest or interest equivalent, net of 967  
related expenses deducted in computing federal taxable income, 968  
on public obligations and purchase obligations, but only to the 969  
extent that such net amount relates either to income included in 970  
federal taxable income for the taxable year or to income of the 971  
S portion of an electing small business trust for the taxable 972  
year; 973

(7) Add any loss or deduct any gain resulting from sale, 974  
exchange, or other disposition of public obligations to the 975  
extent that such loss has been deducted or such gain has been 976  
included in computing either federal taxable income or income of 977  
the S portion of an electing small business trust for the 978

taxable year;	979
(8) Except in the case of the final return of an estate,	980
add any amount deducted by the taxpayer on both its Ohio estate	981
tax return pursuant to section 5731.14 of the Revised Code, and	982
on its federal income tax return in determining federal taxable	983
income;	984
(9) (a) Deduct any amount included in federal taxable	985
income solely because the amount represents a reimbursement or	986
refund of expenses that in a previous year the decedent had	987
deducted as an itemized deduction pursuant to section 63 of the	988
Internal Revenue Code and applicable treasury regulations. The	989
deduction otherwise allowed under division (S) (9) (a) of this	990
section shall be reduced to the extent the reimbursement is	991
attributable to an amount the taxpayer or decedent deducted	992
under this section in any taxable year.	993
(b) Add any amount not otherwise included in Ohio taxable	994
income for any taxable year to the extent that the amount is	995
attributable to the recovery during the taxable year of any	996
amount deducted or excluded in computing federal or Ohio taxable	997
income in any taxable year, but only to the extent such amount	998
has not been distributed to beneficiaries for the taxable year.	999
(10) Deduct any portion of the deduction described in	1000
section 1341(a) (2) of the Internal Revenue Code, for repaying	1001
previously reported income received under a claim of right, that	1002
meets both of the following requirements:	1003
(a) It is allowable for repayment of an item that was	1004
included in the taxpayer's taxable income or the decedent's	1005
adjusted gross income for a prior taxable year and did not	1006
qualify for a credit under division (A) or (B) of section	1007

5747.05 of the Revised Code for that year. 1008

(b) It does not otherwise reduce the taxpayer's taxable 1009  
income or the decedent's adjusted gross income for the current 1010  
or any other taxable year. 1011

(11) Add any amount claimed as a credit under section 1012  
5747.059 of the Revised Code to the extent that the amount 1013  
satisfies either of the following: 1014

(a) The amount was deducted or excluded from the 1015  
computation of the taxpayer's federal taxable income as required 1016  
to be reported for the taxpayer's taxable year under the 1017  
Internal Revenue Code; 1018

(b) The amount resulted in a reduction in the taxpayer's 1019  
federal taxable income as required to be reported for any of the 1020  
taxpayer's taxable years under the Internal Revenue Code. 1021

(12) Deduct any amount, net of related expenses deducted 1022  
in computing federal taxable income, that a trust is required to 1023  
report as farm income on its federal income tax return, but only 1024  
if the assets of the trust include at least ten acres of land 1025  
satisfying the definition of "land devoted exclusively to 1026  
agricultural use" under section 5713.30 of the Revised Code, 1027  
regardless of whether the land is valued for tax purposes as 1028  
such land under sections 5713.30 to 5713.38 of the Revised Code. 1029  
If the trust is a pass-through entity investor, section 5747.231 1030  
of the Revised Code applies in ascertaining if the trust is 1031  
eligible to claim the deduction provided by division (S)(12) of 1032  
this section in connection with the pass-through entity's farm 1033  
income. 1034

Except for farm income attributable to the S portion of an 1035  
electing small business trust, the deduction provided by 1036

division (S) (12) of this section is allowed only to the extent 1037  
that the trust has not distributed such farm income. 1038

(13) Add the net amount of income described in section 1039  
641(c) of the Internal Revenue Code to the extent that amount is 1040  
not included in federal taxable income. 1041

(14) Add or deduct the amount the taxpayer would be 1042  
required to add or deduct under division (A) (17) or (18) of this 1043  
section if the taxpayer's Ohio taxable income were computed in 1044  
the same manner as an individual's Ohio adjusted gross income is 1045  
computed under this section. 1046

(T) "School district income" and "school district income 1047  
tax" have the same meanings as in section 5748.01 of the Revised 1048  
Code. 1049

(U) As used in divisions (A) (7), (A) (8), (S) (6), and (S) 1050  
(7) of this section, "public obligations," "purchase 1051  
obligations," and "interest or interest equivalent" have the 1052  
same meanings as in section 5709.76 of the Revised Code. 1053

(V) "Limited liability company" means any limited 1054  
liability company formed under Chapter 1705. or 1706. of the 1055  
Revised Code or under the laws of any other state. 1056

(W) "Pass-through entity investor" means any person who, 1057  
during any portion of a taxable year of a pass-through entity, 1058  
is a partner, member, shareholder, or equity investor in that 1059  
pass-through entity. 1060

(X) "Banking day" has the same meaning as in section 1061  
1304.01 of the Revised Code. 1062

(Y) "Month" means a calendar month. 1063

(Z) "Quarter" means the first three months, the second 1064

three months, the third three months, or the last three months 1065  
of the taxpayer's taxable year. 1066

(AA) (1) "Modified business income" means the business 1067  
income included in a trust's Ohio taxable income after such 1068  
taxable income is first reduced by the qualifying trust amount, 1069  
if any. 1070

(2) "Qualifying trust amount" of a trust means capital 1071  
gains and losses from the sale, exchange, or other disposition 1072  
of equity or ownership interests in, or debt obligations of, a 1073  
qualifying investee to the extent included in the trust's Ohio 1074  
taxable income, but only if the following requirements are 1075  
satisfied: 1076

(a) The book value of the qualifying investee's physical 1077  
assets in this state and everywhere, as of the last day of the 1078  
qualifying investee's fiscal or calendar year ending immediately 1079  
prior to the date on which the trust recognizes the gain or 1080  
loss, is available to the trust. 1081

(b) The requirements of section 5747.011 of the Revised 1082  
Code are satisfied for the trust's taxable year in which the 1083  
trust recognizes the gain or loss. 1084

Any gain or loss that is not a qualifying trust amount is 1085  
modified business income, qualifying investment income, or 1086  
modified nonbusiness income, as the case may be. 1087

(3) "Modified nonbusiness income" means a trust's Ohio 1088  
taxable income other than modified business income, other than 1089  
the qualifying trust amount, and other than qualifying 1090  
investment income, as defined in section 5747.012 of the Revised 1091  
Code, to the extent such qualifying investment income is not 1092  
otherwise part of modified business income. 1093

(4) "Modified Ohio taxable income" applies only to trusts, 1094  
and means the sum of the amounts described in divisions (AA) (4) 1095  
(a) to (c) of this section: 1096

(a) The fraction, calculated under section 5747.013, and 1097  
applying section 5747.231 of the Revised Code, multiplied by the 1098  
sum of the following amounts: 1099

(i) The trust's modified business income; 1100

(ii) The trust's qualifying investment income, as defined 1101  
in section 5747.012 of the Revised Code, but only to the extent 1102  
the qualifying investment income does not otherwise constitute 1103  
modified business income and does not otherwise constitute a 1104  
qualifying trust amount. 1105

(b) The qualifying trust amount multiplied by a fraction, 1106  
the numerator of which is the sum of the book value of the 1107  
qualifying investee's physical assets in this state on the last 1108  
day of the qualifying investee's fiscal or calendar year ending 1109  
immediately prior to the day on which the trust recognizes the 1110  
qualifying trust amount, and the denominator of which is the sum 1111  
of the book value of the qualifying investee's total physical 1112  
assets everywhere on the last day of the qualifying investee's 1113  
fiscal or calendar year ending immediately prior to the day on 1114  
which the trust recognizes the qualifying trust amount. If, for 1115  
a taxable year, the trust recognizes a qualifying trust amount 1116  
with respect to more than one qualifying investee, the amount 1117  
described in division (AA) (4) (b) of this section shall equal the 1118  
sum of the products so computed for each such qualifying 1119  
investee. 1120

(c) (i) With respect to a trust or portion of a trust that 1121  
is a resident as ascertained in accordance with division (I) (3) 1122

(d) of this section, its modified nonbusiness income. 1123

(ii) With respect to a trust or portion of a trust that is 1124  
not a resident as ascertained in accordance with division (I) (3) 1125  
(d) of this section, the amount of its modified nonbusiness 1126  
income satisfying the descriptions in divisions (B) (2) to (5) of 1127  
section 5747.20 of the Revised Code, except as otherwise 1128  
provided in division (AA) (4) (c) (ii) of this section. With 1129  
respect to a trust or portion of a trust that is not a resident 1130  
as ascertained in accordance with division (I) (3) (d) of this 1131  
section, the trust's portion of modified nonbusiness income 1132  
recognized from the sale, exchange, or other disposition of a 1133  
debt interest in or equity interest in a section 5747.212 1134  
entity, as defined in section 5747.212 of the Revised Code, 1135  
without regard to division (A) of that section, shall not be 1136  
allocated to this state in accordance with section 5747.20 of 1137  
the Revised Code but shall be apportioned to this state in 1138  
accordance with division (B) of section 5747.212 of the Revised 1139  
Code without regard to division (A) of that section. 1140

If the allocation and apportionment of a trust's income 1141  
under divisions (AA) (4) (a) and (c) of this section do not fairly 1142  
represent the modified Ohio taxable income of the trust in this 1143  
state, the alternative methods described in division (C) of 1144  
section 5747.21 of the Revised Code may be applied in the manner 1145  
and to the same extent provided in that section. 1146

(5) (a) Except as set forth in division (AA) (5) (b) of this 1147  
section, "qualifying investee" means a person in which a trust 1148  
has an equity or ownership interest, or a person or unit of 1149  
government the debt obligations of either of which are owned by 1150  
a trust. For the purposes of division (AA) (2) (a) of this section 1151  
and for the purpose of computing the fraction described in 1152



division (AA) (4) (b) of this section, all of the following apply: 1153

(i) If the qualifying investee is a member of a qualifying 1154  
controlled group on the last day of the qualifying investee's 1155  
fiscal or calendar year ending immediately prior to the date on 1156  
which the trust recognizes the gain or loss, then "qualifying 1157  
investee" includes all persons in the qualifying controlled 1158  
group on such last day. 1159

(ii) If the qualifying investee, or if the qualifying 1160  
investee and any members of the qualifying controlled group of 1161  
which the qualifying investee is a member on the last day of the 1162  
qualifying investee's fiscal or calendar year ending immediately 1163  
prior to the date on which the trust recognizes the gain or 1164  
loss, separately or cumulatively own, directly or indirectly, on 1165  
the last day of the qualifying investee's fiscal or calendar 1166  
year ending immediately prior to the date on which the trust 1167  
recognizes the qualifying trust amount, more than fifty per cent 1168  
of the equity of a pass-through entity, then the qualifying 1169  
investee and the other members are deemed to own the 1170  
proportionate share of the pass-through entity's physical assets 1171  
which the pass-through entity directly or indirectly owns on the 1172  
last day of the pass-through entity's calendar or fiscal year 1173  
ending within or with the last day of the qualifying investee's 1174  
fiscal or calendar year ending immediately prior to the date on 1175  
which the trust recognizes the qualifying trust amount. 1176

(iii) For the purposes of division (AA) (5) (a) (iii) of this 1177  
section, "upper level pass-through entity" means a pass-through 1178  
entity directly or indirectly owning any equity of another pass- 1179  
through entity, and "lower level pass-through entity" means that 1180  
other pass-through entity. 1181

An upper level pass-through entity, whether or not it is 1182

also a qualifying investee, is deemed to own, on the last day of 1183  
the upper level pass-through entity's calendar or fiscal year, 1184  
the proportionate share of the lower level pass-through entity's 1185  
physical assets that the lower level pass-through entity 1186  
directly or indirectly owns on the last day of the lower level 1187  
pass-through entity's calendar or fiscal year ending within or 1188  
with the last day of the upper level pass-through entity's 1189  
fiscal or calendar year. If the upper level pass-through entity 1190  
directly and indirectly owns less than fifty per cent of the 1191  
equity of the lower level pass-through entity on each day of the 1192  
upper level pass-through entity's calendar or fiscal year in 1193  
which or with which ends the calendar or fiscal year of the 1194  
lower level pass-through entity and if, based upon clear and 1195  
convincing evidence, complete information about the location and 1196  
cost of the physical assets of the lower pass-through entity is 1197  
not available to the upper level pass-through entity, then 1198  
solely for purposes of ascertaining if a gain or loss 1199  
constitutes a qualifying trust amount, the upper level pass- 1200  
through entity shall be deemed as owning no equity of the lower 1201  
level pass-through entity for each day during the upper level 1202  
pass-through entity's calendar or fiscal year in which or with 1203  
which ends the lower level pass-through entity's calendar or 1204  
fiscal year. Nothing in division (AA) (5) (a) (iii) of this section 1205  
shall be construed to provide for any deduction or exclusion in 1206  
computing any trust's Ohio taxable income. 1207

(b) With respect to a trust that is not a resident for the 1208  
taxable year and with respect to a part of a trust that is not a 1209  
resident for the taxable year, "qualifying investee" for that 1210  
taxable year does not include a C corporation if both of the 1211  
following apply: 1212

(i) During the taxable year the trust or part of the trust 1213

recognizes a gain or loss from the sale, exchange, or other 1214  
disposition of equity or ownership interests in, or debt 1215  
obligations of, the C corporation. 1216

(ii) Such gain or loss constitutes nonbusiness income. 1217

(6) "Available" means information is such that a person is 1218  
able to learn of the information by the due date plus 1219  
extensions, if any, for filing the return for the taxable year 1220  
in which the trust recognizes the gain or loss. 1221

(BB) "Qualifying controlled group" has the same meaning as 1222  
in section 5733.04 of the Revised Code. 1223

(CC) "Related member" has the same meaning as in section 1224  
5733.042 of the Revised Code. 1225

(DD) (1) For the purposes of division (DD) of this section: 1226

(a) "Qualifying person" means any person other than a 1227  
qualifying corporation. 1228

(b) "Qualifying corporation" means any person classified 1229  
for federal income tax purposes as an association taxable as a 1230  
corporation, except either of the following: 1231

(i) A corporation that has made an election under 1232  
subchapter S, chapter one, subtitle A, of the Internal Revenue 1233  
Code for its taxable year ending within, or on the last day of, 1234  
the investor's taxable year; 1235

(ii) A subsidiary that is wholly owned by any corporation 1236  
that has made an election under subchapter S, chapter one, 1237  
subtitle A of the Internal Revenue Code for its taxable year 1238  
ending within, or on the last day of, the investor's taxable 1239  
year. 1240

(2) For the purposes of this chapter, unless expressly 1241  
stated otherwise, no qualifying person indirectly owns any asset 1242  
directly or indirectly owned by any qualifying corporation. 1243

(EE) For purposes of this chapter and Chapter 5751. of the 1244  
Revised Code: 1245

(1) "Trust" does not include a qualified pre-income tax 1246  
trust. 1247

(2) A "qualified pre-income tax trust" is any pre-income 1248  
tax trust that makes a qualifying pre-income tax trust election 1249  
as described in division (EE) (3) of this section. 1250

(3) A "qualifying pre-income tax trust election" is an 1251  
election by a pre-income tax trust to subject to the tax imposed 1252  
by section 5751.02 of the Revised Code the pre-income tax trust 1253  
and all pass-through entities of which the trust owns or 1254  
controls, directly, indirectly, or constructively through 1255  
related interests, five per cent or more of the ownership or 1256  
equity interests. The trustee shall notify the tax commissioner 1257  
in writing of the election on or before April 15, 2006. The 1258  
election, if timely made, shall be effective on and after 1259  
January 1, 2006, and shall apply for all tax periods and tax 1260  
years until revoked by the trustee of the trust. 1261

(4) A "pre-income tax trust" is a trust that satisfies all 1262  
of the following requirements: 1263

(a) The document or instrument creating the trust was 1264  
executed by the grantor before January 1, 1972; 1265

(b) The trust became irrevocable upon the creation of the 1266  
trust; and 1267

(c) The grantor was domiciled in this state at the time 1268

the trust was created.	1269
(FF) "Uniformed services" has the same meaning as in 10 U.S.C. 101.	1270 1271
(GG) "Taxable business income" means the amount by which an individual's business income that is included in federal adjusted gross income exceeds the amount of business income the individual is authorized to deduct under division <del>(A) (31)</del> <u>(A) (28)</u> of this section for the taxable year.	1272 1273 1274 1275 1276
(HH) "Employer" does not include a franchisor with respect to the franchisor's relationship with a franchisee or an employee of a franchisee, unless the franchisor agrees to assume that role in writing or a court of competent jurisdiction determines that the franchisor exercises a type or degree of control over the franchisee or the franchisee's employees that is not customarily exercised by a franchisor for the purpose of protecting the franchisor's trademark, brand, or both. For purposes of this division, "franchisor" and "franchisee" have the same meanings as in 16 C.F.R. 436.1.	1277 1278 1279 1280 1281 1282 1283 1284 1285 1286
(II) "Modified adjusted gross income" means Ohio adjusted gross income plus any amount deducted under division (A) (28) of this section for the taxable year.	1287 1288 1289
(JJ) "Qualifying Ohio educator" means an individual who, for a taxable year, qualifies as an eligible educator, as that term is defined in section 62 of the Internal Revenue Code, and who holds a certificate, license, or permit described in Chapter 3319. or section 3301.071 of the Revised Code.	1290 1291 1292 1293 1294
<b>Sec. 5747.10.</b> (A) As used in this section:	1295
(1) "Audited partnership" means a partnership subject to an examination by the internal revenue service pursuant to	1296 1297

subchapter C, chapter 63, subtitle F of the Internal Revenue	1298
Code resulting in a federal adjustment.	1299
(2) (a) "Direct investor" means a partner or other investor	1300
that holds a direct interest in a pass-through entity.	1301
(b) "Indirect investor" means a partner or other investor	1302
that holds an interest in a pass-through entity that itself	1303
holds an interest, directly or through another indirect partner	1304
or other investor, in a pass-through entity.	1305
(3) "Exempt partner" means a partner that is neither a	1306
pass-through entity nor a person subject to the tax imposed by	1307
section 5747.02 of the Revised Code.	1308
(4) "Federal adjustment" means a change to an item or	1309
amount required to be determined under the Internal Revenue Code	1310
that directly or indirectly affects a taxpayer's aggregate tax	1311
liability under section 5747.02 or Chapter 5748. of the Revised	1312
Code and that results from an action or examination by the	1313
internal revenue service, or from the filing of an amended	1314
federal tax return, a claim for a federal tax refund, or an	1315
administrative adjustment request filed by a partnership under	1316
section 6227 of the Internal Revenue Code.	1317
(5) "Federal adjustments return" means the form or other	1318
document prescribed by the tax commissioner for use by a	1319
taxpayer in reporting final federal adjustments.	1320
(6) "State partnership representative" means either of the	1321
following:	1322
(a) The person who served as the partnership's	1323
representative for federal income tax purposes, pursuant to	1324
section 6223(a) of the Internal Revenue Code, during the	1325
corresponding federal partnership audit;	1326

(b) The person designated, on a form prescribed by the tax commissioner, to serve as the partnership's representative during the state partnership audit. The commissioner may establish reasonable qualifications and procedures for a person to be designated as a state partnership representative under this division.

(7) A federal adjustment is "final" or "agreed to or finally determined for federal income tax purposes" on any of the following:

(a) The day after which the period for appeal of a federal assessment has expired;

(b) The date on a refund check issued by the internal revenue service; or

(c) For agreements required to be signed by the internal revenue service and the taxpayer or audited partnership, the date on which the last party signed the agreement.

(B)(1) If any of the facts, figures, computations, or attachments required in a taxpayer's annual return to determine the tax charged by this chapter or Chapter 5748. of the Revised Code must be altered as the result of a final federal adjustment, and the federal adjustment is not required to be reported under division (C) of this section, the taxpayer shall file an amended return with the tax commissioner in such form as the commissioner requires. The amended return shall be filed not later than ninety days after the federal adjustment has been agreed to or finally determined for federal income tax purposes.

(2) "One hundred eighty" shall be substituted for "ninety" in divisions (B)(1) and (E)(1) of this section if, for any taxable year, the final federal adjustment results from taxes

paid by the taxpayer on an amount described in division ~~(A)(34)~~ 1356  
(A)(32) of section 5747.01 of the Revised Code. 1357

(C) Except for adjustments required to be reported for 1358  
federal purposes pursuant to section 6225(a)(2) of the Internal 1359  
Revenue Code and adjustments that are taken into account on a 1360  
federal amended return or similar report filed pursuant to 1361  
section 6225(c)(2) of the Internal Revenue Code, partnerships 1362  
and partners shall report final federal adjustments and make 1363  
payments as required under division (C) of this section. 1364

(1) With respect to an action required or permitted to be 1365  
taken by a partnership under this section, and any petition for 1366  
reassessment or appeal to the board of tax appeals or any court 1367  
with respect to such an action, the state partnership 1368  
representative shall have the sole authority to act on behalf of 1369  
the audited partnership, and the partnership's direct and 1370  
indirect investors shall be bound by those actions. 1371

(2) Unless an audited partnership makes the election under 1372  
division (C)(3) of this section: 1373

(a) The audited partnership, through its state partnership 1374  
representative, shall do all of the following within ninety days 1375  
after the federal adjustment is final: 1376

(i) File a federal adjustments return with the tax 1377  
commissioner, including a copy of the notifications provided 1378  
under division (C)(2)(a)(ii) of this section; 1379

(ii) Notify each of its direct investors, on a form 1380  
prescribed by the commissioner, of the investor's distributive 1381  
share of the final federal adjustments; 1382

(iii) File an amended tax return on behalf of its 1383  
nonresident direct investors and pay any additional tax that 1384



would have been due under sections 5733.41 and 5747.41, or 1385  
division (D) of section 5747.08, of the Revised Code with 1386  
respect to those direct investors had the final federal 1387  
adjustments been reported properly on the original filing. 1388

(b) Each direct investor that is subject to the tax 1389  
imposed by section 5747.02 of the Revised Code shall file an 1390  
original or amended tax return to include the investor's 1391  
distributive share of the adjustments reported to the direct 1392  
investor under division (C) (2) (a) of this section, and pay any 1393  
additional tax due, within ninety days after the audited 1394  
partnership files its federal adjustments return with the 1395  
commissioner. 1396

(c) (i) Each direct and indirect investor of an audited 1397  
partnership that is a pass-through entity and all investors in 1398  
such a pass-through entity that are subject to the filing and 1399  
payment requirements of Chapters 5733. and 5747. of the Revised 1400  
Code are subject to the reporting and payment requirements of 1401  
division (C) (2) or, upon a timely election, division (C) (3) of 1402  
this section. 1403

(ii) Such direct and indirect investors shall make the 1404  
required returns and payments within ninety days after the 1405  
deadline for filing and furnishing statements under section 1406  
6226(b) (4) of the Internal Revenue Code and applicable treasury 1407  
regulations. 1408

(3) If an audited partnership makes the election under 1409  
this division, the audited partnership, through its state 1410  
partnership representative, shall do all of the following within 1411  
ninety days after all federal adjustments are final: 1412

(a) File a federal adjustments return with the tax 1413

commissioner indicating the partnership has made the election 1414  
under division (C) (3) of this section; 1415

(b) Pay the amount of combined additional tax due under 1416  
division (D) (2) of this section, calculated by multiplying the 1417  
highest rate of tax set forth in section 5747.02 of the Revised 1418  
Code by the sum of the following: 1419

(i) The distributive shares of the final federal 1420  
adjustments that are allocable or apportionable to this state of 1421  
each investor who is a nonresident taxpayer or pass-through 1422  
entity; 1423

(ii) The distributive share of the final federal 1424  
adjustments for each investor who is a resident taxpayer. 1425

(c) Notify each of its direct investors, on a form 1426  
prescribed by the commissioner, of the investor's distributive 1427  
share of the final federal adjustments and the amount paid on 1428  
their behalf pursuant to division (C) (3) (b) of this section. 1429

(4) (a) A direct investor of an audited partnership is not 1430  
required to file an amended return or pay tax otherwise due 1431  
under section 5747.02 of the Revised Code if the audited 1432  
partnership properly reports and pays the tax under division (C) 1433  
(3) of this section. 1434

(b) (i) Nothing in division (C) of this section precludes a 1435  
direct or indirect investor in the audited partnership from 1436  
filing a return to report the investor's share of the final 1437  
federal adjustments. Such an investor who files a return and 1438  
reports the income related to the final federal adjustments is 1439  
entitled to a refundable credit for taxes paid by the audited 1440  
partnership under division (C) (3) (b) of this section. The credit 1441  
shall be computed and claimed in the same manner as the credit 1442

allowed under division (I) of section 5747.08 of the Revised Code. 1443  
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(ii) Notwithstanding division (C) (4) (b) (i) of this section, an exempt partner, whether a direct or indirect investor, may file an application for refund of its proportionate share of the amounts erroneously paid by the audited partnership pursuant to division (C) (3) (b) of this section on the exempt partner's behalf. 1445  
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(5) Upon request by an audited partnership, the tax commissioner may agree, in writing, to allow an alternative method of reporting and payment than required by ~~divisions~~ division (C) (2) or (3) of this section. The request must be submitted to the commissioner in writing before the applicable deadline for filing a return under division (C) (2) (a) or (3) of this section. The commissioner's decision on whether to enter into an agreement under this division is not subject to further administrative review or appeal. 1451  
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(6) Nothing in division (C) of this section precludes either of the following: 1460  
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(a) A resident taxpayer from filing a return to claim the credit under division (B) of section 5747.05 or division (D) (2) of section 5747.02 of the Revised Code based upon any amounts paid by the audited partnership on such investor's behalf to another state. 1462  
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(b) The tax commissioner from issuing an assessment under this chapter against any direct or indirect investor for taxes due from the investor if an audited partnership, or direct and indirect investor of an audited partnership that is a pass-through entity, fails to timely file any return or remit any 1467  
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payment required by this section or underreports income or 1472  
underpays tax on behalf of an indirect investor who is a 1473  
resident taxpayer. 1474

(D) In the case of an underpayment, and unless otherwise 1475  
agreed to in writing by the tax commissioner: 1476

(1) The taxpayer's amended return shall be accompanied by 1477  
payment of any combined additional tax due together with 1478  
interest thereon. An amended return required by this section is 1479  
a return subject to assessment under section 5747.13 of the 1480  
Revised Code for the purpose of assessing any additional tax due 1481  
under this section, together with any applicable penalty and 1482  
interest. It shall not reopen those facts, figures, 1483  
computations, or attachments from a previously filed return no 1484  
longer subject to assessment that are not affected, either 1485  
directly or indirectly, by the final federal adjustment to the 1486  
taxpayer's federal income tax return. 1487

(2) The audited partnership's federal adjustments return 1488  
shall be accompanied by payment of any combined additional tax 1489  
due together with interest thereon. The federal adjustments 1490  
return required by this section is a return subject to 1491  
assessment under section 5747.13 of the Revised Code for the 1492  
purpose of assessing any additional tax due under this section, 1493  
together with any applicable penalty and interest. It shall not 1494  
reopen those facts, figures, computations, or attachments from a 1495  
previously filed return no longer subject to assessment that are 1496  
not affected, either directly or indirectly, by the final 1497  
federal adjustment. 1498

(3) The tax commissioner may accept estimated payments of 1499  
the tax arising from pending federal adjustments before the date 1500  
for filing a federal adjustments return. The commissioner may 1501

adopt rules for the payment of such estimated taxes. 1502

(E) In the case of an overpayment, and unless otherwise 1503  
agreed to in writing by the tax commissioner: 1504

(1) A taxpayer may file an application for refund under 1505  
this division within the ninety-day period prescribed for filing 1506  
the amended return even if it is filed beyond the period 1507  
prescribed in section 5747.11 of the Revised Code if it 1508  
otherwise conforms to the requirements of such section. An 1509  
application filed under this division shall claim refund of 1510  
overpayments resulting from alterations to only those facts, 1511  
figures, computations, or attachments required in the taxpayer's 1512  
annual return that are affected, either directly or indirectly, 1513  
by the final federal adjustment to the taxpayer's federal income 1514  
tax return unless it is also filed within the time prescribed in 1515  
section 5747.11 of the Revised Code. It shall not reopen those 1516  
facts, figures, computations, or attachments that are not 1517  
affected, either directly or indirectly, by the adjustment to 1518  
the taxpayer's federal income tax return. 1519

(2) (a) Except as otherwise provided in division (E) (2) (b) 1520  
of this section, an audited partnership may file an application 1521  
for a refund under this division within the ninety-day period 1522  
prescribed for filing the federal adjustments return, even if it 1523  
is filed beyond the period prescribed by section 5747.11 of the 1524  
Revised Code, if it otherwise conforms to the requirements of 1525  
that section. An application filed under this division may claim 1526  
a refund of overpayments resulting only from final federal 1527  
adjustments unless it is also filed within the time prescribed 1528  
by section 5747.11 of the Revised Code. It shall not reopen 1529  
those facts, figures, computations, or attachments that are not 1530  
affected, either directly or indirectly, by the federal 1531

adjustment. 1532

(b) An audited partnership may not file an application for 1533  
refund under division (E) of this section based on final federal 1534  
adjustments described in section 6225(a)(2) of the Internal 1535  
Revenue Code. 1536

(3) Any refund granted to a pass-through entity filing an 1537  
application for refund under division (E) of this section shall 1538  
be reduced by amounts previously claimed as a credit under 1539  
section 5747.059 or division (I) of section 5747.08 of the 1540  
Revised Code by the pass-through entity's direct or indirect 1541  
investors. 1542

(F) Excluding the deadline in division (C)(2)(c)(ii) of 1543  
this section, an audited partnership, or a direct or indirect 1544  
investor of an audited partnership that is a pass-through 1545  
entity, may automatically extend the deadline for reporting, 1546  
payments, and refunds under this section by sixty days if the 1547  
entity has ten thousand or more direct investors and notifies 1548  
the commissioner of such extension, in writing, before the 1549  
unextended deadline. 1550

**Section 2.** That existing sections 5747.01 and 5747.10 of 1551  
the Revised Code are hereby repealed. 1552

**Section 3.** This act shall be known as the "First-time Home 1553  
Buyer Savings Act." 1554

**Section 4.** Section 5747.01 of the Revised Code is 1555  
presented in this act as a composite of the section as amended 1556  
by H.B. 18, H.B. 197, S.B. 26, and S.B. 276 all of the 133rd 1557  
General Assembly. The General Assembly, applying the principle 1558  
stated in division (B) of section 1.52 of the Revised Code that 1559  
amendments are to be harmonized if reasonably capable of 1560

simultaneous operation, finds that the composite is the	1561
resulting version of the section in effect prior to the	1562
effective date of the section as presented in this act.	1563