

As Introduced

135th General Assembly

Regular Session

2023-2024

H. B. No. 200

Representatives Callender, Young, T.

Cosponsors: Representatives Hillyer, Roemer

A BILL

To amend sections 5747.01, 5747.05, 5747.11, and 1
5747.13 of the Revised Code to modify the income 2
tax treatment of income subject to other states' 3
pass-through entity taxes. 4

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

Section 1. That sections 5747.01, 5747.05, 5747.11, and 5
5747.13 of the Revised Code be amended to read as follows: 6

Sec. 5747.01. Except as otherwise expressly provided or 7
clearly appearing from the context, any term used in this 8
chapter that is not otherwise defined in this section has the 9
same meaning as when used in a comparable context in the laws of 10
the United States relating to federal income taxes or if not 11
used in a comparable context in those laws, has the same meaning 12
as in section 5733.40 of the Revised Code. Any reference in this 13
chapter to the Internal Revenue Code includes other laws of the 14
United States relating to federal income taxes. 15

As used in this chapter: 16

(A) "Adjusted gross income" or "Ohio adjusted gross 17
income" means federal adjusted gross income, as defined and used 18

in the Internal Revenue Code, adjusted as provided in this 19
section: 20

(1) Add interest or dividends on obligations or securities 21
of any state or of any political subdivision or authority of any 22
state, other than this state and its subdivisions and 23
authorities. 24

(2) Add interest or dividends on obligations of any 25
authority, commission, instrumentality, territory, or possession 26
of the United States to the extent that the interest or 27
dividends are exempt from federal income taxes but not from 28
state income taxes. 29

(3) Deduct interest or dividends on obligations of the 30
United States and its territories and possessions or of any 31
authority, commission, or instrumentality of the United States 32
to the extent that the interest or dividends are included in 33
federal adjusted gross income but exempt from state income taxes 34
under the laws of the United States. 35

(4) Deduct disability and survivor's benefits to the 36
extent included in federal adjusted gross income. 37

(5) Deduct the following, to the extent not otherwise 38
deducted or excluded in computing federal or Ohio adjusted gross 39
income: 40

(a) Benefits under Title II of the Social Security Act and 41
tier 1 railroad retirement; 42

(b) Railroad retirement benefits, other than tier 1 43
railroad retirement benefits, to the extent such amounts are 44
exempt from state taxation under federal law. 45

(6) Deduct the amount of wages and salaries, if any, not 46

otherwise allowable as a deduction but that would have been 47
allowable as a deduction in computing federal adjusted gross 48
income for the taxable year, had the work opportunity tax credit 49
allowed and determined under sections 38, 51, and 52 of the 50
Internal Revenue Code not been in effect. 51

(7) Deduct any interest or interest equivalent on public 52
obligations and purchase obligations to the extent that the 53
interest or interest equivalent is included in federal adjusted 54
gross income. 55

(8) Add any loss or deduct any gain resulting from the 56
sale, exchange, or other disposition of public obligations to 57
the extent that the loss has been deducted or the gain has been 58
included in computing federal adjusted gross income. 59

(9) Deduct or add amounts, as provided under section 60
5747.70 of the Revised Code, related to contributions made to or 61
tuition units purchased under a qualified tuition program 62
established pursuant to section 529 of the Internal Revenue 63
Code. 64

(10) (a) Deduct, to the extent not otherwise allowable as a 65
deduction or exclusion in computing federal or Ohio adjusted 66
gross income for the taxable year, the amount the taxpayer paid 67
during the taxable year for medical care insurance and qualified 68
long-term care insurance for the taxpayer, the taxpayer's 69
spouse, and dependents. No deduction for medical care insurance 70
under division (A) (10) (a) of this section shall be allowed 71
either to any taxpayer who is eligible to participate in any 72
subsidized health plan maintained by any employer of the 73
taxpayer or of the taxpayer's spouse, or to any taxpayer who is 74
entitled to, or on application would be entitled to, benefits 75
under part A of Title XVIII of the "Social Security Act," 49 76

Stat. 620 (1935), 42 U.S.C. 301, as amended. For the purposes of 77
division (A) (10) (a) of this section, "subsidized health plan" 78
means a health plan for which the employer pays any portion of 79
the plan's cost. The deduction allowed under division (A) (10) (a) 80
of this section shall be the net of any related premium refunds, 81
related premium reimbursements, or related insurance premium 82
dividends received during the taxable year. 83

(b) Deduct, to the extent not otherwise deducted or 84
excluded in computing federal or Ohio adjusted gross income 85
during the taxable year, the amount the taxpayer paid during the 86
taxable year, not compensated for by any insurance or otherwise, 87
for medical care of the taxpayer, the taxpayer's spouse, and 88
dependents, to the extent the expenses exceed seven and one-half 89
per cent of the taxpayer's federal adjusted gross income. 90

(c) For purposes of division (A) (10) of this section, 91
"medical care" has the meaning given in section 213 of the 92
Internal Revenue Code, subject to the special rules, 93
limitations, and exclusions set forth therein, and "qualified 94
long-term care" has the same meaning given in section 7702B(c) 95
of the Internal Revenue Code. Solely for purposes of division 96
(A) (10) (a) of this section, "dependent" includes a person who 97
otherwise would be a "qualifying relative" and thus a 98
"dependent" under section 152 of the Internal Revenue Code but 99
for the fact that the person fails to meet the income and 100
support limitations under section 152(d) (1) (B) and (C) of the 101
Internal Revenue Code. 102

(11) (a) Deduct any amount included in federal adjusted 103
gross income solely because the amount represents a 104
reimbursement or refund of expenses that in any year the 105
taxpayer had deducted as an itemized deduction pursuant to 106

section 63 of the Internal Revenue Code and applicable United 107
States department of the treasury regulations. The deduction 108
otherwise allowed under division (A) (11) (a) of this section 109
shall be reduced to the extent the reimbursement is attributable 110
to an amount the taxpayer deducted under this section in any 111
taxable year. 112

(b) Add any amount not otherwise included in Ohio adjusted 113
gross income for any taxable year to the extent that the amount 114
is attributable to the recovery during the taxable year of any 115
amount deducted or excluded in computing federal or Ohio 116
adjusted gross income in any taxable year. 117

(12) Deduct any portion of the deduction described in 118
section 1341(a) (2) of the Internal Revenue Code, for repaying 119
previously reported income received under a claim of right, that 120
meets both of the following requirements: 121

(a) It is allowable for repayment of an item that was 122
included in the taxpayer's adjusted gross income for a prior 123
taxable year and did not qualify for a credit under division (A) 124
or (B) of section 5747.05 of the Revised Code for that year; 125

(b) It does not otherwise reduce the taxpayer's adjusted 126
gross income for the current or any other taxable year. 127

(13) Deduct an amount equal to the deposits made to, and 128
net investment earnings of, a medical savings account during the 129
taxable year, in accordance with section 3924.66 of the Revised 130
Code. The deduction allowed by division (A) (13) of this section 131
does not apply to medical savings account deposits and earnings 132
otherwise deducted or excluded for the current or any other 133
taxable year from the taxpayer's federal adjusted gross income. 134

(14) (a) Add an amount equal to the funds withdrawn from a 135

medical savings account during the taxable year, and the net 136
investment earnings on those funds, when the funds withdrawn 137
were used for any purpose other than to reimburse an account 138
holder for, or to pay, eligible medical expenses, in accordance 139
with section 3924.66 of the Revised Code; 140

(b) Add the amounts distributed from a medical savings 141
account under division (A) (2) of section 3924.68 of the Revised 142
Code during the taxable year. 143

(15) Add any amount claimed as a credit under section 144
5747.059 of the Revised Code to the extent that such amount 145
satisfies either of the following: 146

(a) The amount was deducted or excluded from the 147
computation of the taxpayer's federal adjusted gross income as 148
required to be reported for the taxpayer's taxable year under 149
the Internal Revenue Code; 150

(b) The amount resulted in a reduction of the taxpayer's 151
federal adjusted gross income as required to be reported for any 152
of the taxpayer's taxable years under the Internal Revenue Code. 153

(16) Deduct the amount contributed by the taxpayer to an 154
individual development account program established by a county 155
department of job and family services pursuant to sections 156
329.11 to 329.14 of the Revised Code for the purpose of matching 157
funds deposited by program participants. On request of the tax 158
commissioner, the taxpayer shall provide any information that, 159
in the tax commissioner's opinion, is necessary to establish the 160
amount deducted under division (A) (16) of this section. 161

(17) (a) (i) Subject to divisions (A) (17) (a) (iii), (iv), and 162
(v) of this section, add five-sixths of the amount of 163
depreciation expense allowed by subsection (k) of section 168 of 164

the Internal Revenue Code, including the taxpayer's 165
proportionate or distributive share of the amount of 166
depreciation expense allowed by that subsection to a pass- 167
through entity in which the taxpayer has a direct or indirect 168
ownership interest. 169

(ii) Subject to divisions (A) (17) (a) (iii), (iv), and (v) 170
of this section, add five-sixths of the amount of qualifying 171
section 179 depreciation expense, including the taxpayer's 172
proportionate or distributive share of the amount of qualifying 173
section 179 depreciation expense allowed to any pass-through 174
entity in which the taxpayer has a direct or indirect ownership 175
interest. 176

(iii) Subject to division (A) (17) (a) (v) of this section, 177
for taxable years beginning in 2012 or thereafter, if the 178
increase in income taxes withheld by the taxpayer is equal to or 179
greater than ten per cent of income taxes withheld by the 180
taxpayer during the taxpayer's immediately preceding taxable 181
year, "two-thirds" shall be substituted for "five-sixths" for 182
the purpose of divisions (A) (17) (a) (i) and (ii) of this section. 183

(iv) Subject to division (A) (17) (a) (v) of this section, 184
for taxable years beginning in 2012 or thereafter, a taxpayer is 185
not required to add an amount under division (A) (17) of this 186
section if the increase in income taxes withheld by the taxpayer 187
and by any pass-through entity in which the taxpayer has a 188
direct or indirect ownership interest is equal to or greater 189
than the sum of (I) the amount of qualifying section 179 190
depreciation expense and (II) the amount of depreciation expense 191
allowed to the taxpayer by subsection (k) of section 168 of the 192
Internal Revenue Code, and including the taxpayer's 193
proportionate or distributive shares of such amounts allowed to 194

any such pass-through entities. 195

(v) If a taxpayer directly or indirectly incurs a net 196
operating loss for the taxable year for federal income tax 197
purposes, to the extent such loss resulted from depreciation 198
expense allowed by subsection (k) of section 168 of the Internal 199
Revenue Code and by qualifying section 179 depreciation expense, 200
"the entire" shall be substituted for "five-sixths of the" for 201
the purpose of divisions (A) (17) (a) (i) and (ii) of this section. 202

The tax commissioner, under procedures established by the 203
commissioner, may waive the add-backs related to a pass-through 204
entity if the taxpayer owns, directly or indirectly, less than 205
five per cent of the pass-through entity. 206

(b) Nothing in division (A) (17) of this section shall be 207
construed to adjust or modify the adjusted basis of any asset. 208

(c) To the extent the add-back required under division (A) 209
(17) (a) of this section is attributable to property generating 210
nonbusiness income or loss allocated under section 5747.20 of 211
the Revised Code, the add-back shall be situated to the same 212
location as the nonbusiness income or loss generated by the 213
property for the purpose of determining the credit under 214
division (A) of section 5747.05 of the Revised Code. Otherwise, 215
the add-back shall be apportioned, subject to one or more of the 216
four alternative methods of apportionment enumerated in section 217
5747.21 of the Revised Code. 218

(d) For the purposes of division (A) (17) (a) (v) of this 219
section, net operating loss carryback and carryforward shall not 220
include the allowance of any net operating loss deduction 221
carryback or carryforward to the taxable year to the extent such 222
loss resulted from depreciation allowed by section 168(k) of the 223

Internal Revenue Code and by the qualifying section 179 depreciation expense amount. 224
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(e) For the purposes of divisions (A) (17) and (18) of this section: 226
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(i) "Income taxes withheld" means the total amount withheld and remitted under sections 5747.06 and 5747.07 of the Revised Code by an employer during the employer's taxable year. 228
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(ii) "Increase in income taxes withheld" means the amount by which the amount of income taxes withheld by an employer during the employer's current taxable year exceeds the amount of income taxes withheld by that employer during the employer's immediately preceding taxable year. 231
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(iii) "Qualifying section 179 depreciation expense" means the difference between (I) the amount of depreciation expense directly or indirectly allowed to a taxpayer under section 179 of the Internal Revised Code, and (II) the amount of depreciation expense directly or indirectly allowed to the taxpayer under section 179 of the Internal Revenue Code as that section existed on December 31, 2002. 236
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(18) (a) If the taxpayer was required to add an amount under division (A) (17) (a) of this section for a taxable year, deduct one of the following: 243
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(i) One-fifth of the amount so added for each of the five succeeding taxable years if the amount so added was five-sixths of qualifying section 179 depreciation expense or depreciation expense allowed by subsection (k) of section 168 of the Internal Revenue Code; 246
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(ii) One-half of the amount so added for each of the two succeeding taxable years if the amount so added was two-thirds 251
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of such depreciation expense; 253

(iii) One-sixth of the amount so added for each of the six 254
succeeding taxable years if the entire amount of such 255
depreciation expense was so added. 256

(b) If the amount deducted under division (A) (18) (a) of 257
this section is attributable to an add-back allocated under 258
division (A) (17) (c) of this section, the amount deducted shall 259
be situated to the same location. Otherwise, the add-back shall 260
be apportioned using the apportionment factors for the taxable 261
year in which the deduction is taken, subject to one or more of 262
the four alternative methods of apportionment enumerated in 263
section 5747.21 of the Revised Code. 264

(c) No deduction is available under division (A) (18) (a) of 265
this section with regard to any depreciation allowed by section 266
168(k) of the Internal Revenue Code and by the qualifying 267
section 179 depreciation expense amount to the extent that such 268
depreciation results in or increases a federal net operating 269
loss carryback or carryforward. If no such deduction is 270
available for a taxable year, the taxpayer may carry forward the 271
amount not deducted in such taxable year to the next taxable 272
year and add that amount to any deduction otherwise available 273
under division (A) (18) (a) of this section for that next taxable 274
year. The carryforward of amounts not so deducted shall continue 275
until the entire addition required by division (A) (17) (a) of 276
this section has been deducted. 277

(19) Deduct, to the extent not otherwise deducted or 278
excluded in computing federal or Ohio adjusted gross income for 279
the taxable year, the amount the taxpayer received during the 280
taxable year as reimbursement for life insurance premiums under 281
section 5919.31 of the Revised Code. 282

(20) Deduct, to the extent not otherwise deducted or 283
excluded in computing federal or Ohio adjusted gross income for 284
the taxable year, the amount the taxpayer received during the 285
taxable year as a death benefit paid by the adjutant general 286
under section 5919.33 of the Revised Code. 287

(21) Deduct, to the extent included in federal adjusted 288
gross income and not otherwise allowable as a deduction or 289
exclusion in computing federal or Ohio adjusted gross income for 290
the taxable year, military pay and allowances received by the 291
taxpayer during the taxable year for active duty service in the 292
United States army, air force, navy, marine corps, or coast 293
guard or reserve components thereof or the national guard. The 294
deduction may not be claimed for military pay and allowances 295
received by the taxpayer while the taxpayer is stationed in this 296
state. 297

(22) Deduct, to the extent not otherwise allowable as a 298
deduction or exclusion in computing federal or Ohio adjusted 299
gross income for the taxable year and not otherwise compensated 300
for by any other source, the amount of qualified organ donation 301
expenses incurred by the taxpayer during the taxable year, not 302
to exceed ten thousand dollars. A taxpayer may deduct qualified 303
organ donation expenses only once for all taxable years 304
beginning with taxable years beginning in 2007. 305

For the purposes of division (A) (22) of this section: 306

(a) "Human organ" means all or any portion of a human 307
liver, pancreas, kidney, intestine, or lung, and any portion of 308
human bone marrow. 309

(b) "Qualified organ donation expenses" means travel 310
expenses, lodging expenses, and wages and salary forgone by a 311

taxpayer in connection with the taxpayer's donation, while 312
living, of one or more of the taxpayer's human organs to another 313
human being. 314

(23) Deduct, to the extent not otherwise deducted or 315
excluded in computing federal or Ohio adjusted gross income for 316
the taxable year, amounts received by the taxpayer as retired 317
personnel pay for service in the uniformed services or reserve 318
components thereof, or the national guard, or received by the 319
surviving spouse or former spouse of such a taxpayer under the 320
survivor benefit plan on account of such a taxpayer's death. If 321
the taxpayer receives income on account of retirement paid under 322
the federal civil service retirement system or federal employees 323
retirement system, or under any successor retirement program 324
enacted by the congress of the United States that is established 325
and maintained for retired employees of the United States 326
government, and such retirement income is based, in whole or in 327
part, on credit for the taxpayer's uniformed service, the 328
deduction allowed under this division shall include only that 329
portion of such retirement income that is attributable to the 330
taxpayer's uniformed service, to the extent that portion of such 331
retirement income is otherwise included in federal adjusted 332
gross income and is not otherwise deducted under this section. 333
Any amount deducted under division (A) (23) of this section is 334
not included in a taxpayer's adjusted gross income for the 335
purposes of section 5747.055 of the Revised Code. No amount may 336
be deducted under division (A) (23) of this section on the basis 337
of which a credit was claimed under section 5747.055 of the 338
Revised Code. 339

(24) Deduct, to the extent not otherwise deducted or 340
excluded in computing federal or Ohio adjusted gross income for 341
the taxable year, the amount the taxpayer received during the 342

taxable year from the military injury relief fund created in 343
section 5902.05 of the Revised Code. 344

(25) Deduct, to the extent not otherwise deducted or 345
excluded in computing federal or Ohio adjusted gross income for 346
the taxable year, the amount the taxpayer received as a veterans 347
bonus during the taxable year from the Ohio department of 348
veterans services as authorized by Section 2r of Article VIII, 349
Ohio Constitution. 350

(26) Deduct, to the extent not otherwise deducted or 351
excluded in computing federal or Ohio adjusted gross income for 352
the taxable year, any income derived from a transfer agreement 353
or from the enterprise transferred under that agreement under 354
section 4313.02 of the Revised Code. 355

(27) Deduct, to the extent not otherwise deducted or 356
excluded in computing federal or Ohio adjusted gross income for 357
the taxable year, Ohio college opportunity or federal Pell grant 358
amounts received by the taxpayer or the taxpayer's spouse or 359
dependent pursuant to section 3333.122 of the Revised Code or 20 360
U.S.C. 1070a, et seq., and used to pay room or board furnished 361
by the educational institution for which the grant was awarded 362
at the institution's facilities, including meal plans 363
administered by the institution. For the purposes of this 364
division, receipt of a grant includes the distribution of a 365
grant directly to an educational institution and the crediting 366
of the grant to the enrollee's account with the institution. 367

(28) Deduct from the portion of an individual's federal 368
adjusted gross income that is business income, to the extent not 369
otherwise deducted or excluded in computing federal adjusted 370
gross income for the taxable year, one hundred twenty-five 371
thousand dollars for each spouse if spouses file separate 372

returns under section 5747.08 of the Revised Code or two hundred 373
fifty thousand dollars for all other individuals. 374

(29) Deduct, as provided under section 5747.78 of the 375
Revised Code, contributions to ABLE savings accounts made in 376
accordance with sections 113.50 to 113.56 of the Revised Code. 377

(30) (a) Deduct, to the extent not otherwise deducted or 378
excluded in computing federal or Ohio adjusted gross income 379
during the taxable year, all of the following: 380

(i) Compensation paid to a qualifying employee described 381
in division (A) (14) (a) of section 5703.94 of the Revised Code to 382
the extent such compensation is for disaster work conducted in 383
this state during a disaster response period pursuant to a 384
qualifying solicitation received by the employee's employer; 385

(ii) Compensation paid to a qualifying employee described 386
in division (A) (14) (b) of section 5703.94 of the Revised Code to 387
the extent such compensation is for disaster work conducted in 388
this state by the employee during the disaster response period 389
on critical infrastructure owned or used by the employee's 390
employer; 391

(iii) Income received by an out-of-state disaster business 392
for disaster work conducted in this state during a disaster 393
response period, or, if the out-of-state disaster business is a 394
pass-through entity, a taxpayer's distributive share of the 395
pass-through entity's income from the business conducting 396
disaster work in this state during a disaster response period, 397
if, in either case, the disaster work is conducted pursuant to a 398
qualifying solicitation received by the business. 399

(b) All terms used in division (A) (30) of this section 400
have the same meanings as in section 5703.94 of the Revised 401

Code. 402

(31) For a taxpayer who is a qualifying Ohio educator, 403
deduct, to the extent not otherwise deducted or excluded in 404
computing federal or Ohio adjusted gross income for the taxable 405
year, the lesser of two hundred fifty dollars or the amount of 406
expenses described in subsections (a)(2)(D)(i) and (ii) of 407
section 62 of the Internal Revenue Code paid or incurred by the 408
taxpayer during the taxpayer's taxable year in excess of the 409
amount the taxpayer is authorized to deduct for that taxable 410
year under subsection (a)(2)(D) of that section. 411

(32) Deduct, to the extent not otherwise deducted or 412
excluded in computing federal or Ohio adjusted gross income for 413
the taxable year, amounts received by the taxpayer as a 414
disability severance payment, computed under 10 U.S.C. 1212, 415
following discharge or release under honorable conditions from 416
the armed forces, as defined by 10 U.S.C. 101. 417

(33) Deduct, to the extent not otherwise deducted or 418
excluded in computing federal adjusted gross income or Ohio 419
adjusted gross income, amounts not subject to tax due to an 420
agreement entered into under division (A)(2) of section 5747.05 421
of the Revised Code. 422

(34) Deduct amounts as provided under section 5747.79 of 423
the Revised Code related to the taxpayer's qualifying capital 424
gains and deductible payroll. 425

To the extent a qualifying capital gain described under 426
division (A)(34) of this section is business income, the 427
taxpayer shall deduct those gains under this division before 428
deducting any such gains under division (A)(28) of this section. 429

(35)(a) For taxable years beginning in or after 2026, 430

deduct, to the extent not otherwise deducted or excluded in 431
computing federal or Ohio adjusted gross income for the taxable 432
year: 433

(i) One hundred per cent of the capital gain received by 434
the taxpayer in the taxable year from a qualifying interest in 435
an Ohio venture capital operating company attributable to the 436
company's investments in Ohio businesses during the period for 437
which the company was an Ohio venture operating company; and 438

(ii) Fifty per cent of the capital gain received by the 439
taxpayer in the taxable year from a qualifying interest in an 440
Ohio venture capital operating company attributable to the 441
company's investments in all other businesses during the period 442
for which the company was an Ohio venture operating company. 443

(b) Add amounts previously deducted by the taxpayer under 444
division (A) (35) (a) of this section if the director of 445
development certifies to the tax commissioner that the 446
requirements for the deduction were not met. 447

(c) All terms used in division (A) (35) of this section 448
have the same meanings as in section 122.851 of the Revised 449
Code. 450

(d) To the extent a capital gain described in division (A) 451
(35) (a) of this section is business income, the taxpayer shall 452
apply that division before applying division (A) (28) of this 453
section. 454

(36) Add, to the extent not otherwise included in 455
computing federal or Ohio adjusted gross income for any taxable 456
year, the taxpayer's proportionate share of the amount of the 457
tax levied under section 5747.38 of the Revised Code and paid by 458
an electing pass-through entity for the taxable year. 459

Notwithstanding any provision of the Revised Code to the 460
contrary, the portion of the addition required by division (A) 461
(36) of this section related to the apportioned business income 462
of the pass-through entity shall be considered business income 463
under division (B) of this section. Such addition is eligible 464
for the deduction in division (A) (28) of this section, subject 465
to the applicable dollar limitations, and the tax rate 466
prescribed by division (A) (4) (a) of section 5747.02 of the 467
Revised Code. The taxpayer shall provide, upon request of the 468
tax commissioner, any documentation necessary to verify the 469
portion of the addition that is business income under this 470
division. 471

(37) Deduct, to the extent not otherwise deducted or 472
excluded in computing federal or Ohio adjusted gross income for 473
the taxable year, amounts delivered to a qualifying institution 474
pursuant to section 3333.128 of the Revised Code for the benefit 475
of the taxpayer or the taxpayer's spouse or dependent. 476

(38) Deduct, to the extent not otherwise deducted or 477
excluded in computing federal or Ohio adjusted gross income for 478
the taxable year, amounts received under the Ohio adoption grant 479
program pursuant to section 5101.191 of the Revised Code. 480

(39) Deduct, to the extent included in federal adjusted 481
gross income, income attributable to loan repayments on behalf 482
of the taxpayer under the rural practice incentive program under 483
section 3333.135 of the Revised Code. 484

(40) Add any income taxes deducted in computing federal or 485
Ohio adjusted gross income to the extent the income taxes were 486
derived from income subject to a tax levied in another state or 487
the District of Columbia when such tax was enacted for purposes 488
of complying with internal revenue service notice 2020-75. 489

Notwithstanding any provision of the Revised Code to the 490
contrary, the portion of the addition required by division (A) 491
(40) of this section related to the apportioned business income 492
of the pass-through entity shall be considered business income 493
under division (B) of this section. Such addition is eligible 494
for the deduction in division (A) (28) of this section, subject 495
to the applicable dollar limitations, and the tax rate 496
prescribed by division (A) (4) (a) of section 5747.02 of the 497
Revised Code. The taxpayer shall provide, upon request of the 498
tax commissioner, any documentation necessary to verify the 499
portion of the addition that is business income under this 500
division. 501

(B) "Business income" means income, including gain or 502
loss, arising from transactions, activities, and sources in the 503
regular course of a trade or business and includes income, gain, 504
or loss from real property, tangible property, and intangible 505
property if the acquisition, rental, management, and disposition 506
of the property constitute integral parts of the regular course 507
of a trade or business operation. "Business income" includes 508
income, including gain or loss, from a partial or complete 509
liquidation of a business, including, but not limited to, gain 510
or loss from the sale or other disposition of goodwill or the 511
sale of an equity or ownership interest in a business. 512

As used in this division, the "sale of an equity or 513
ownership interest in a business" means sales to which either or 514
both of the following apply: 515

(1) The sale is treated for federal income tax purposes as 516
the sale of assets. 517

(2) The seller materially participated, as described in 26 518
C.F.R. 1.469-5T, in the activities of the business during the 519

taxable year in which the sale occurs or during any of the five 520
preceding taxable years. 521

(C) "Nonbusiness income" means all income other than 522
business income and may include, but is not limited to, 523
compensation, rents and royalties from real or tangible personal 524
property, capital gains, interest, dividends and distributions, 525
patent or copyright royalties, or lottery winnings, prizes, and 526
awards. 527

(D) "Compensation" means any form of remuneration paid to 528
an employee for personal services. 529

(E) "Fiduciary" means a guardian, trustee, executor, 530
administrator, receiver, conservator, or any other person acting 531
in any fiduciary capacity for any individual, trust, or estate. 532

(F) "Fiscal year" means an accounting period of twelve 533
months ending on the last day of any month other than December. 534

(G) "Individual" means any natural person. 535

(H) "Internal Revenue Code" means the "Internal Revenue 536
Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 1, as amended. 537

(I) "Resident" means any of the following: 538

(1) An individual who is domiciled in this state, subject 539
to section 5747.24 of the Revised Code; 540

(2) The estate of a decedent who at the time of death was 541
domiciled in this state. The domicile tests of section 5747.24 542
of the Revised Code are not controlling for purposes of division 543
(I) (2) of this section. 544

(3) A trust that, in whole or part, resides in this state. 545
If only part of a trust resides in this state, the trust is a 546

resident only with respect to that part. 547

For the purposes of division (I)(3) of this section: 548

(a) A trust resides in this state for the trust's current 549
taxable year to the extent, as described in division (I)(3)(d) 550
of this section, that the trust consists directly or indirectly, 551
in whole or in part, of assets, net of any related liabilities, 552
that were transferred, or caused to be transferred, directly or 553
indirectly, to the trust by any of the following: 554

(i) A person, a court, or a governmental entity or 555
instrumentality on account of the death of a decedent, but only 556
if the trust is described in division (I)(3)(e)(i) or (ii) of 557
this section; 558

(ii) A person who was domiciled in this state for the 559
purposes of this chapter when the person directly or indirectly 560
transferred assets to an irrevocable trust, but only if at least 561
one of the trust's qualifying beneficiaries is domiciled in this 562
state for the purposes of this chapter during all or some 563
portion of the trust's current taxable year; 564

(iii) A person who was domiciled in this state for the 565
purposes of this chapter when the trust document or instrument 566
or part of the trust document or instrument became irrevocable, 567
but only if at least one of the trust's qualifying beneficiaries 568
is a resident domiciled in this state for the purposes of this 569
chapter during all or some portion of the trust's current 570
taxable year. If a trust document or instrument became 571
irrevocable upon the death of a person who at the time of death 572
was domiciled in this state for purposes of this chapter, that 573
person is a person described in division (I)(3)(a)(iii) of this 574
section. 575

(b) A trust is irrevocable to the extent that the 576
transferor is not considered to be the owner of the net assets 577
of the trust under sections 671 to 678 of the Internal Revenue 578
Code. 579

(c) With respect to a trust other than a charitable lead 580
trust, "qualifying beneficiary" has the same meaning as 581
"potential current beneficiary" as defined in section 1361(e) (2) 582
of the Internal Revenue Code, and with respect to a charitable 583
lead trust "qualifying beneficiary" is any current, future, or 584
contingent beneficiary, but with respect to any trust 585
"qualifying beneficiary" excludes a person or a governmental 586
entity or instrumentality to any of which a contribution would 587
qualify for the charitable deduction under section 170 of the 588
Internal Revenue Code. 589

(d) For the purposes of division (I) (3) (a) of this 590
section, the extent to which a trust consists directly or 591
indirectly, in whole or in part, of assets, net of any related 592
liabilities, that were transferred directly or indirectly, in 593
whole or part, to the trust by any of the sources enumerated in 594
that division shall be ascertained by multiplying the fair 595
market value of the trust's assets, net of related liabilities, 596
by the qualifying ratio, which shall be computed as follows: 597

(i) The first time the trust receives assets, the 598
numerator of the qualifying ratio is the fair market value of 599
those assets at that time, net of any related liabilities, from 600
sources enumerated in division (I) (3) (a) of this section. The 601
denominator of the qualifying ratio is the fair market value of 602
all the trust's assets at that time, net of any related 603
liabilities. 604

(ii) Each subsequent time the trust receives assets, a 605

revised qualifying ratio shall be computed. The numerator of the
revised qualifying ratio is the sum of (1) the fair market value
of the trust's assets immediately prior to the subsequent
transfer, net of any related liabilities, multiplied by the
qualifying ratio last computed without regard to the subsequent
transfer, and (2) the fair market value of the subsequently
transferred assets at the time transferred, net of any related
liabilities, from sources enumerated in division (I) (3) (a) of
this section. The denominator of the revised qualifying ratio is
the fair market value of all the trust's assets immediately
after the subsequent transfer, net of any related liabilities.

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

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

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

(ii) A trust is described in division (I) (3) (e) (ii) of
this section if the transfer is a qualifying transfer described
in any of divisions (I) (3) (f) (i) to (vi) of this section, the
trust is an irrevocable inter vivos trust, and at least one of
the trust's qualifying beneficiaries is domiciled in this state
for purposes of this chapter during all or some portion of the
trust's current taxable year.

(f) For the purposes of division (I)(3)(e)(ii) of this 635
section, a "qualifying transfer" is a transfer of assets, net of 636
any related liabilities, directly or indirectly to a trust, if 637
the transfer is described in any of the following: 638

(i) The transfer is made to a trust, created by the 639
decedent before the decedent's death and while the decedent was 640
domiciled in this state for the purposes of this chapter, and, 641
prior to the death of the decedent, the trust became irrevocable 642
while the decedent was domiciled in this state for the purposes 643
of this chapter. 644

(ii) The transfer is made to a trust to which the 645
decedent, prior to the decedent's death, had directly or 646
indirectly transferred assets, net of any related liabilities, 647
while the decedent was domiciled in this state for the purposes 648
of this chapter, and prior to the death of the decedent the 649
trust became irrevocable while the decedent was domiciled in 650
this state for the purposes of this chapter. 651

(iii) The transfer is made on account of a contractual 652
relationship existing directly or indirectly between the 653
transferor and either the decedent or the estate of the decedent 654
at any time prior to the date of the decedent's death, and the 655
decedent was domiciled in this state at the time of death for 656
purposes of the taxes levied under Chapter 5731. of the Revised 657
Code. 658

(iv) The transfer is made to a trust on account of a 659
contractual relationship existing directly or indirectly between 660
the transferor and another person who at the time of the 661
decedent's death was domiciled in this state for purposes of 662
this chapter. 663

(v) The transfer is made to a trust on account of the will 664
of a testator who was domiciled in this state at the time of the 665
testator's death for purposes of the taxes levied under Chapter 666
5731. of the Revised Code. 667

(vi) The transfer is made to a trust created by or caused 668
to be created by a court, and the trust was directly or 669
indirectly created in connection with or as a result of the 670
death of an individual who, for purposes of the taxes levied 671
under Chapter 5731. of the Revised Code, was domiciled in this 672
state at the time of the individual's death. 673

(g) The tax commissioner may adopt rules to ascertain the 674
part of a trust residing in this state. 675

(J) "Nonresident" means an individual or estate that is 676
not a resident. An individual who is a resident for only part of 677
a taxable year is a nonresident for the remainder of that 678
taxable year. 679

(K) "Pass-through entity" has the same meaning as in 680
section 5733.04 of the Revised Code. 681

(L) "Return" means the notifications and reports required 682
to be filed pursuant to this chapter for the purpose of 683
reporting the tax due and includes declarations of estimated tax 684
when so required. 685

(M) "Taxable year" means the calendar year or the 686
taxpayer's fiscal year ending during the calendar year, or 687
fractional part thereof, upon which the adjusted gross income is 688
calculated pursuant to this chapter. 689

(N) "Taxpayer" means any person subject to the tax imposed 690
by section 5747.02 of the Revised Code or any pass-through 691
entity that makes the election under division (D) of section 692

5747.08 of the Revised Code. 693

(O) "Dependents" means one of the following: 694

(1) For taxable years beginning on or after January 1, 695
2018, and before January 1, 2026, dependents as defined in the 696
Internal Revenue Code; 697

(2) For all other taxable years, dependents as defined in 698
the Internal Revenue Code and as claimed in the taxpayer's 699
federal income tax return for the taxable year or which the 700
taxpayer would have been permitted to claim had the taxpayer 701
filed a federal income tax return. 702

(P) "Principal county of employment" means, in the case of 703
a nonresident, the county within the state in which a taxpayer 704
performs services for an employer or, if those services are 705
performed in more than one county, the county in which the major 706
portion of the services are performed. 707

(Q) As used in sections 5747.50 to 5747.55 of the Revised 708
Code: 709

(1) "Subdivision" means any county, municipal corporation, 710
park district, or township. 711

(2) "Essential local government purposes" includes all 712
functions that any subdivision is required by general law to 713
exercise, including like functions that are exercised under a 714
charter adopted pursuant to the Ohio Constitution. 715

(R) "Overpayment" means any amount already paid that 716
exceeds the figure determined to be the correct amount of the 717
tax. 718

(S) "Taxable income" or "Ohio taxable income" applies only 719
to estates and trusts, and means federal taxable income, as 720

defined and used in the Internal Revenue Code, adjusted as 721
follows: 722

(1) Add interest or dividends, net of ordinary, necessary, 723
and reasonable expenses not deducted in computing federal 724
taxable income, on obligations or securities of any state or of 725
any political subdivision or authority of any state, other than 726
this state and its subdivisions and authorities, but only to the 727
extent that such net amount is not otherwise includible in Ohio 728
taxable income and is described in either division (S) (1) (a) or 729
(b) of this section: 730

(a) The net amount is not attributable to the S portion of 731
an electing small business trust and has not been distributed to 732
beneficiaries for the taxable year; 733

(b) The net amount is attributable to the S portion of an 734
electing small business trust for the taxable year. 735

(2) Add interest or dividends, net of ordinary, necessary, 736
and reasonable expenses not deducted in computing federal 737
taxable income, on obligations of any authority, commission, 738
instrumentality, territory, or possession of the United States 739
to the extent that the interest or dividends are exempt from 740
federal income taxes but not from state income taxes, but only 741
to the extent that such net amount is not otherwise includible 742
in Ohio taxable income and is described in either division (S) 743
(1) (a) or (b) of this section; 744

(3) Add the amount of personal exemption allowed to the 745
estate pursuant to section 642(b) of the Internal Revenue Code; 746

(4) Deduct interest or dividends, net of related expenses 747
deducted in computing federal taxable income, on obligations of 748
the United States and its territories and possessions or of any 749

authority, commission, or instrumentality of the United States 750
to the extent that the interest or dividends are exempt from 751
state taxes under the laws of the United States, but only to the 752
extent that such amount is included in federal taxable income 753
and is described in either division (S)(1)(a) or (b) of this 754
section; 755

(5) Deduct the amount of wages and salaries, if any, not 756
otherwise allowable as a deduction but that would have been 757
allowable as a deduction in computing federal taxable income for 758
the taxable year, had the work opportunity tax credit allowed 759
under sections 38, 51, and 52 of the Internal Revenue Code not 760
been in effect, but only to the extent such amount relates 761
either to income included in federal taxable income for the 762
taxable year or to income of the S portion of an electing small 763
business trust for the taxable year; 764

(6) Deduct any interest or interest equivalent, net of 765
related expenses deducted in computing federal taxable income, 766
on public obligations and purchase obligations, but only to the 767
extent that such net amount relates either to income included in 768
federal taxable income for the taxable year or to income of the 769
S portion of an electing small business trust for the taxable 770
year; 771

(7) Add any loss or deduct any gain resulting from sale, 772
exchange, or other disposition of public obligations to the 773
extent that such loss has been deducted or such gain has been 774
included in computing either federal taxable income or income of 775
the S portion of an electing small business trust for the 776
taxable year; 777

(8) Except in the case of the final return of an estate, 778
add any amount deducted by the taxpayer on both its Ohio estate 779

tax return pursuant to section 5731.14 of the Revised Code, and 780
on its federal income tax return in determining federal taxable 781
income; 782

(9) (a) Deduct any amount included in federal taxable 783
income solely because the amount represents a reimbursement or 784
refund of expenses that in a previous year the decedent had 785
deducted as an itemized deduction pursuant to section 63 of the 786
Internal Revenue Code and applicable treasury regulations. The 787
deduction otherwise allowed under division (S) (9) (a) of this 788
section shall be reduced to the extent the reimbursement is 789
attributable to an amount the taxpayer or decedent deducted 790
under this section in any taxable year. 791

(b) Add any amount not otherwise included in Ohio taxable 792
income for any taxable year to the extent that the amount is 793
attributable to the recovery during the taxable year of any 794
amount deducted or excluded in computing federal or Ohio taxable 795
income in any taxable year, but only to the extent such amount 796
has not been distributed to beneficiaries for the taxable year. 797

(10) Deduct any portion of the deduction described in 798
section 1341(a) (2) of the Internal Revenue Code, for repaying 799
previously reported income received under a claim of right, that 800
meets both of the following requirements: 801

(a) It is allowable for repayment of an item that was 802
included in the taxpayer's taxable income or the decedent's 803
adjusted gross income for a prior taxable year and did not 804
qualify for a credit under division (A) or (B) of section 805
5747.05 of the Revised Code for that year. 806

(b) It does not otherwise reduce the taxpayer's taxable 807
income or the decedent's adjusted gross income for the current 808

or any other taxable year. 809

(11) Add any amount claimed as a credit under section 810
5747.059 of the Revised Code to the extent that the amount 811
satisfies either of the following: 812

(a) The amount was deducted or excluded from the 813
computation of the taxpayer's federal taxable income as required 814
to be reported for the taxpayer's taxable year under the 815
Internal Revenue Code; 816

(b) The amount resulted in a reduction in the taxpayer's 817
federal taxable income as required to be reported for any of the 818
taxpayer's taxable years under the Internal Revenue Code. 819

(12) Deduct any amount, net of related expenses deducted 820
in computing federal taxable income, that a trust is required to 821
report as farm income on its federal income tax return, but only 822
if the assets of the trust include at least ten acres of land 823
satisfying the definition of "land devoted exclusively to 824
agricultural use" under section 5713.30 of the Revised Code, 825
regardless of whether the land is valued for tax purposes as 826
such land under sections 5713.30 to 5713.38 of the Revised Code. 827
If the trust is a pass-through entity investor, section 5747.231 828
of the Revised Code applies in ascertaining if the trust is 829
eligible to claim the deduction provided by division (S)(12) of 830
this section in connection with the pass-through entity's farm 831
income. 832

Except for farm income attributable to the S portion of an 833
electing small business trust, the deduction provided by 834
division (S)(12) of this section is allowed only to the extent 835
that the trust has not distributed such farm income. 836

(13) Add the net amount of income described in section 837

641(c) of the Internal Revenue Code to the extent that amount is 838
not included in federal taxable income. 839

(14) Add or deduct the amount the taxpayer would be 840
required to add or deduct under division (A)(17) or (18) of this 841
section if the taxpayer's Ohio taxable income were computed in 842
the same manner as an individual's Ohio adjusted gross income is 843
computed under this section. 844

(15) Add, to the extent not otherwise included in 845
computing taxable income or Ohio taxable income for any taxable 846
year, the taxpayer's proportionate share of the amount of the 847
tax levied under section 5747.38 of the Revised Code and paid by 848
an electing pass-through entity for the taxable year. 849

(16) Add any income taxes deducted in computing federal 850
taxable income or Ohio taxable income to the extent the income 851
taxes were derived from income subject to tax levied in another 852
state or the District of Columbia when such tax was enacted for 853
purposes of complying with internal revenue service notice 2020- 854
75. 855

(T) "School district income" and "school district income 856
tax" have the same meanings as in section 5748.01 of the Revised 857
Code. 858

(U) As used in divisions (A)(7), (A)(8), (S)(6), and (S) 859
(7) of this section, "public obligations," "purchase 860
obligations," and "interest or interest equivalent" have the 861
same meanings as in section 5709.76 of the Revised Code. 862

(V) "Limited liability company" means any limited 863
liability company formed under Chapter 1705. or 1706. of the 864
Revised Code or under the laws of any other state. 865

(W) "Pass-through entity investor" means any person who, 866

during any portion of a taxable year of a pass-through entity, 867
is a partner, member, shareholder, or equity investor in that 868
pass-through entity. 869

(X) "Banking day" has the same meaning as in section 870
1304.01 of the Revised Code. 871

(Y) "Month" means a calendar month. 872

(Z) "Quarter" means the first three months, the second 873
three months, the third three months, or the last three months 874
of the taxpayer's taxable year. 875

(AA) (1) "Modified business income" means the business 876
income included in a trust's Ohio taxable income after such 877
taxable income is first reduced by the qualifying trust amount, 878
if any. 879

(2) "Qualifying trust amount" of a trust means capital 880
gains and losses from the sale, exchange, or other disposition 881
of equity or ownership interests in, or debt obligations of, a 882
qualifying investee to the extent included in the trust's Ohio 883
taxable income, but only if the following requirements are 884
satisfied: 885

(a) The book value of the qualifying investee's physical 886
assets in this state and everywhere, as of the last day of the 887
qualifying investee's fiscal or calendar year ending immediately 888
prior to the date on which the trust recognizes the gain or 889
loss, is available to the trust. 890

(b) The requirements of section 5747.011 of the Revised 891
Code are satisfied for the trust's taxable year in which the 892
trust recognizes the gain or loss. 893

Any gain or loss that is not a qualifying trust amount is 894

modified business income, qualifying investment income, or 895
modified nonbusiness income, as the case may be. 896

(3) "Modified nonbusiness income" means a trust's Ohio 897
taxable income other than modified business income, other than 898
the qualifying trust amount, and other than qualifying 899
investment income, as defined in section 5747.012 of the Revised 900
Code, to the extent such qualifying investment income is not 901
otherwise part of modified business income. 902

(4) "Modified Ohio taxable income" applies only to trusts, 903
and means the sum of the amounts described in divisions (AA) (4) 904
(a) to (c) of this section: 905

(a) The fraction, calculated under section 5747.013, and 906
applying section 5747.231 of the Revised Code, multiplied by the 907
sum of the following amounts: 908

(i) The trust's modified business income; 909

(ii) The trust's qualifying investment income, as defined 910
in section 5747.012 of the Revised Code, but only to the extent 911
the qualifying investment income does not otherwise constitute 912
modified business income and does not otherwise constitute a 913
qualifying trust amount. 914

(b) The qualifying trust amount multiplied by a fraction, 915
the numerator of which is the sum of the book value of the 916
qualifying investee's physical assets in this state on the last 917
day of the qualifying investee's fiscal or calendar year ending 918
immediately prior to the day on which the trust recognizes the 919
qualifying trust amount, and the denominator of which is the sum 920
of the book value of the qualifying investee's total physical 921
assets everywhere on the last day of the qualifying investee's 922
fiscal or calendar year ending immediately prior to the day on 923

which the trust recognizes the qualifying trust amount. If, for 924
a taxable year, the trust recognizes a qualifying trust amount 925
with respect to more than one qualifying investee, the amount 926
described in division (AA) (4) (b) of this section shall equal the 927
sum of the products so computed for each such qualifying 928
investee. 929

(c) (i) With respect to a trust or portion of a trust that 930
is a resident as ascertained in accordance with division (I) (3) 931
(d) of this section, its modified nonbusiness income. 932

(ii) With respect to a trust or portion of a trust that is 933
not a resident as ascertained in accordance with division (I) (3) 934
(d) of this section, the amount of its modified nonbusiness 935
income satisfying the descriptions in divisions (B) (2) to (5) of 936
section 5747.20 of the Revised Code, except as otherwise 937
provided in division (AA) (4) (c) (ii) of this section. With 938
respect to a trust or portion of a trust that is not a resident 939
as ascertained in accordance with division (I) (3) (d) of this 940
section, the trust's portion of modified nonbusiness income 941
recognized from the sale, exchange, or other disposition of a 942
debt interest in or equity interest in a section 5747.212 943
entity, as defined in section 5747.212 of the Revised Code, 944
without regard to division (A) of that section, shall not be 945
allocated to this state in accordance with section 5747.20 of 946
the Revised Code but shall be apportioned to this state in 947
accordance with division (B) of section 5747.212 of the Revised 948
Code without regard to division (A) of that section. 949

If the allocation and apportionment of a trust's income 950
under divisions (AA) (4) (a) and (c) of this section do not fairly 951
represent the modified Ohio taxable income of the trust in this 952
state, the alternative methods described in division (C) of 953

section 5747.21 of the Revised Code may be applied in the manner 954
and to the same extent provided in that section. 955

(5) (a) Except as set forth in division (AA) (5) (b) of this 956
section, "qualifying investee" means a person in which a trust 957
has an equity or ownership interest, or a person or unit of 958
government the debt obligations of either of which are owned by 959
a trust. For the purposes of division (AA) (2) (a) of this section 960
and for the purpose of computing the fraction described in 961
division (AA) (4) (b) of this section, all of the following apply: 962

(i) If the qualifying investee is a member of a qualifying 963
controlled group on the last day of the qualifying investee's 964
fiscal or calendar year ending immediately prior to the date on 965
which the trust recognizes the gain or loss, then "qualifying 966
investee" includes all persons in the qualifying controlled 967
group on such last day. 968

(ii) If the qualifying investee, or if the qualifying 969
investee and any members of the qualifying controlled group of 970
which the qualifying investee is a member on the last day of the 971
qualifying investee's fiscal or calendar year ending immediately 972
prior to the date on which the trust recognizes the gain or 973
loss, separately or cumulatively own, directly or indirectly, on 974
the last day of the qualifying investee's fiscal or calendar 975
year ending immediately prior to the date on which the trust 976
recognizes the qualifying trust amount, more than fifty per cent 977
of the equity of a pass-through entity, then the qualifying 978
investee and the other members are deemed to own the 979
proportionate share of the pass-through entity's physical assets 980
which the pass-through entity directly or indirectly owns on the 981
last day of the pass-through entity's calendar or fiscal year 982
ending within or with the last day of the qualifying investee's 983

fiscal or calendar year ending immediately prior to the date on 984
which the trust recognizes the qualifying trust amount. 985

(iii) For the purposes of division (AA) (5) (a) (iii) of this 986
section, "upper level pass-through entity" means a pass-through 987
entity directly or indirectly owning any equity of another pass- 988
through entity, and "lower level pass-through entity" means that 989
other pass-through entity. 990

An upper level pass-through entity, whether or not it is 991
also a qualifying investee, is deemed to own, on the last day of 992
the upper level pass-through entity's calendar or fiscal year, 993
the proportionate share of the lower level pass-through entity's 994
physical assets that the lower level pass-through entity 995
directly or indirectly owns on the last day of the lower level 996
pass-through entity's calendar or fiscal year ending within or 997
with the last day of the upper level pass-through entity's 998
fiscal or calendar year. If the upper level pass-through entity 999
directly and indirectly owns less than fifty per cent of the 1000
equity of the lower level pass-through entity on each day of the 1001
upper level pass-through entity's calendar or fiscal year in 1002
which or with which ends the calendar or fiscal year of the 1003
lower level pass-through entity and if, based upon clear and 1004
convincing evidence, complete information about the location and 1005
cost of the physical assets of the lower pass-through entity is 1006
not available to the upper level pass-through entity, then 1007
solely for purposes of ascertaining if a gain or loss 1008
constitutes a qualifying trust amount, the upper level pass- 1009
through entity shall be deemed as owning no equity of the lower 1010
level pass-through entity for each day during the upper level 1011
pass-through entity's calendar or fiscal year in which or with 1012
which ends the lower level pass-through entity's calendar or 1013
fiscal year. Nothing in division (AA) (5) (a) (iii) of this section 1014

shall be construed to provide for any deduction or exclusion in 1015
computing any trust's Ohio taxable income. 1016

(b) With respect to a trust that is not a resident for the 1017
taxable year and with respect to a part of a trust that is not a 1018
resident for the taxable year, "qualifying investee" for that 1019
taxable year does not include a C corporation if both of the 1020
following apply: 1021

(i) During the taxable year the trust or part of the trust 1022
recognizes a gain or loss from the sale, exchange, or other 1023
disposition of equity or ownership interests in, or debt 1024
obligations of, the C corporation. 1025

(ii) Such gain or loss constitutes nonbusiness income. 1026

(6) "Available" means information is such that a person is 1027
able to learn of the information by the due date plus 1028
extensions, if any, for filing the return for the taxable year 1029
in which the trust recognizes the gain or loss. 1030

(BB) "Qualifying controlled group" has the same meaning as 1031
in section 5733.04 of the Revised Code. 1032

(CC) "Related member" has the same meaning as in section 1033
5733.042 of the Revised Code. 1034

(DD) (1) For the purposes of division (DD) of this section: 1035

(a) "Qualifying person" means any person other than a 1036
qualifying corporation. 1037

(b) "Qualifying corporation" means any person classified 1038
for federal income tax purposes as an association taxable as a 1039
corporation, except either of the following: 1040

(i) A corporation that has made an election under 1041

subchapter S, chapter one, subtitle A, of the Internal Revenue 1042
Code for its taxable year ending within, or on the last day of, 1043
the investor's taxable year; 1044

(ii) A subsidiary that is wholly owned by any corporation 1045
that has made an election under subchapter S, chapter one, 1046
subtitle A of the Internal Revenue Code for its taxable year 1047
ending within, or on the last day of, the investor's taxable 1048
year. 1049

(2) For the purposes of this chapter, unless expressly 1050
stated otherwise, no qualifying person indirectly owns any asset 1051
directly or indirectly owned by any qualifying corporation. 1052

(EE) For purposes of this chapter and Chapter 5751. of the 1053
Revised Code: 1054

(1) "Trust" does not include a qualified pre-income tax 1055
trust. 1056

(2) A "qualified pre-income tax trust" is any pre-income 1057
tax trust that makes a qualifying pre-income tax trust election 1058
as described in division (EE)(3) of this section. 1059

(3) A "qualifying pre-income tax trust election" is an 1060
election by a pre-income tax trust to subject to the tax imposed 1061
by section 5751.02 of the Revised Code the pre-income tax trust 1062
and all pass-through entities of which the trust owns or 1063
controls, directly, indirectly, or constructively through 1064
related interests, five per cent or more of the ownership or 1065
equity interests. The trustee shall notify the tax commissioner 1066
in writing of the election on or before April 15, 2006. The 1067
election, if timely made, shall be effective on and after 1068
January 1, 2006, and shall apply for all tax periods and tax 1069
years until revoked by the trustee of the trust. 1070

(4) A "pre-income tax trust" is a trust that satisfies all 1071
of the following requirements: 1072

(a) The document or instrument creating the trust was 1073
executed by the grantor before January 1, 1972; 1074

(b) The trust became irrevocable upon the creation of the 1075
trust; and 1076

(c) The grantor was domiciled in this state at the time 1077
the trust was created. 1078

(FF) "Uniformed services" has the same meaning as in 10 1079
U.S.C. 101. 1080

(GG) "Taxable business income" means the amount by which 1081
an individual's business income that is included in federal 1082
adjusted gross income exceeds the amount of business income the 1083
individual is authorized to deduct under division (A) (28) of 1084
this section for the taxable year. 1085

(HH) "Employer" does not include a franchisor with respect 1086
to the franchisor's relationship with a franchisee or an 1087
employee of a franchisee, unless the franchisor agrees to assume 1088
that role in writing or a court of competent jurisdiction 1089
determines that the franchisor exercises a type or degree of 1090
control over the franchisee or the franchisee's employees that 1091
is not customarily exercised by a franchisor for the purpose of 1092
protecting the franchisor's trademark, brand, or both. For 1093
purposes of this division, "franchisor" and "franchisee" have 1094
the same meanings as in 16 C.F.R. 436.1. 1095

(II) "Modified adjusted gross income" means Ohio adjusted 1096
gross income plus any amount deducted under divisions (A) (28) 1097
and (34) of this section for the taxable year. 1098

(JJ) "Qualifying Ohio educator" means an individual who, 1099
for a taxable year, qualifies as an eligible educator, as that 1100
term is defined in section 62 of the Internal Revenue Code, and 1101
who holds a certificate, license, or permit described in Chapter 1102
3319. or section 3301.071 of the Revised Code. 1103

Sec. 5747.05. As used in this section, "income tax" 1104
includes both a tax on net income and a tax measured by net 1105
income. 1106

The following credits shall be allowed against the 1107
aggregate income tax liability imposed by section 5747.02 of the 1108
Revised Code on individuals and estates: 1109

(A) (1) The amount of tax otherwise due under section 1110
5747.02 of the Revised Code on such portion of the combined 1111
adjusted gross income and business income of any nonresident 1112
taxpayer that is not allocable or apportionable to this state 1113
pursuant to sections 5747.20 to 5747.23 of the Revised Code. The 1114
credit provided under this division shall not exceed the total 1115
tax due under section 5747.02 of the Revised Code. 1116

(2) The tax commissioner may enter into an agreement with 1117
the taxing authorities of any state or of the District of 1118
Columbia that imposes an income tax to provide that compensation 1119
paid in this state to a nonresident taxpayer shall not be 1120
subject to the tax levied in section 5747.02 of the Revised Code 1121
so long as compensation paid in such other state or in the 1122
District of Columbia to a resident taxpayer shall likewise not 1123
be subject to the income tax of such other state or of the 1124
District of Columbia. 1125

(B) The lesser of division (B) (1) or (2) of this section: 1126

(1) The aggregate amount of tax otherwise due under 1127

section 5747.02 of the Revised Code on such portion of the 1128
combined adjusted gross income and business income of a resident 1129
taxpayer that in another state or in the District of Columbia is 1130
subjected to an income tax. The credit provided under division 1131
(B) (1) of this section shall not exceed the total tax due under 1132
section 5747.02 of the Revised Code. 1133

(2) The amount of income tax liability to another state or 1134
the District of Columbia on the portion of the combined adjusted 1135
gross income and business income of a resident taxpayer that in 1136
another state or in the District of Columbia is subjected to an 1137
income tax. The credit provided under division (B) (2) of this 1138
section shall not exceed the total amount of tax otherwise due 1139
under section 5747.02 of the Revised Code. 1140

(3) For the purpose of divisions (B) (1) and (2) of this 1141
section, a resident taxpayer's combined adjusted gross income 1142
and business income that is subject to an income tax levied in 1143
another state or in the District of Columbia includes income 1144
that is subject to either (a) a tax similar to the tax imposed 1145
by division (D) (1) (a) of section 5747.08 of the Revised Code or 1146
(b) a tax enacted for purposes of complying with internal 1147
revenue service notice 2020-75. In computing a resident 1148
taxpayer's income tax paid or accrued to another state or the 1149
District of Columbia, the deduction authorized by division (A) 1150
(28) of section 5747.01 of the Revised Code shall first be 1151
deducted against business income apportioned to this state. 1152

(4) If the credit provided under division (B) of this 1153
section is affected by a change in either the portion of the 1154
combined adjusted gross income and business income of a resident 1155
taxpayer subjected to an income tax in another state or the 1156
District of Columbia or the amount of income tax liability that 1157

has been paid to another state or the District of Columbia, the 1158
taxpayer shall report the change to the tax commissioner within 1159
ninety days of the change in such form as the commissioner 1160
requires. 1161

(a) In the case of an underpayment, the report shall be 1162
accompanied by payment of any additional tax due as a result of 1163
the reduction in credit together with interest on the additional 1164
tax and is a return subject to assessment under section 5747.13 1165
of the Revised Code solely for the purpose of assessing any 1166
additional tax due under this division, together with any 1167
applicable penalty and interest. It shall not reopen the 1168
computation of the taxpayer's tax liability under this chapter 1169
from a previously filed return no longer subject to assessment 1170
except to the extent that such liability is affected by an 1171
adjustment to the credit allowed by division (B) of this 1172
section. 1173

(b) In the case of an overpayment, an application for 1174
refund may be filed under this division within the ninety-day 1175
period prescribed for filing the report even if it is beyond the 1176
period prescribed in section 5747.11 of the Revised Code if it 1177
otherwise conforms to the requirements of such section. An 1178
application filed under this division shall only claim refund of 1179
overpayments resulting from an adjustment to the credit allowed 1180
by division (B) of this section unless it is also filed within 1181
the time prescribed in section 5747.11 of the Revised Code. It 1182
shall not reopen the computation of the taxpayer's tax liability 1183
except to the extent that such liability is affected by an 1184
adjustment to the credit allowed by division (B) of this 1185
section. 1186

~~(4)~~ (5) No credit shall be allowed under division (B) of 1187

this section: 1188

(a) For income tax paid or accrued to another state or to 1189
the District of Columbia if the taxpayer, when computing federal 1190
adjusted gross income, has directly or indirectly deducted, or 1191
was required to directly or indirectly deduct, the amount of 1192
that income tax~~+~~. 1193

Division (B) (5) (a) of this section does not apply to 1194
income taxes included in the computation of Ohio adjusted gross 1195
income under division (A) (40) of section 5747.01 of the Revised 1196
Code and not deducted from Ohio adjusted gross income under 1197
division (A) (28) of that section or to income taxes included in 1198
Ohio taxable income under division (S) (16) of section 5747.01 of 1199
the Revised Code. 1200

(b) For compensation that is not subject to the income tax 1201
of another state or the District of Columbia as the result of an 1202
agreement entered into by the tax commissioner under division 1203
(A) (3) of this section; or 1204

(c) For income tax paid or accrued to another state or the 1205
District of Columbia if the taxpayer fails to furnish such proof 1206
as the tax commissioner shall require that such income tax 1207
liability has been paid. 1208

(C) An individual who is a resident for part of a taxable 1209
year and a nonresident for the remainder of the taxable year is 1210
allowed the credits under divisions (A) and (B) of this section 1211
in accordance with rules prescribed by the tax commissioner. In 1212
no event shall the same income be subject to both credits. 1213

(D) The credit allowed under division (A) of this section 1214
shall be calculated based upon the amount of tax due under 1215
section 5747.02 of the Revised Code after subtracting any other 1216

credits that precede the credit under that division in the order 1217
required under section 5747.98 of the Revised Code. The credit 1218
allowed under division (B) of this section shall be calculated 1219
based upon the amount of tax due under section 5747.02 of the 1220
Revised Code after subtracting any other credits that precede 1221
the credit under that division in the order required under 1222
section 5747.98 of the Revised Code. 1223

(E) (1) On a joint return filed by a husband and wife, each 1224
of whom had adjusted gross income of at least five hundred 1225
dollars, exclusive of interest, dividends and distributions, 1226
royalties, rent, and capital gains, a credit equal to the lesser 1227
of six hundred fifty dollars or the percentage shown in column B 1228
that corresponds with the taxpayer's modified adjusted gross 1229
income, less exemptions for the taxable year, of the total 1230
amount of tax due after allowing for any other credit that 1231
precedes this credit as required under section 5747.98 of the 1232
Revised Code: 1233

1234

	1	2
A	A.	B.
B	IF THE MODIFIED ADJUSTED GROSS INCOME, LESS EXEMPTIONS, FOR THE TAX YEAR IS:	THE CREDIT FOR THE TAXABLE YEAR IS:
C	\$25,000 or less	20%
D	More than \$25,000 but not more than \$50,000	15%

E More than \$50,000 but not more 10%
 than \$75,000

F More than \$75,000 5%

(2) The credit shall be claimed in the order required 1235
under section 5747.98 of the Revised Code. 1236

(F) No claim for credit under this section shall be 1237
allowed unless the claimant furnishes such supporting 1238
information as the tax commissioner prescribes by rules. 1239

Sec. 5747.11. (A) The tax commissioner shall refund to 1240
employers, qualifying entities, electing pass-through entities, 1241
or taxpayers subject to a tax imposed under section 5733.41, 1242
5747.02, 5747.38, or 5747.41, or Chapter 5748. of the Revised 1243
Code amounts that were overpaid, paid illegally or erroneously, 1244
or paid on an illegal or erroneous assessment. 1245

(B) (1) Except as otherwise provided under divisions (D) 1246
and (E) of this section, applications for refund shall be filed 1247
with the tax commissioner, on the form prescribed by the 1248
commissioner, within four years from the date of the illegal, 1249
erroneous, or excessive payment, or within any additional period 1250
allowed by division ~~(B) (3) (b)~~ (B) (4) (b) of section 5747.05, 1251
division (E) of section 5747.10, division (A) of section 1252
5747.13, or division (C) of section 5747.45 of the Revised Code. 1253

On filing of the refund application, the commissioner 1254
shall determine the amount of refund due and, if that amount 1255
exceeds one dollar, certify such amount to the director of 1256
budget and management and treasurer of state for payment from 1257
the tax refund fund created by section 5703.052 of the Revised 1258
Code. Payment shall be made as provided in division (C) of 1259

section 126.35 of the Revised Code. 1260

(2) If an individual taxpayer is deceased, a refund may be 1261
issued in the name of the decedent and of the executor, 1262
administrator, or other person charged with the decedent's 1263
property, upon the request of that person. Such a request shall 1264
include any documentation, including a copy of the taxpayer's 1265
death certificate and any fiduciary or court documents, that the 1266
tax commissioner considers necessary to prove that the person 1267
making the request is qualified to receive the refund. If the 1268
request is for a refund that was previously issued in only the 1269
decedent's name, the person making the request must also provide 1270
the previously issued payment to the commissioner. 1271

(C) (1) Interest shall be allowed and paid at the rate per 1272
annum prescribed by section 5703.47 of the Revised Code on 1273
amounts refunded with respect to the tax imposed under section 1274
5747.02 or Chapter 5748. of the Revised Code from the date of 1275
the overpayment until the date of the refund of the overpayment, 1276
except that if any overpayment is refunded within ninety days 1277
after the final filing date of the annual return or ninety days 1278
after the return is filed, whichever is later, no interest shall 1279
be allowed on such overpayment. If the overpayment results from 1280
the carryback of a net operating loss or net capital loss to a 1281
previous taxable year, the overpayment is deemed not to have 1282
been made prior to the filing date, including any extension 1283
thereof, for the taxable year in which the net operating loss or 1284
net capital loss arises. For purposes of the payment of interest 1285
on overpayments, no amount of tax, for any taxable year, shall 1286
be treated as having been paid before the date on which the tax 1287
return for that year was due without regard to any extension of 1288
time for filing such return. 1289

(2) Interest shall be allowed at the rate per annum 1290
prescribed by section 5703.47 of the Revised Code on amounts 1291
refunded with respect to the taxes imposed under sections 1292
5733.41 and 5747.41 or under section 5747.38 of the Revised 1293
Code. The interest shall run from whichever of the following 1294
days is the latest until the day the refund is paid: the day the 1295
illegal, erroneous, or excessive payment was made; the ninetieth 1296
day after the final day the annual report was required to be 1297
filed under section 5747.42 of the Revised Code; or the 1298
ninetieth day after the day that report was filed. 1299

(D) "Ninety days" shall be substituted for "four years" in 1300
division (B) of this section if the taxpayer satisfies both of 1301
the following conditions: 1302

(1) The taxpayer has applied for a refund based in whole 1303
or in part upon section 5747.059 of the Revised Code; 1304

(2) The taxpayer asserts that either the imposition or 1305
collection of the tax imposed or charged by this chapter or any 1306
portion of such tax violates the Constitution of the United 1307
States or the Constitution of Ohio. 1308

(E) (1) Division (E) (2) of this section applies only if all 1309
of the following conditions are satisfied: 1310

(a) A qualifying entity pays an amount of the tax imposed 1311
by section 5733.41 or 5747.41 of the Revised Code; 1312

(b) The taxpayer is a qualifying investor as to that 1313
qualifying entity; 1314

(c) The taxpayer did not claim the credit provided for in 1315
section 5747.059 of the Revised Code as to the tax described in 1316
division (E) (1) (a) of this section; 1317

(d) The four-year period described in division (B) of this 1318
section has ended as to the taxable year for which the taxpayer 1319
otherwise would have claimed that credit. 1320

(2) A taxpayer shall file an application for refund 1321
pursuant to division (E) of this section within one year after 1322
the date the payment described in division (E)(1)(a) of this 1323
section is made. An application filed under division (E)(2) of 1324
this section shall claim refund only of overpayments resulting 1325
from the taxpayer's failure to claim the credit described in 1326
division (E)(1)(c) of this section. Nothing in division (E) of 1327
this section shall be construed to relieve a taxpayer from 1328
complying with division (A)(15) of section 5747.01 of the 1329
Revised Code. 1330

Sec. 5747.13. (A) If any employer collects the tax imposed 1331
by section 5747.02 or under Chapter 5748. of the Revised Code 1332
and fails to remit the tax as required by law, or fails to 1333
collect the tax, the employer is personally liable for any 1334
amount collected that the employer fails to remit, or any amount 1335
that the employer fails to collect. If any taxpayer fails to 1336
file a return or fails to pay the tax imposed by section 5747.02 1337
or under Chapter 5748. of the Revised Code, the taxpayer is 1338
personally liable for the amount of the tax. 1339

If any employer, taxpayer, qualifying entity, or electing 1340
pass-through entity required to file a return under this chapter 1341
fails to file the return within the time prescribed, files an 1342
incorrect return, fails to remit the full amount of the taxes 1343
due for the period covered by the return, or fails to remit any 1344
additional tax due as a result of a reduction in the amount of 1345
the credit allowed under division (B) of section 5747.05 of the 1346
Revised Code together with interest on the additional tax within 1347

the time prescribed by that division, the tax commissioner may 1348
make an assessment against any person liable for any deficiency 1349
for the period for which the return is or taxes are due, based 1350
upon any information in the commissioner's possession. 1351

An assessment issued against either the employer or the 1352
taxpayer pursuant to this section shall not be considered an 1353
election of remedies or a bar to an assessment against the other 1354
for failure to report or pay the same tax. No assessment shall 1355
be issued against any person if the tax actually has been paid 1356
by another. 1357

No assessment shall be made or issued against an employer, 1358
a taxpayer, a qualifying entity, or an electing pass-through 1359
entity more than four years after the final date the return 1360
subject to assessment was required to be filed or the date the 1361
return was filed, whichever is later. However, the commissioner 1362
may assess any balance due as the result of a reduction in the 1363
credit allowed under division (B) of section 5747.05 of the 1364
Revised Code, including applicable penalty and interest, within 1365
four years of the date on which the taxpayer reports a change in 1366
either the portion of the taxpayer's adjusted gross income 1367
subjected to an income tax or tax measured by income in another 1368
state or the District of Columbia, or the amount of liability 1369
for an income tax or tax measured by income to another state or 1370
the District of Columbia, as required by division ~~(B) (3)~~ (B) (4) 1371
of section 5747.05 of the Revised Code. Such time limits may be 1372
extended if both the employer, taxpayer, qualifying entity, or 1373
electing pass-through entity and the commissioner consent in 1374
writing to the extension or if an agreement waiving or extending 1375
the time limits has been entered into pursuant to section 1376
122.171 of the Revised Code. Any such extension shall extend the 1377
four-year time limit in division (B) of section 5747.11 of the 1378

Revised Code for the same period of time. There shall be no bar 1379
or limit to an assessment against an employer for taxes withheld 1380
from employees and not remitted to the state, against an 1381
employer, a taxpayer, a qualifying entity, or an electing pass- 1382
through entity that fails to file a return subject to assessment 1383
as required by this chapter, or against an employer, a taxpayer, 1384
a qualifying entity, or an electing pass-through entity that 1385
files a fraudulent return. 1386

The commissioner shall give the party assessed written 1387
notice of the assessment in the manner provided in section 1388
5703.37 of the Revised Code. With the notice, the commissioner 1389
shall provide instructions on how to petition for reassessment 1390
and request a hearing on the petition. 1391

(B) Unless the party assessed files with the tax 1392
commissioner within sixty days after service of the notice of 1393
assessment, either personally or by certified mail, a written 1394
petition for reassessment, signed by the party assessed or that 1395
party's authorized agent having knowledge of the facts, the 1396
assessment becomes final, and the amount of the assessment is 1397
due and payable from the party assessed to the commissioner with 1398
remittance made payable to the treasurer of state. The petition 1399
shall indicate the objections of the party assessed, but 1400
additional objections may be raised in writing if received by 1401
the commissioner prior to the date shown on the final 1402
determination. If the petition has been properly filed, the 1403
commissioner shall proceed under section 5703.60 of the Revised 1404
Code. 1405

(C) After an assessment becomes final, if any portion of 1406
the assessment remains unpaid, including accrued interest, a 1407
certified copy of the tax commissioner's entry making the 1408

assessment final may be filed in the office of the clerk of the 1409
court of common pleas in the county in which the employer's, 1410
taxpayer's, qualifying entity's, or electing pass-through 1411
entity's place of business is located or the county in which the 1412
party assessed resides. If the party assessed is not a resident 1413
of this state, the certified copy of the entry may be filed in 1414
the office of the clerk of the court of common pleas of Franklin 1415
county. 1416

Immediately upon the filing of the entry, the clerk shall 1417
enter a judgment against the party assessed in the amount shown 1418
on the entry. The judgment shall be filed by the clerk in one of 1419
two loose-leaf books, one entitled "special judgments for state 1420
and school district income taxes," and the other entitled 1421
"special judgments for qualifying entity and electing pass- 1422
through entity taxes." The judgment shall have the same effect 1423
as other judgments. Execution shall issue upon the judgment upon 1424
the request of the tax commissioner, and all laws applicable to 1425
sales on execution shall apply to sales made under the judgment. 1426

If the assessment is not paid in its entirety within sixty 1427
days after the assessment was issued, the portion of the 1428
assessment consisting of tax due shall bear interest at the rate 1429
per annum prescribed by section 5703.47 of the Revised Code from 1430
the day the tax commissioner issues the assessment until it is 1431
paid or until it is certified to the attorney general for 1432
collection under section 131.02 of the Revised Code, whichever 1433
comes first. If the unpaid portion of the assessment is 1434
certified to the attorney general for collection, the entire 1435
unpaid portion of the assessment shall bear interest at the rate 1436
per annum prescribed by section 5703.47 of the Revised Code from 1437
the date of certification until the date it is paid in its 1438
entirety. Interest shall be paid in the same manner as the tax 1439

and may be collected by the issuance of an assessment under this 1440
section. 1441

(D) All money collected under this section shall be 1442
considered as revenue arising from the taxes imposed by this 1443
chapter or Chapter 5733. or 5748. of the Revised Code, as 1444
appropriate. 1445

(E) If the party assessed files a petition for 1446
reassessment under division (B) of this section, the person, on 1447
or before the last day the petition may be filed, shall pay the 1448
assessed amount, including assessed interest and assessed 1449
penalties, if any of the following conditions exists: 1450

(1) The person files a tax return reporting Ohio adjusted 1451
gross income, less the exemptions allowed by section 5747.025 of 1452
the Revised Code, in an amount less than one cent, and the 1453
reported amount is not based on the computations required under 1454
division (A) of section 5747.01 or section 5747.025 of the 1455
Revised Code. 1456

(2) The person files a tax return that the tax 1457
commissioner determines to be incomplete, false, fraudulent, or 1458
frivolous. 1459

(3) The person fails to file a tax return, and the basis 1460
for this failure is not either of the following: 1461

(a) An assertion that the person has no nexus with this 1462
state; 1463

(b) The computations required under division (A) of 1464
section 5747.01 of the Revised Code or the application of 1465
credits allowed under this chapter has the result that the 1466
person's tax liability is less than one dollar and one cent. 1467

(F) Notwithstanding the fact that a petition for 1468
reassessment is pending, the petitioner may pay all or a portion 1469
of the assessment that is the subject of the petition. The 1470
acceptance of a payment by the treasurer of state does not 1471
prejudice any claim for refund upon final determination of the 1472
petition. 1473

If upon final determination of the petition an error in 1474
the assessment is corrected by the tax commissioner, upon 1475
petition so filed or pursuant to a decision of the board of tax 1476
appeals or any court to which the determination or decision has 1477
been appealed, so that the amount due from the party assessed 1478
under the corrected assessment is less than the portion paid, 1479
there shall be issued to the petitioner or to the petitioner's 1480
assigns or legal representative a refund in the amount of the 1481
overpayment as provided by section 5747.11 of the Revised Code, 1482
with interest on that amount as provided by such section, 1483
subject to section 5747.12 of the Revised Code. 1484

Section 2. That existing sections 5747.01, 5747.05, 1485
5747.11, and 5747.13 of the Revised Code are hereby repealed. 1486

Section 3. (A) Subject to division (B) of this section, 1487
the amendment by this act of sections 5747.01 and 5747.05 of the 1488
Revised Code applies to taxable years ending on or after January 1, 2023. 1489
1490

(B) A taxpayer may apply the amendment by this act of 1491
sections 5747.01 and 5747.05 of the Revised Code to taxable 1492
years ending on or after January 1, 2022, but before January 1, 1493
2023. A taxpayer applying that amendment for such a taxable year 1494
shall file an amended return, or apply that amendment on the 1495
taxpayer's original return, for that year. 1496

Section 4. Section 5747.01 of the Revised Code is 1497
presented in this act as a composite of the section as amended 1498
by H.B. 45, H.B. 110, H.B. 150, H.B. 515, S.B. 33, and S.B. 246, 1499
all of the 134th General Assembly. The General Assembly, 1500
applying the principle stated in division (B) of section 1.52 of 1501
the Revised Code that amendments are to be harmonized if 1502
reasonably capable of simultaneous operation, finds that the 1503
composite is the resulting version of the section in effect 1504
prior to the effective date of the section as presented in this 1505
act. 1506