

## ***Personal and School District Income Tax Updates***

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Personal & School District Income Tax Division



2/5/2016

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### ***Topics***

- Tax Rate Reductions/Changes
- Means Testing
- Contact Periods
- Changes to Forms/Schedules
- Electronic Filing Updates

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## Tax Rate Reductions (cont'd)

Ohio Taxable Income (from line 5 of Ohio form IT 1040EZ or IT 1040)	2014 Ohio Tax (enter on line 6 of Ohio form IT 1040EZ or IT 1040)
0 – \$ 5,200	0.528% of Ohio taxable income
\$ 5,200 – \$ 10,400	\$ 27.46 plus 1.057% of the amount in excess of \$ 5,200
\$ 10,400 – \$ 15,650	\$ 82.42 plus 2.113% of the amount in excess of \$ 10,400
\$ 15,650 – \$ 20,900	\$ 193.35 plus 2.642% of the amount in excess of \$ 15,650
\$ 20,900 – \$ 41,700	\$ 332.06 plus 3.169% of the amount in excess of \$ 20,900
\$ 41,700 – \$ 83,350	\$ 991.21 plus 3.698% of the amount in excess of \$ 41,700

Ohio Taxable Nonbusiness Income (Ohio IT 1040, line 7)	2015 Ohio Tax (enter on Ohio IT 1040, line 8a)
0 – \$ 5,200	0.495% of Ohio taxable nonbusiness income
\$ 5,200 – \$ 10,400	\$ 25.74 plus 0.990% of the amount in excess of \$ 5,200
\$ 10,400 – \$ 15,650	\$ 77.22 plus 1.980% of the amount in excess of \$ 10,400
\$ 15,650 – \$ 20,900	\$ 181.17 plus 2.476% of the amount in excess of \$ 15,650
\$ 20,900 – \$ 41,700	\$ 311.16 plus 2.969% of the amount in excess of \$ 20,900
\$ 41,700 – \$ 83,350	\$ 928.71 plus 3.465% of the amount in excess of \$ 41,700

- 6.3% rate reduction for 2015 tax return filing
- Highest rate for income > \$208,500 is 4.997%

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## Donation/check-offs



### HB 64

- Allow taxpayers to contribute a portion of their income tax refunds to the Wishes for Sick Children

### HB 141

- Changed donation name from Ohio Historical Society to Ohio History Fund

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## ***HB 64 – Means Testing***

For taxable years beginning in 2015 and thereafter, only taxpayers with Ohio Adjusted Gross Income less Exemptions of <\$100k are eligible for the following credits:

- \$50 Senior Citizen credit
- Retirement Income credit
- Lump Sum Retirement credit
- Lump Sum Distribution credit

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## ***Contact Periods***

### ***HB 494***

- Signed December 19, 2014
- Increased number of contact periods used in R.C. 5747.24(B) from 182 to 212 (individuals presumed not to be domiciled in Ohio)
- Increased number of contact periods used in R.C. 5747.24(C) & (D) from 183 to 213 (individuals presumed to be domiciled in Ohio)
- These changes are in effect for taxable years ending after the Bill's effective date of March 23, 2015
- See information release IT 2015-02 & *Cunningham v. Testa*, 2015-Ohio-2744

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## 2015 PIT Forms/Schedules



- Universal IT 1040 will be **THE** Personal Income tax form
  - Encompasses the IT 1040, IT 1040EZ and IT 1040X
    - IT RE – Reason and Explanation of Corrections
    - IT 40P/IT 40XP Vouchers
    - Electronic filing for Amended return – YES
    - Credit Carryforward on any Amended return – NO
    - Option for direct deposit and electronic payment – YES
- IT 1040EZ & IT 1040X (still available for prior years)

## 2015 PIT Forms/Schedules (cont'd)

- New: Schedule of Credits
  - Encompasses credits from previous year IT 1040, Ohio Schedules **B, C, D & E**
- IT 2023 for personal income tax is new form IT NRC
- Retiring the IT SBD form (still available for 2013 & 2014)
  - New Business Income schedule for 2015 – IT BUS



## Universal IT 1040 (cont'd)

- 1. **Federal adjusted gross income** (from IRS forms 1040, line 37; 1040A, line 21; 1040EZ, line 4; 1040NR, line 36; or 1040NR-EZ, line 10).....
- 2a. Additions to federal adjusted gross income (attach Ohio Schedule A, line 11) .....
- 2b. Deductions from federal adjusted gross income (attach Ohio Schedule A, line 35).....
- 3. Ohio adjusted gross income (line 1 plus line 2a minus line 2b) .....
- 4. Personal and dependent exemption deduction (if claiming dependent(s), attach Schedule J).
- 5. Ohio income tax base (line 3 minus line 4; if less than -0-, enter -0-) .....
- 6. Taxable business income (attach Ohio Schedule IT BUS, line 13) .....
- 7. Line 5 minus line 6 (if less than -0-, enter -0-).....

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## Universal IT 1040 (cont'd)

Note:  
2 different  
tax tables

- 8a. Tax liability on line 7a (see instructions for tax tables) .....
- 8b. Business income tax liability (attach Ohio Schedule IT BUS, line 14).....
- 8c. Tax liability before credits (line 8a plus line 8b).....
- 9. Ohio nonrefundable credits/grants (attach Ohio Schedule of Credits, line 35) .....

Note:  
Lines 17 & 19  
(previously  
lines items on  
IT 1040X)


- 16. Refundable credits (attach Ohio Schedule of Credits, line 41).....
- 17. Amended return only – amount previously paid with original/amended return.....
- 18. **Total Ohio tax payments** (add lines 14, 15, 16 and 17) .....
- 19. Amended return only – overpayment previously received on original/amended return.....

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## Ohio Schedule A

Do not use staples. Use only black ink.




Ohio Department of Taxation  
Rev. 11/15

### 2015 Ohio Schedule A

Income Adjustments – Additions and Deductions

Social Security no. of primary filer



15000302

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**Additions**  
(add income items only to the extent not included on Ohio IT 1040, line 1)

1. Non-Ohio state or local government interest and dividends .....	1.	0	0
2. Certain Ohio pass-through entity and financial institutions taxes paid .....	2.	0	0

**Federal**

8. Adjustment for Internal Revenue Code sections 168(k) and 179 depreciation expense .....	8.	0	0
9. Federal interest and dividends subject to state taxation .....	9.	0	0
10. Miscellaneous federal income tax additions .....	10.	0	0
11. <b>Total additions</b> (add lines 1 through 10 ONLY). Enter here and on Ohio IT 1040, line 2a) .....	11.	0	0

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## Ohio Schedule A (cont'd)

**Deductions**  
(deduct income items only to the extent included on Ohio IT 1040, line 1)

12. Business income deduction (attach Ohio Schedule IT BUS, line 11) .....	12.	0	0
13. Employee compensation earned in Ohio by full-year residents of neighboring states .....	13.	0	0

**Federal**

18. Federal interest and dividends exempt from state taxation .....	18.	0	0
19. Adjustment for Internal Revenue Code sections 168(k) and 179 depreciation expense .....	19.	0	0
20. Refund or reimbursements shown on IRS form 1040, line 21 for itemized deductions claimed on a prior year federal income tax return .....	20.	0	0
21. Repayment of income reported in a prior year .....	21.	0	0
22. Wage expense not deducted due to claiming the federal work opportunity tax credit .....	22.	0	0
23. Miscellaneous federal income tax deductions .....	23.	0	0

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## Ohio Schedule A (cont'd)

**Ohio** | Department of Taxation  
Rev. 11/15

**2015 Ohio Schedule A**  
Income Adjustments – Additions and Deductions  
Social Security no. of primary filer

15000401

<b>Uniformed Services</b>						00
24. Military pay for Ohio residents received while the military member was stationed outside Ohio.....	24.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	00
25. Certain income earned by military nonresidents and civilian nonresident spouses.....	25.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	00
26. Uniformed services retirement income .....	26.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	00
27. Military injury relief fund.....	27.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	00
28. Certain Ohio National Guard reimbursements and benefits .....	28.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	00
<b>Education</b>						00
29. Ohio 529 contributions, tuition credit purchases .....	29.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	00
30. Pell/Ohio College Opportunity taxable grant amounts used to pay room and board.....	30.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	00
<b>Medical</b>						00
31. Disability and survivorship benefits (do not include pension continuation benefits) .....	31.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	00
32. Unreimbursed long-term care insurance premiums, unsubsidized health care insurance premiums and excess health care expenses (see instructions for worksheet).....	32.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	00
33. Funds deposited into, and earnings of, a medical savings account for eligible health care expenses (see instructions for worksheet).....	33.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	00
34. Qualified organ donor expenses (maximum \$10,000 per taxpayer) .....	34.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	00
35. <b>Total deductions</b> (add lines 12 through 34 ONLY). Enter here and on Ohio IT 1040, line 2b.....	35.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	00

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## Schedule of Credits

**Nonrefundable Credits**

Note:  
Previously Ohio Schedule B items. Lines 2-5 subject to OAGI less Exemptions limitation

1. Tax liability before credits (from Ohio IT 1040, line 8c).....
2. Retirement income credit (limit \$200 per return). See the table in the instructions.....
3. Lump sum retirement credit (attach Ohio LS WKS, line 6).....
4. Senior citizen credit (must be 65 or older to claim this credit; limit \$50 per return).....
5. Lump sum distribution credit (must be 65 or older to claim this credit; attach Ohio LS WKS, line 3).....
6. Child care and dependent care credit (see the worksheet in the instructions).....
7. If Ohio IT 1040, line 5 is \$10,000 or less, enter \$88; otherwise, enter -0- (low income credit).....
8. Displaced worker training credit (see the worksheet in the instructions) (limit \$500 per taxpayer).....
9. Ohio political contributions credit (limit \$50 per taxpayer); and credit for contributions to candidates for Ohio statewide office or General Assembly.....
10. Income-based exemption credit (\$20 personal/dependent exemption credit).....

Previously a line item on the IT 1040 form

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### Schedule of Credits (cont'd)

Previously line items on the IT 1040 form

- 13. Joint filing credit. See the instructions for eligibility and documentation requirements. This credit is for married filing jointly status only. \_\_\_\_\_% times amount on line 12 (limit \$650) .....
- 14. Earned income credit .....
- 15. Ohio adoption credit (limit \$10,000) .....

Previously line items on Schedule E

- 16. Job retention credit, nonrefundable portion (enclose a copy of the credit certificate) .....
- 17. Credit for eligible new employees in an enterprise zone .....
- 18. Credit for certified ethanol plant investments .....
- 19. Credit for purchases of grape production property .....
- 20. Credit for investing in an Ohio small business .....
- 21. Enterprise zone day care and training credits .....
- 22. Research and development credit .....
- 23. Ohio historic preservation credit, nonrefundable carryforward portion .....

### Schedule of Credits (cont'd)

Nonresident Credit

Date of nonresidency     to     State of residency

- 26. Enter the portion of Ohio adjusted gross income (Ohio IT 1040, line 3) that was not earned or received in Ohio. Attach Ohio IT NRC if required.....26.
- 27. Enter the Ohio adjusted gross income (Ohio IT 1040, line 3) .....27.
- 28. Divide line 26 by line 27 and enter the result here (four digits; do not round).       
 Multiply this factor by the amount on line 25 to calculate your nonresident credit .....


Previously Schedule D; no actual changes to the line items



**IT RE**

**Ohio** | Department of Taxation

IT RE Rev. 10/15



15270101

**2015 Ohio IT RE – Reason and Explanation of Corrections**

Note: For amended individual return only

Please attach documentation to support any adjustments to line items. Refer to the instructions to identify required documentation for complete processing of the amended return.

Taxpayer Social Security no. (required)

First name  M.I.  Last name

Reason(s):


Net operating loss carryback (**IMPORTANT:** Be sure to complete and attach Ohio IT NOL, Net Operating Loss Carryback Schedule [available at tax.ohio.gov] and check the box on the front of the IT 1040 indicating that you are amending for a NOL.)

Ohio Schedule of Credits, manufacturing equipment grant increased

Ohio Schedule of Credits, manufacturing equipment grant decreased

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**2015 SD Forms/Schedules**



- Universal SD 100 will be **THE** School District Income tax form
  - Encompasses the SD 100 & SD100X
    - SD RE – Reason and Explanation of Corrections
    - SD 40P/SD 40XP Vouchers
    - Electronic filing for Amended return – YES
    - Credit Carryforward on any Amended return – NO
    - Option for direct deposit and electronic payment – YES
- SD 100X (still available for prior years)

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## Universal SD 100

Do not use staples. Use only black ink and UPPERCASE letters.

**Ohio** Department of Taxation  
Rev. 11/15

### 2015 Universal SD 100 School District Income Tax Return



Note: For taxable year 2015 and forward, this form encompasses the SD 100 and amended SD 100X.

Are you filing this as an amended return?  Yes  No If yes, attach SD RE, 2015 Reason and Explanation of Corrections

Is this a Net Operating Loss (NOL) carryback?  Yes  No If yes, attach Schedule IT NOL

Taxpayer Social Security no. (required)  If deceased Spouse's Social Security no. (if filing jointly)  If deceased Enter school district # for this return (see instructions).

check box  check box **SD#**

First name M.I. Last name

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## Universal SD 100 (cont'd)

1. School district taxable income: **Traditional tax base:** Enter on this line the amount you show on line 23.  
**Earned income tax base:** Enter on this line the amount you show on line 27 ...
2. School district tax rate  times line 1 (rates found in the instructions).....
3. Senior citizen credit (you must be 65 or older to claim this credit; limit \$50 per return).....
4. School district income tax liability (line 2 minus line 3; if less than -0-, enter -0-).....
5. Interest penalty on underpayment of estimated tax. Enclose Ohio IT/SD 2210 and the appropriate worksheet if you annualize.....
6. Total school district income tax liability (line 4 plus line 5).....

Note:  
Senior citizen credit is not subject to income limitations as it is on the IT 1040.

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## School District Changes 2015 Tax Year Filing

<u>COUNTY</u>	<u>SD #</u>	<u>SCHOOL DISTRICT</u>	<u>BASE</u>	<u>RATE</u>
PREBLE	6806	TRI-COUNTY NORTH LSD	EI	1.00%
WOOD	8706	NORTHWOOD LSD	EI	0.25%

- Ledgesmont LSD (2805) merged into Berkshire LSD (2801)
  - Geauga and Ashtabula counties
  - Potentially need to file a SD return for both districts
    - W-2 will provide guidance

Note: File 2015 SD returns beginning January 2016

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## School District Changes 2016 Tax Year Filing

<u>COUNTY</u>	<u>SD #</u>	<u>SCHOOL DISTRICT</u>	<u>BASE</u>	<u>RATE</u>
CLARK	1203	NORTHEASTERN LSD	EI	1.00%
ROSS	7107	ZANE TRACE LSD	EI	0.75%
WILLIAMS	8603	EDON-NORTHWEST LSD	EI	1.00%

Note: Withholding begins January 2016; SD returns filed January 2017

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## ***New MeF Error Codes***

OHCOM-063	You entered Ohio tax withholding more than once on the same W2. Please correct and retransmit.
OHCOM-064	You must provide at least one email address, which may include either the taxpayer or the preparer's email address. Please correct and retransmit.
OHCOM-066	You submitted a payment with your amended return but did not indicate it was an amended payment. Please correct and retransmit.
OHCOM-067	You submitted a payment with your original return but indicated it was an amended payment. Please correct and retransmit.
OHIND-045	You entered at least one dependent but did not provide a name, social security number, date of birth and/or dependent's relationship to you on Schedule J. Please correct and retransmit.
OHIND-046	You are attempting to file an IT 1040 return after the filing deadline, but did not indicate if you are filing federal extension form 4868. Please correct and retransmit.

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## ***New MeF Error Codes (cont'd)***

OHIND-062	You cannot claim the Retirement income credit if your Ohio Income Tax Base is greater than or equal to \$100,000. Please correct and retransmit.
OHIND-063	You cannot claim the Lump sum retirement credit if your Ohio Income Tax Base is greater than or equal to \$100,000. Please correct and retransmit.
OHIND-064	You cannot claim the Senior citizen credit if your Ohio Income Tax Base is greater than or equal to \$100,000. Please correct and retransmit.
OHIND-065	You cannot claim the Lump sum distribution credit if your Ohio Income Tax Base is greater than or equal to \$100,000. Please correct and retransmit.
OHIND-071	You claimed an amount greater than the maximum allowed for the nonrefundable credit for investing in an Ohio small business. Please correct and retransmit.
OHIND-073	You claimed an amount greater than the maximum allowed for the nonrefundable research and development credit. Please correct and retransmit.
OHIND-074	You claimed an amount greater than the maximum allowed for the nonrefundable carryforward portion of the Ohio historic preservation credit. Please correct and retransmit.

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## New MeF Error Codes (cont'd)

OHIND-079	You entered at least one amount on Schedule IT BUS, but no business entities are listed. Please correct and retransmit.
OHIND-090	You reported a business income tax liability but did not complete Schedule IT-BUS. Please correct and retransmit.
OHIND-091	You claimed a business income deduction on Schedule A but did not complete Schedule IT-BUS. Please correct and retransmit.
OHIND-092	You listed a business entity on Schedule IT BUS, but did not indicate which taxpayer (primary or spouse) earned the income. Please correct and retransmit.
OHIND-097	You are filing an IT 1040 amended return, but you do not have an original return on file. Please correct and retransmit.
OHIND-098	You are filing an Ohio IT 1040 amended return, but did not indicate if this is a Net Operating Loss (NOL) carryback. Please correct and retransmit.
OHIND-101	You may not apply a portion of your IT 1040 amended overpayment to be credited to next year's tax liability. Please correct and retransmit.
OHIND-102	You filed an amended return, but no reason and/or explanation of corrections was provided. Please correct and retransmit.
OHITDA-02	If you have more than 212 contact periods in Ohio, you may not file the ITDA.

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## Sample Quiz Letter

**Ohio** | Department of Taxation

Personal Income Tax  
Manual Review Unit  
P.O. Box 162847  
Columbus, OH 43216  
Telephone: 1-855-856-7270  
Fax: 206-336-3283  
TTY/TDD: 1-800-750-0750

**IDENTITY CONFIRMATION QUIZ:  
OHIO'S COMMITMENT TO STOPPING TAX FRAUD**

December 10, 2015

TAXPAYER: JOE  
123 MAIN ST  
COLUMBUS OH 44229

Reference Number: 1234567
Authorization Code: 1234567890

RE: 2014 Ohio Individual Income Tax Return  
SSN/ITIN: XXX-XX-1234

Dear Taxpayer,

The Ohio Department of Taxation (ODT) has received an Ohio Individual income tax return in your name. If you did not file this return, please refer to section 4 below. In order to validate your tax return and ensure that the refund goes to the correct taxpayer, we are asking you to take an Identity Confirmation Quiz. Though you may have taken the quiz last year, tax fraud schemes are ever-changing so it is necessary to take the quiz again this year. This brief quiz will present questions pertaining only to the individual listed above on this letter. Please review sections 1-3 below and **complete the quiz within 30 days**. After that, the quiz will no longer be available. **Note:** If, for whatever reason, you file any other returns you may receive another letter directing you to take the quiz again before any subsequent refund request can be processed.

1. Items needed for the quiz:
  - Reference Number from this letter (listed above).
  - Authorization Code from this letter (listed above).
  - Refund amount requested on your 2014 Ohio Individual income tax return.
2. Options for taking the quiz:
  - On-line – Visit our secure website ([tax.ohio.gov](http://tax.ohio.gov)) anytime, day or night, to access and complete the quiz. Once there, you may want to view a brief video or read our Frequently Asked Questions (FAQs) to familiarize yourself with the quiz process. Last year, more than 80 percent of quiz takers chose this convenient option.
  - By Telephone – Call the toll-free number listed at the top of this letter to have a tax representative administer you the quiz over the phone. Wait times vary depending on call volume. Call Hours: Monday-Friday, 8am-5pm (extended hours 8am-6pm, February 1st through May 31st)
3. If you do not take or pass the quiz:
  - Your return will not be processed until you fax or mail supporting documentation. Please see the **back** of this notice for the information required.
4. If you did not file the return referenced in this letter:
  - Your personal identity/information may have been used to file a suspect return. Please visit [tax.ohio.gov](http://tax.ohio.gov) and click on the ID Quiz link. Once there, click the blue button labeled "Take Quiz/Identify Return as Suspicious" in order to report the suspect return. Upon completion of these steps, please follow the online prompts which will aid in the processing of your actual return when filed, if required. For more information on identity theft and recommended actions, review the Identity Theft FAQs on our website.

2014 fraud tax returns  
232,898 returns filed  
claiming \$256.5 M

Reduced number of  
taxpayers will receive  
the ID Confirmation  
letter to complete the  
quiz at tax.ohio.gov

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## Quiz – (cont'd)

**ID Quiz:**  Log In  Answer Questions  View Results

If you received a letter from the Ohio Department of Taxation directing you to this web site, we need to confirm some information before the processing of your tax return can continue.

**Before starting this process, please have ALL the information available referenced in the letter you received.**

I filed a tax return / I had a tax return filed on my behalf. I wish to take the Ohio Identity Verification Quiz so my return can continue processing.  
 I **DID NOT** file a tax return / I **DID NOT** authorize to have a tax return filed on my behalf. I wish to report that return as suspicious.

**Please enter the following information to begin the process. You will then be prompted to complete a brief Ohio income tax refund confirmation quiz.**

Reference Number:  (from letter)

Authorization Code:  (from letter)

Refund Dollar Amount:  (from the Ohio or School District return referenced in the letter)

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## Quiz – (cont'd)

**ID Quiz:**  Log In  Answer Questions  View Results

If you received a letter from the Ohio Department of Taxation directing you to this web site, we need to confirm some information before the processing of your tax return can continue.

**Before starting this process, please have ALL the information available referenced in the letter you received.**

I filed a tax return / I had a tax return filed on my behalf. I wish to take the Ohio Identity Verification Quiz so my return can continue processing.  
 I **DID NOT** file a tax return / I **DID NOT** authorize to have a tax return filed on my behalf. I wish to report that return as suspicious.

**Please enter the following information to report this tax return as suspicious and have it examined by an agent.**

Reference Number:  (from letter)

Authorization Code:  (from letter)

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## ***Compensation & Guaranteed Payments***

- Ohio Revised Code Section 5733.40(A)(7)
  - “Guaranteed payments or compensation paid to investors by a qualifying entity” are considered a distributive share of income.
  - Applies only to payments or such compensation paid to an **“investor who holds at least a 20% direct or indirect interest in the profits or capital....”**

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## ***Compensation & Guaranteed Payments***

PLEASE NOTE:

- Compensation or guaranteed payments to a **LESS THAN 20%** owner are nonbusiness income
  - Amounts are not subject to apportionment
  - Amounts cannot be claimed on the SBD or the IT BUS

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## 2013 – 2014 Business Income Deduction

Deduct 50%-75% of the taxpayer's *Ohio small business investor income*

- portion of a taxpayer's AGI that is business income reduced by business deductions and apportioned to Ohio to the extent not otherwise deducted or excluded in computing federal or Ohio AGI for the taxable year

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### 2014 Calendar Year Stats

Small Business Deduction Amount	Summary	Summary
Over 100k	24,887	\$3,032,808,152
90k to 100k	3,102	\$294,152,900
80k to 90k	3,910	\$331,943,793
70k to 80k	4,861	\$363,763,393
60k to 70k	8,135	\$522,924,288
50k to 60k	8,642	\$473,121,160
40k to 50k	12,211	\$546,109,926
30k to 40k	18,397	\$637,066,119
20k to 30k	29,707	\$728,435,246
10k to 20k	58,135	\$832,358,789
5k to 10k	58,013	\$420,909,981
1k to 5k	99,548	\$264,164,453
0k to 1k	75,807	\$30,674,861
	<b>405,355</b>	<b>\$8,478,433,061</b>

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<b>2015 Calendar Year Stats</b>	<b>Small Business Deduction Amount</b>	<b>Summary</b>	<b>Summary</b>
	Over 100k	<b>38,506</b>	<b>\$6,182,192,468</b>
	90k to 100k	<b>5,714</b>	<b>\$540,491,917</b>
	80k to 90k	<b>5,443</b>	<b>\$461,858,754</b>
	70k to 80k	<b>6,899</b>	<b>\$516,598,092</b>
	60k to 70k	<b>8,829</b>	<b>\$572,068,083</b>
	50k to 60k	<b>11,506</b>	<b>\$630,282,971</b>
	40k to 50k	<b>15,860</b>	<b>\$709,021,191</b>
	30k to 40k	<b>23,218</b>	<b>\$804,718,508</b>
	20k to 30k	<b>36,975</b>	<b>\$908,004,666</b>
	10k to 20k	<b>70,448</b>	<b>\$1,011,345,164</b>
	5k to 10k	<b>65,100</b>	<b>\$475,514,183</b>
	1k to 5k	<b>107,723</b>	<b>\$286,512,076</b>
0k to 1k	<b>71,475</b>	<b>\$30,524,028</b>	
	<b>467,696</b>	<b>\$13,129,132,101</b>	

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## **2015 Business Income Deduction**

### **SB 208**

- Deduct from the portion of an individual's adjusted gross income that is business income, to the extent not otherwise deducted or excluded in computing federal or Ohio AGI for the taxable year
- No Related-Member add-back

## ***Business Income Deduction***

### For 2015

- Deduction is the lesser of:
  - 75% of business income with Max:
    - \$93,750 for “MFS” taxpayers
    - \$187,500 for “Single” or “MFJ” taxpayers

### For 2016 & thereafter

- Deduction is 100% of first \$250,000 business income
- Taxpayers who file “MFS” are limited to \$125,000 per taxpayer

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## ***What's New***



- IT BUS Included in software packages
  - Should not pull total directly from Federal schedules
    - May not be 100% Business income
    - Should populate Entity info.

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## Business Income tax table

2015 Income Tax Table 3

The business income tax table reflects the maximum 3% marginal rate.

You must round your tax to the nearest dollar.

Ohio Taxable Business Income Base (from line 12 of Ohio IT BUS)	2015 Ohio Business Income Tax (from line 13 of Ohio IT BUS and IT 1040 line 8b)
0 – \$ 5,200	0.495% of Ohio taxable income
\$ 5,200 – \$10,400	\$ 25.74 plus 0.990% of the amount in excess of \$5,200
\$ 10,400 – \$15,650	\$ 77.22 plus 1.980% of the amount in excess of \$10,400
\$ 15,650 – \$20,900	\$181.17 plus 2.476% of the amount in excess of \$15,650
\$ 20,900 – \$41,700	\$311.16 plus 2.969% of the amount in excess of \$20,900
\$ 41,700 – or more	\$928.71 plus 3.000% of the amount in excess of \$41,700

- 2016 – No marginal tax table – all business income remaining after deduction taxed at 3% flat rate

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## IT BUS (Part 1) – Business Income from Federal Schedules

### Part 1 – Business Income From IRS Schedules

**Note:** Do not include amounts listed on these IRS schedules that are nonbusiness income. See R.C. 5747.01(C). If the amount on a line is negative, place a negative sign (“-”) in the box provided.

1. Schedule B – Interest and Ordinary Dividends .....
2. Schedule C – Profit or Loss From Business (Sole Proprietorship) .....
3. Schedule D – Capital Gains and Losses.....
4. Schedule E – Supplemental Income and Loss to include guaranteed payments and/or compensation from each pass-through entity in which you have at least a 20% direct or indirect ownership interest. **Note:** Reciprocity agreements do not apply.....
5. Schedule F – Profit or Loss From Farming .....
6. Other items of income and gain separately stated on federal Schedule K-1 and miscellaneous federal income tax adjustments, if any .....
7. Total of business income (add lines 1 through 6).....

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### ***IT BUS (Part 2) – Business Income Deduction***

- 8. All business income (enter the lesser of line 7 above or Ohio IT 1040, line 1; cannot exceed federal adjusted gross income). If -0- or negative, stop here and do not complete Part 3.....
- 9. Multiply line 8 by 75% (.75) and enter here.....
- 10. Enter \$187,500 if filing status is single or married filing jointly; OR  
     Enter \$93,750 if filing status is married filing separately .....
- 11. Enter lesser of line 9 or line 10. Enter here and on Ohio Schedule A, line 12 .....

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### ***IT BUS (Part 3) – Taxable Business Income***

**Note:** If Ohio IT 1040, line 5 = -0-, do not complete Part 3.

- 12. Line 8 minus line 11 (if less than -0-, enter -0-).....
- 13. Taxable business income (enter the lesser of line 12 above or Ohio IT 1040, line 5).  
     Enter here and on Ohio IT 1040, line 6 .....
- 14. Business income tax liability (see instructions for business income tax tables). Enter here  
     and on Ohio IT 1040, line 8b.....



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## Form IT BUS

IT 1040 Return			IT BUS	
	FAGI	500,000	Line 8 - Totaling 1-6	500,000
	Sched. A deductions	187,500	Line 11 Bus. deduction	187,500
	OAGI	312,500	Line 12 - Taxable Bus Income	312,500
	Exemptions	1,700	Line 13 - Lesser of Line 12	312,500
IT 1040 Line 5	Ohio Income tax base	310,800	OR	
			IT 1040 line 5	310,800

## IT BUS (Part 4) – Business Entity

1. Name of entity	FEIN/Social Security no.	Percentage of ownership
<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>
2. Name of entity	FEIN/Social Security no.	Percentage of ownership
<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>
3. Name of entity	FEIN/Social Security no.	Percentage of ownership
<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>



### **Scenario 1 – Business/Non-business Income**

John files “Single” and reports the following income:

Fed. Schedule	Total Inc.	Business Inc.
B	30,000	20,000
C	75,000	75,000
D	20,000	15,000
	\$125,000	\$110,000

- 2015 Business Income deduction: \$ 82,500
- 2016 Business Income deduction: \$110,000

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### **Scenario 2 – Business/Non-Business Income & Guaranteed Payment $\geq 20\%$**

- John files “MFJ” and reports the following income:

Fed. Schedule	Total Inc.	Business Inc./Guaranteed Pymts
B	50,000	30,000
D	20,000	15,000
E	175,000	*50,000
	\$245,000	\$95,000

\*  $\geq 20\%$  ownership of PTE

2015 Business Income Deduction: \$ 71,250

2016 Business Income Deduction: \$ 95,000

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### **Scenario 3 - Business/Non-business Income, Guaranteed Payment <20%**

John files "MFJ" and reports the following income:

<b>Fed. Schedule</b>	<b>Total Inc.</b>	<b>Business Inc./Guaranteed Pymts</b>
B	50,000	30,000
D	20,000	15,000
E	175,000	*50,000
	<b>\$245,000</b>	<b>\$45,000</b>

\* < 20% ownership of PTE

2015 Business Income Deduction: \$ 33,750

2016 Business Income Deduction: \$ 45,000

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### **Apportionment & Business Income Deduction**

- For PTE – IT 2023
  - Still valid form for non-resident credit
- For PIT
  - No apportionment on the IT BUS form
  - New form IT NRC
    - Page 2 is business income apportionment
    - Still requires a separate page 2 for each entity
      - However, only 1 IT BUS required unlike the multiple IT SBD's

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## New Apportionment/Allocation Form IT NRC

Individual income tax deductions moved  
to the nonbusiness section

### Part I – Nonbusiness Income and Deductions

#### B. Deductions from Income

13. Educator expenses.....13.	00	00	00
14. <b>Certain business expenses</b> .....14.	00	00	00
15. Health savings account deduction.....15.	00	00	00
16. Moving expenses.....16.	00	00	00
17. <b>Deductible self-employment tax</b> .....17.	00	00	00
18. <b>Self-employed SEP, SIMPLE, and qualified plans</b> .....18.	00	00	00
19. <b>Self-employed health insurance deduction</b> .....19.	00	00	00
20. Penalty on early withdrawal of savings.....20.	00	00	00
21. Alimony paid.....21.	00	00	00
22. IRA deduction.....22.	00	00	00
23. Student loan interest deduction.....23.	00	00	00
24. Tuition and fees.....24.	00	00	00
25. <b>Domestic production activities deduction</b> .....25.	00	00	00
26. Other deductions.....26.	00	00	00
27. Total deductions (add lines 13-26).....27.	00	00	00
28. Net nonbusiness income (line 12 minus line 27; enter here and in Part V, line 2, columns A, B, and C, respectively).....28.	00	00	00

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## IT NRC – Non-Resident Credit (formerly IT 2023 **for PIT only**)

### Part V – Summary of Business and Nonbusiness Income

	(A) Ohio Portion	(B) Non-Ohio Portion	(C) Total
1. Total business income from Part IV, line X (enter in A, B, and C respectively).....1.	00	00	00
2. Total nonbusiness income from Part I, line 28 (enter in A, B and C respectively).....2.	00	00	00
3. Total business and nonbusiness <u>income</u> (add lines 1 and 2, by column).....3.	00	00	00
4. Total Ohio Schedule A additions from form IT 1040, line 2a (see Note #1 below) ....4.	00	00	00
5. <b>Total Ohio Schedule A deductions from form IT 1040, line 2b (see Note #1 below).....5.</b>	00	00	00
6. Line 3 plus line 4 minus line 5, by <u>column</u> (see Notes #2, #3 and #4 below).....6.	00	00	00

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## Scenario 4 – Ohio & Non-Ohio Business Income & Non-Resident Credit

**Part V – Summary of Business and Nonbusiness Income**

	(A) Ohio Portion		(B) Non-Ohio Portion		(C) Total	
1. Total business income from Part IV, line X (enter in A, B, and C respectively).....1.	300,000	00	100,000	00	400,000	00
2. Total nonbusiness income from Part I, line 28 (enter in A, B and C respectively) .....2.	0	00	0	00	0	00
3. Total business and nonbusiness <u>income</u> (add lines 1 and 2, by column) .....3.	300,000	00	100,000	00	400,000	00
4. Total Ohio Schedule A additions from form IT 1040, line 2a (see Note #1 below) .....4.	0	00	0	00	0	00
5. Total Ohio Schedule A deductions from form IT 1040, line 2b (see Note #1 below) .....5.	187,500	00	0	00	187,500	00
6. Line 3 plus line 4 minus line 5, by <u>column</u> (see Notes #2, #3 and #4 below).....6.	112,500	00	100,000	00	212,500	00

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## Scenario 5 – Ohio & Non-Ohio Business Income All & Non-Resident Credit

**Part V – Summary of Business and Nonbusiness Income**

	(A) Ohio Portion		(B) Non-Ohio Portion		(C) Total	
1. Total business income from Part IV, line X (enter in A, B, and C respectively).....1.	50,000	00	50,000	00	100,000	00
2. Total nonbusiness income from Part I, line 28 (enter in A, B and C respectively) .....2.	80,000	00	0	00	80,000	00
3. Total business and nonbusiness <u>income</u> (add lines 1 and 2, by column) .....3.	130,000	00	50,000	00	180,000	00
4. Total Ohio Schedule A additions from form IT 1040, line 2a (see Note #1 below) .....4.	0	00	0	00	0	00
5. Total Ohio Schedule A deductions from form IT 1040, line 2b (see Note #1 below) .....5.	50,000	00	25,000	00	75,000	00
6. Line 3 plus line 4 minus line 5, by <u>column</u> (see Notes #2, #3 and #4 below).....6.	80,000	00	25,000	00	105,000	00

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## Scenario 6 – Non-Ohio Business Income & Non-Resident Credit

**Part V – Summary of Business and Nonbusiness Income**

	(A) Ohio Portion		(B) Non-Ohio Portion		(C) Total
1. Total business income from Part IV, line X (enter in A, B, and C respectively).....1.	0	00	200,000	00	200,000
2. Total nonbusiness income from Part I, line 28 (enter in A, B and C respectively) .....2.	125,000	00	0	00	125,000
3. Total business and nonbusiness income (add lines 1 and 2, by column) .....3.	125,000	00	200,000	00	325,000
4. Total Ohio Schedule A additions from form IT 1040, line 2a (see Note #1 below) .....4.	0	00	0	00	0
5. Total Ohio Schedule A deductions from form IT 1040, line 2b (see Note #1 below) .....5.	0	00	150,000	00	150,000
6. Line 3 plus line 4 minus line 5, by column (see Notes #2, #3 and #4 below).....6.	125,000	00	50,000	00	175,000

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## Scenario 7 – Non-Ohio Business Income, Ohio Wages & Non-Resident Credit & Other Schedule A Deductions

**Part V – Summary of Business and Nonbusiness Income**

	(A) Ohio Portion		(B) Non-Ohio Portion		(C) Total
1. Total business income from Part IV, line X (enter in A, B, and C respectively).....1.	0	00	200,000	00	200,000
2. Total nonbusiness income from Part I, line 28 (enter in A, B and C respectively) .....2.	125,000	00	0	00	125,000
3. Total business and nonbusiness income (add lines 1 and 2, by column) .....3.	125,000	00	200,000	00	325,000
4. Total Ohio Schedule A additions from form IT 1040, line 2a (see Note #1 below) .....4.	0	00	0	00	0
5. Total Ohio Schedule A deductions from form IT 1040, line 2b (see Note #1 below) .....5.	10,000	00	150,000	00	160,000
6. Line 3 plus line 4 minus line 5, by column (see Notes #2, #3 and #4 below).....6.	115,000	00	50,000	00	165,000

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## ***Contact Us & Information***

- Information for Personal & School District Income Tax
  - 800-282-1780 (General #)
  - 614-728-1055 (Tax Practitioner #)
  - Via e-mail at [tax.ohio.gov](mailto:tax.ohio.gov) “Contact Us”
    - Survey for your feedback of how we are doing
- Sign up for Tax alerts
- Download Mobile app



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