Big News for Ohio Tax Professionals

Ohio Small Business Investor Income Deduction

Virtually all small businesses in Ohio are now eligible for a 50 percent tax deduction on the first $250,000 of business income. The small business Deduction enables a business owner to deduct 50 percent of Ohio net business income from the adjusted gross income they report on their Ohio personal income tax return. If the business has multiple owners, each is eligible to claim the deduction. This 50 percent deduction is available on up to $250,000 in business income, meaning the deduction is capped at $125,000 for each investor or owner.

Owners of and investors in Ohio businesses structured as sole proprietorship pass-through entities (PTEs) qualify for this new tax cut. PTEs include: partnerships, Subchapter S corporations (S-corps) and Limited Liability Companies (LLCs). Income generated by the business and passed through to the owners/investors is subject to the personal income tax. The deduction is first effective for income earned in TAXABLE YEAR 2013 and claimed on income tax returns filed in 2014.

Click here for FAQs: http://www.tax.ohio.gov/Business/SmallBusinessTaxDeduction/FAQs.aspx

If your software doesn't support this form, you can access a form at: http://www.tax.ohio.gov/portals/0/forms/ohio_individual/individual/2013/PIT_SmallBusinessDeduction_Schedule.pdf

The full instruction booklet is at: http://www.tax.ohio.gov/portals/0/forms/ohio_individual/individual/2013/PIT_SmallBusinessDeduction_Instructions.pdf

Non-Resident Personal Income Tax Nexus "Safe Harbor" rule

If you have clients who have been required to file a non-resident return in the past, check the news release at: http://www.tax.ohio.gov/Portals/0/ohio_individual/individual/information_releases/PIT%202014-01%20Safe%20Harbor.pdf .

Taxpayers in same-gender relationship

For taxpayers who are in a same-gender relationship and qualify to file a joint federal return, Ohio requires that the joint federal income be divided between the two taxpayers and that they file their Ohio return as single persons. The information is reported on the IT S; form and instructions are located http://www.tax.ohio.gov/portals/0/forms/ohio_individual/individual/2012/PIT_Schedule_ITS.pdf .

Tax Professional Hotline

Call 614-728-1055 for assistance.