

Income/Franchise:

Ohio: Estimated Payment Guidance and Proposed Rule Issued on New Elective PTE-Level Tax

Tax Alert: Ohio's PTE SALT Cap Workaround for "Electing Pass-Through Entities" beginning in Tax Year 2022, Ohio Dept. of Tax. (8/5/22); *Proposed Reg. section 5703-7-05*, Ohio Dept. of Tax. (8/22). Pursuant to new law in Ohio that permits qualifying pass-through entities (PTEs) to make an annual election to pay an entity-level state income tax for taxable years beginning on or after January 1, 2022 [see S.B. 246 (2022) and previously issued Multistate Tax Alert for more details on this new tax], the Ohio Department of Taxation (Department) announced that it has begun development of a new PTE tax form (Ohio IT 4738) for tax year 2022, instructions, FAQs, and related information. In doing so, the Department notes that no estimated payment coupon (UPC) is currently available for the Ohio IT 4738. Accordingly, if Ohio taxpayers have made, or need to make, estimated payments on the new PTE tax, "it is recommended that you use the IT 1140 UPC." When such taxpayers file the Ohio IT 4738, "there will be lines in Schedule I of the return for you to notify the Department to transfer payments from one of the other PTE form types (IT 1140 or IT 4708) to the IT 4738 for previously made payments."

URL: <https://tax.ohio.gov/static/ohiotaxalert/archivedalerts/ohiopteworkaround8522.pdf>

URL: <https://tax.ohio.gov/professional/legal/Rules>

URL: <https://www.legislature.ohio.gov/legislation/legislation-documents?id=GA134-SB-246>

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-ohio-enacts-pass-through-entity-tax-election.pdf>

Furthermore, the Department has posted a draft rule change providing that for any taxable year, an electing PTE that receives an extension for filing the electing PTE's federal income tax return "shall automatically receive an extension for filing the electing pass-through entity's corresponding Ohio tax return under this chapter to the same due date, provided that the federal extension due date is beyond the unextended due date for the corresponding Ohio return." Comments on this proposed rule change are due by August 19, 2022. Please contact us with any questions.

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