

Income/Franchise:

Ohio Department of Taxation Finalizes Rule on New Elective PTE-Level Tax

Final Amended Reg. section 5703-7-05, Ohio Dept. of Tax. (11/14/22). 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) finalized an amended rule providing that for any taxable year, an electing PTE that receives an extension for filing its federal income tax return shall automatically receive an extension for filing its 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.” The amended rule becomes effective on November 24, 2022. Note that this amended rule does not appear to explicitly extend the date to make the pass-through entity-level state income tax election. Please contact us with any questions.

URL: https://www.registerofohio.state.oh.us/pdfs/5703/0/7/5703-7-05_FF_A_RU_20221114_0920.pdf

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>

— Dave Adler (Columbus)
Managing Director
Deloitte Tax LLP
daadler@deloitte.com

Courtney Clark (Columbus)
Partner
Deloitte Tax LLP
courtneyclark@deloitte.com

Gregory Bergmann (Chicago)
Partner
Deloitte Tax LLP
gbergmann@deloitte.com

Roburt Waldow (Minneapolis)
Principal
Deloitte Tax LLP
rwaldow@deloitte.com

Shirley Wei (Los Angeles)
Senior Manager
Deloitte Tax LLP
shiwei@deloitte.com

Vaishali Shetty (Cleveland)
Senior Manager
Deloitte Tax LLP
vshetty@deloitte.com

Paige Fitzwater (Columbus)
Manager
Deloitte Tax LLP
pfitzwater@deloitte.com

Olivia Schulte (Washington, DC)
Manager
Deloitte Tax LLP
oschulte@deloitte.com

This document contains general information only and Deloitte is not, by means of this document, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This document is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor. Deloitte shall not be responsible for any loss sustained by any person who relies on this document.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.