

## Income/Franchise:

### Ohio Department of Taxation Updates FAQ Guidance on New Elective PTE-Level Tax

*FAQs: Pass-Through Entities & Fiduciaries – Electing Pass-Through Entities (EPTE) (IT 4738)*, Ohio Dept. of Tax. (1/23). 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 updated its “frequently asked questions” (FAQs) implementation guidance to confirm, among other items, that:

**URL:** <https://tax.ohio.gov/help-center/faqs/pass-through-entities-fiduciaries-electing-pass-through-entities-epite-it4738/pass-through-entities-fiduciaries-electing-pass-through-entities-epite-it4738>

**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>

1. The PTE tax election may be made on the extended Ohio PTE tax return, due on September 15 for calendar year filers; and
2. All partners must be included in the Ohio PTE tax return, including C corporations (as such, while the distributive income attributable to C corporations is included and taxed under the Ohio PTE tax, no corresponding credit is available for C corporations).

The updated FAQs also address application of the PTE tax credit in some tiered partnership situations. Please contact us with any questions.

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