

# **Closing A Business In Ohio**

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Taxpayer Services Division



Department of  
Taxation

# Ohio's Dissolution Process and How to Close your Business Agenda

- Changes to Ohio's Dissolution Process
- General Dissolution Requirements with ODT
- Domestic For-Profit Corporation Requirements
- Foreign and Non-Profit Corporation Requirements
- Mergers, Consolidations or Conversions
- How to Close your Business Tax Accounts with ODT

# Changes to Ohio's Dissolution Process

How do the changes to the dissolution process impact your business?

- These changes only impact your business if you are formed as a corporation.
- Most of these changes only impact “domestic for-profit corporations”.
- “Domestic” corporation means it is incorporated under Ohio law.
- “Foreign” corporation means it is incorporated under another state’s law (e.g. New York, Delaware, Nevada, etc.)
- See ORC section 1701.86 (H)(2)

# General Dissolution Requirements with ODT

- If you are a corporation and you are closing your business, selling your business or reorganizing it into another entity, you must file Form D5 with the Ohio Department of Taxation (ODT).
- “Corporations” include either domestic or foreign for-profit and non-profit corporations.
- When completing Form D5, you will indicate on item #3 which of the two methods you are selecting to dissolve/surrender your Ohio charter or license.
  - Certificate of Tax Clearance
  - Affidavit

# D5 – Selecting Dissolution/Surrender Method



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Taxpayer Services/Dissolution Unit  
P.O. Box 182382  
Columbus, OH 43218-2382

D5  
Rev. 11/14

## Notification of Dissolution or Surrender

All corporations seeking a dissolution or surrender must submit this form to the Ohio Department of Taxation at least 30 days prior to the date that the corporation intends to file for dissolution/surrender with the Ohio Secretary of State. A Certificate of Tax Clearance will not be issued until all taxes/fees administered by the tax commissioner are filed and paid. See the instructions starting on page 3 before completing.

1. Name of corporation \_\_\_\_\_  
(as recorded with the Ohio Secretary of State)

DBA (if applicable) \_\_\_\_\_

Address \_\_\_\_\_

Federal employer identification no. \_\_\_\_\_ Ohio charter/license no. \_\_\_\_\_

Date qualified in Ohio \_\_\_\_\_ Incorporation date \_\_\_\_\_ State of incorporation \_\_\_\_\_

2. Select corporation type:

Domestic For-Profit     Domestic Nonprofit     Domestic Nonprofit Agricultural Cooperative

Foreign For-Profit     Foreign Nonprofit     Foreign Nonprofit Agricultural Cooperative

3. Select dissolution/surrender method:  Certificate of Tax Clearance     Affidavit  
(Domestic for-profit must select Certificate of Tax Clearance)



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# Domestic For-Profit Corporation Requirements

- If you are a domestic for-profit corporation, you must select the “Certificate of Tax Clearance” (Certificate) method.
- Upon receipt of Form D5, ODT reviews all of your ODT tax-type accounts to determine if all taxes and fees are filed and paid.
- If ODT determines that all taxes are not filed and paid, you will be notified on how to resolve this matter.

# Domestic For-Profit Corporation Requirements

- The Certificate will be issued to the corporation once ODT has determined that all taxes and fees administered by ODT are filed and paid.
- The Certificate must be filed with the Ohio Secretary of State (SOS) when you file your dissolution documents with the SOS. (Note: this method is a requirement for domestic for-profit corporations).

# Foreign and Non-profit Corporation Requirements

- If you are a foreign or non-profit corporation, you may still select either method (the Certificate vs. “Affidavit” method ) to dissolve/surrender your Ohio charter or license.
- Most choose the “Affidavit” method because it expedites the dissolution process.
- Filing Form D5 with ODT serves as proper notification to ODT of your intent to dissolve/surrender your Ohio charter or license under the “Affidavit” method.
- Upon receipt of Form D5, ODT performs the same review as previously described above to determine if all taxes and fees are filed and paid.
- If ODT determines that all taxes are not filed and paid, you will be notified on how to resolve the matter; however, you may still proceed with the filing of your dissolution documents with the SOS.



## What if I have a Domestic For-Profit Corporation and I am Involved in a Merger, Consolidation or Conversion?

- In some situations a domestic for-profit corporation that is dissolving as a result of a merger, consolidation or conversion, must also obtain a Certificate of Tax Clearance from ODT.
- Obtaining this Certificate is only required if the surviving entity is not a corporation that is registered with the SOS. (e.g. a domestic for-profit corporation merges into an Ohio LLC).
- The domestic for-profit corporation would file the Certificate with the SOS when they file the merger documents with the SOS.

# How to Close your Business Tax Accounts with ODT Regardless of your Entity Type

- Commercial Activity Tax (CAT)
- Financial Institutions Tax (FIT)
- Employer & School District Withholding Tax
- Sales & Use Tax
- 9-1-1 Charge

# Closing Your Business



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## Closing a Business with the Ohio Department of Taxation

### Business Links

- [Ohio Business Gateway](#)
- [File Other Business Taxes](#)
- [Information Releases](#)
- [Vendors License](#)
- [Register for Taxes](#)
- [Sales and Use](#)
- [Additional Business Resources](#)
- [Commercial Activity Tax \(CAT\)](#)
- [OBG Self Help eLibrary](#)
- [How Do I...](#)

There are certain tax responsibilities that must be followed when closing a business in Ohio. The following is provided to assist you in this process with the various business taxes. Businesses may also have additional obligations that need to be completed with other [Ohio governmental agencies](#).

### The requirements for dissolution of a domestic, for-profit corporation in Ohio have changed.

Revised Code section 1701.86(H)(2) has been changed, effective September 29, 2013, and requires that **domestic for-profit corporations** must first obtain a Certificate of Tax Clearance from the Department of Taxation in order to voluntarily dissolve and file a Certificate of Dissolution, Form 561, with the Secretary of State. Domestic for-profit corporations may no longer submit an affidavit in lieu of the Certificate of Tax Clearance.

To obtain the Certificate of Tax Clearance, corporate taxpayers must submit **Form D5** "Notification of Dissolution or Surrender" to the Department after all applicable final returns are filed. The Department will then review all business tax accounts associated with the corporation to determine if there are any outstanding tax liabilities or filings. *All* outstanding tax liabilities or filings need to be filed and/or paid before a Certificate of Tax Clearance will be issued.

For corporations dissolving under Revised Code sections 1702 (nonprofit corporations) or 1703 (foreign



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# Requirements for Closing Commercial Activity Tax Accounts with ODT

- Taxpayers with < \$150,000 in taxable gross receipts , cancel your CAT account before May 10<sup>th</sup> of the current calendar year.
- Reason: Avoids being subject to the annual minimum tax.
- Cancel your CAT account using form CAT CR. Available on ODT's website or on Ohio Business Gateway.
- If you are a combined or consolidated elected taxpayer group, cancel your CAT account by completing form CAT CR. It may be necessary for the group to remain intact if some of the members remain subject to CAT.
- The taxpayer is required to file and pay all tax periods through the cancellation date.

# Requirements for Closing Financial Institutions Tax Accounts with ODT

- The taxpayer is required to file and pay all tax periods through the cancellation date.
- Cancel your FIT account using form FIT CA. The form is available on ODT's website.

# Requirements for Closing Employer/School District Withholding Tax Accounts with ODT

- Complete form IT WHC, Change of Ohio Employer Name, Address or Status . This may also be done when filing the final return (IT 941) through Ohio Business Gateway by checking the Yes button for Cancel Withholding Account.
- File IT 941, Ohio Employer's Annual Reconciliation and SD 141, Ohio School District Employer's Annual Reconciliation, within 15 days after the discontinuation of business. These returns are required to be filled electronically through Ohio Business Gateway.
- EFT filers must file IT 942 (not the IT 941), Ohio Employer's 4<sup>th</sup> Qtr/Annual Reconciliation, through Ohio Business Gateway.
- If the business has more than 250 employees, form IT 3 and all W-2s are required to be filed electronically within 60 days from the last date of payroll.

# Requirements for Closing Sales and Use Tax Accounts with ODT

- A business with a vendor's license is required to file a final sales tax return (UST 1) and pay the tax due within 15 days of the last day of business.
- The vendor's license can be closed while filing the final UST 1 through the Ohio Business Gateway by checking the Yes button for Cancel Vendor's License or through the TeleFile system.
- If the final UST 1 was previously filed, form ST 3C can be used to request a date of cancellation.

# Requirements for Closing 9-1-1 Fee Accounts with ODT

- The taxpayer is required to file and pay all tax periods through the cancellation date.
- Cancel your 9-1-1 Fee Account through Ohio Business Gateway.



# Final Thoughts in Closing your Business:

- Regardless of whether you formed your business as a corporation, partnership, LLC, sole proprietorship, etc., there are important steps for you to follow when you close your business.
- Please follow these steps closely to ensure you resolve all tax matters timely and correctly.

# Contact Information

➤ **Telephone Inquiries:** 1-888-405-4039

➤ **Email:** [dissolution@tax.state.oh.us](mailto:dissolution@tax.state.oh.us)

➤ **Fax Number:** 1-206-984-0378

➤ **Mailing Address:**

Ohio Department of Taxation

Taxpayer Services/Tax Release Unit

P.O. Box 182382

Columbus, OH 43218-2382

➤ **For Overnight Delivery Only:**

Ohio Department of Taxation

Taxpayer Services/Tax Release Unit

4485 Northland Ridge Blvd

Columbus, OH 43229



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# Questions?

**Thank You**