

State of Ohio Business Registration / Notification Guide

The Ohio Department of Taxation (ODT) is committed to helping businesses succeed by making our tax system as user-friendly as possible. Depending on your business activity, you may need to register for an account as it relates to the Ohio taxes listed below:

- Commercial Activity Tax (CAT)
- Petroleum Activity Tax (PAT)
- Financial Institutions Tax (FIT)
- Employer Withholding and School District Withholding Taxes
- Sales Tax
- Use Tax
- 9-1-1 Charge

This document provides an overview of each tax, why a business is required to register, filing requirements and due dates. For more information about ODT taxes, please visit the Ohio Department of Taxation website at www.tax.ohio.gov. Businesses may sign up to receive tax alerts via e-mail. These tax alerts include reminders of when returns and payments are due and advise taxpayers on any tax law changes or communications pertaining to a Ohio taxes. To use this service, simply sign-up on the Ohio Department of Taxation website at <http://www.tax.ohio.gov/ohtaxalert.aspx>.

Establishing a business entity in the State of Ohio requires notification / registration with several State of Ohio agencies; please see listing and contact information below:

- The first step is contacting the Ohio Secretary of State. For additional information and requirements please visit <http://www.sos.state.oh.us> or contact them at 1-877-767-6446 for assistance.
- If you have employees, you must also have an active workers' compensation policy to insure coverage for those employees against a workplace injury. For additional information and requirements please visit the Ohio Department of Bureau of Workers' Compensation website at <https://www.bwc.ohio.gov/> or contact them at 1-800-644-6292 for assistance.
- Under the Ohio Unemployment Compensation Law most employers are liable to pay Unemployment Compensation taxes and report wages paid to their employees on a quarterly basis to the Ohio Department of Jobs and Family Services. For additional information and requirements please visit the Ohio Department of Job and Family Services' website at <http://www.jfs.ohio.gov/> or contact them at 1-614-466-2319 for assistance.
- The Ohio Department of Commerce is the State's chief regulatory agency. This agency issues nearly 600,000 licenses, permits, registration and certifications each year. This includes liquor permits which are issued by the Division of Liquor Control Licensing. For additional information and requirements please visit <http://com.ohio.gov/> or contact them at 1-614-466-3636 for assistance.

As a new business entity in the State of Ohio, you may also want to contact the Ohio Development Services Agency (ODSA); they work to support Ohio's businesses, large and small. For additional information about ODSA please visit <https://www.development.ohio.gov/> or contact them at 1-800-848-1300.

COMMERCIAL ACTIVITY TAX

What Is the Commercial Activity Tax (CAT)

The CAT is a tax on the privilege of doing business in Ohio that is measured by gross receipts. This tax applies to all types of businesses: e.g. retailers, service providers (such as lawyers, accountants and doctors), manufacturers and other types of businesses.

Who Is Subject to the CAT

In general, the CAT is paid by businesses with taxable gross receipts of more than \$150,000 in a calendar year. The CAT applies to all entity types regardless of form, e.g., sole proprietorships, partnerships, LLCs and all types of corporations.

The tax applies to businesses that meet any of the following criteria at any point throughout the calendar year:

- Have at least \$500,000 in taxable gross receipts in Ohio;
- Have at least \$50,000 in property in Ohio;
- Have at least \$50,000 in payroll for work in Ohio;
- Have at least 25% of their total property, payroll or gross receipts in Ohio; or
- Are domiciled in Ohio.

Who Is Not Subject to the CAT

- Excluded from the CAT are:
- Nonprofit organizations;
- Some public utilities (telegraph company, natural gas company, pipeline company, water works company, heating company, combined company [excludes electric]) that pay the public utility excise tax;
- Financial institutions that pay the financial institutions tax;
- Insurance companies that pay the Ohio insurance premiums tax;
- Certain affiliates of financial institutions;
- Businesses with \$150,000 or less of taxable gross receipts (unless they are part of a “consolidated elected taxpayer”).

Who Must Register

Generally, taxpayers having more than \$150,000 in taxable gross receipts situated to Ohio for the calendar year are required to register, file returns and remit liability for the CAT. In order to file returns, a taxpayer must first register for CAT with the Ohio Department of Taxation (ODT). Taxpayers are required to register for CAT within thirty (30) days of becoming subject to the tax. Registration is available electronically through the Ohio Business Gateway (OBG) at www.business.ohio.gov. Alternatively, taxpayers may register by submitting the CAT 1 registration form. The CAT 1 registration form is available on the Ohio Department of Taxation’s website at www.tax.ohio.gov or may be requested by calling 1-800-282-1782.

What Are Taxable Gross Receipts

Gross receipts are defined as the total amount realized, without deduction for the cost of goods sold or other expenses incurred, from activities that contribute to the production of gross income. In general, for the sale of tangible personal property such receipt is only considered a taxable gross receipt if the property is delivered to a location in this state. For services, the receipt is situated to Ohio in the proportion that the purchaser’s benefit in this state bears to the purchaser’s benefit everywhere. The physical location where the purchaser ultimately uses or receives the benefit of what was purchased is paramount in making this determination. In other words, receipts from sales to out-of-state purchasers or the proportion of the services where the benefit is primarily received outside of this state are not subject to the CAT.

When Are the Tax Returns and Minimum Tax Due

Taxpayers with taxable gross receipts between \$150,000 and \$1 million in a calendar year file as annual taxpayers. Beginning in 2010, the annual return and the \$150 minimum tax are due on May 10th of each calendar year.

Taxpayers with taxable gross receipts in excess of \$1 million in a calendar year must file quarterly, the return and tax are due the 10th day of the second month following each tax period, see below:

- Jan 1st–March 31st is due May 10th
- April 1st–June 30th is due August 10th
- July 1st–September 30th is due November 10th
- October 1st–December 31st is due February 10th

For tax periods beginning on Jan. 1, 2014 and thereafter, the Annual Minimum Tax (AMT) will become a tiered structure, and taxpayers will pay an amount that corresponds with their overall commercial activity. The taxpayer will utilize its previous calendar year's taxable gross receipts to determine the current year's AMT. Those taxpayers with \$1 million or less in taxable gross receipts will pay \$150 AMT (no change). The AMT for taxpayers with total taxable gross receipts of more than \$1 million, but less than or equal to \$2 million, will be \$800; AMT for taxpayers with taxable gross receipts more than \$2 million, but less than or equal to \$4 million, \$2,100; and AMT for taxpayers with taxable gross receipts in excess of \$4 million, \$2,600. Please refer to the chart below.

Taxable Gross Receipts	Annual Minimum Tax	CAT
\$1 Million or less	\$150	No Additional Tax
More than \$1 Million but less than or equal to \$2 Million	\$800	0.26% x (Taxable Gross Receipts - \$1 Million)
More than \$2 Million but less than or equal to \$4 Million	\$2,100	0.26% x (Taxable Gross Receipts - \$1 Million)
More than \$4 Million	\$2,600	0.26% x (Taxable Gross Receipts - \$1 Million)

If the filing due date falls on a weekend or holiday, the return and tax are due on the next business day. Beginning Jan. 1, 2014, annual and quarterly taxpayers must file their returns and pay their liability electronically through the OBG at www.business.ohio.gov. Alternatively, effective April 2014 an annual taxpayer may meet the electronic requirement by utilizing TeleFile.

Can Returns Be Amended

Yes, returns can be amended. Beginning on Jan. 1, 2014, both annual and quarterly taxpayers are required to file amended returns electronically through the OBG at www.business.ohio.gov.

PETROLEUM ACTIVITY TAX (PAT)

What is PAT

The PAT, enacted on July 1, 2014, is a tax on the supplier of motor fuel and measured by the supplier's gross receipts from the first sale, transfer, exchange, or other disposition of motor fuel in Ohio to a point outside of the distribution system (see Information Release [PAT 2013-01](#)). The PAT is levied at a rate of 0.65% of the supplier's gross receipts. Gross receipts are broadly defined in R.C. 5736.01(E), as "the total amount realized by a person, without deduction for the cost of goods sold or other expenses incurred, from the first sale of motor fuel" within Ohio. However, there are four exclusions from the definition of gross receipts (exports, federal and state excise taxes paid on the motor fuel, bad debts, and receipts from the sale of an account receivable).

As a result of the enactment of Am. Sub. H.B. 492 passed by the 130th General Assembly, **beginning July 1, 2015**, PAT taxpayers are to report and pay the PAT measured by their "calculated gross receipts" instead of actual gross receipts. This new methodology will require taxpayers to calculate their gross receipts based on the number of gallons of gasoline, propane, and motor fuel that is not gasoline or propane sold, and multiply those numbers by average wholesale prices posted on the Department's website at: <http://www.tax.ohio.gov/PetroleumActivityTax/spotprices.aspx>.

The Tax Commissioner will post the average wholesale price of one gallon of unleaded regular gasoline, one gallon of propane, and one gallon of diesel fuel at least fifteen (15) days prior to the start of the calendar quarter to which those prices apply. The average wholesale prices do not include federal or state excise taxes.

Who is subject to PAT

The PAT is imposed on the supplier. A supplier of motor fuel is any person that meets one of the following requirements:

- Sells, transfers, or otherwise distributes motor fuel from a terminal or refinery rack to a location in this state and that point is outside of a distribution system; or
- Imports or causes the importation of motor fuel for sale, exchange, transfer, or other distribution by the person to location in this state and that point is outside of a distribution system.

How to register for a PAT License

All suppliers that will be subject to the PAT as of July 1, 2014 must apply for a license with the Tax Commissioner on or before March 1, 2014 or within 30 days of becoming subject, whichever is earlier. Electronic registration is available online through the Ohio Business Gateway (OBG) at www.business.ohio.gov.

All suppliers are required to renew their licenses each year on or before March 1st. The following license fees apply to suppliers:

Applicant that solely imports or causes the importation of motor fuel for sale, exchange, or transfer in this state	\$300
Applicant that sells, transfers, exchanges, or otherwise disposes of motor fuel to a point outside of the distribution system	\$1,000
Applicant that operates as both an importer and a distributor of fuel for purposes of the PAT	\$1,000 ¹

Filing Requirements

PAT taxpayers are required to file a quarterly return electronically through the Ohio Business Gateway (OBG) at www.business.ohio.gov. The return and tax are due the 10th day of the second month following each tax period, see below:

- Jan 1st –March 31st is due May 10th
- April 1st –June 30th is due August 10th
- July 1st –September 30th is due November 10th
- October 1st –December 31st is due February 10th

A supplier will be required to identify on its return those calculated receipts attributable to motor fuel used for propelling vehicles on public highways, railways, and waterways compared with all other receipts. The bifurcation is necessary to ensure proper distribution of revenue from the tax.

FINANCIAL INSTITUTIONS TAX (FIT)

What is FIT

The FIT is a business privilege tax imposed on each financial institution conducting business in this state or otherwise having nexus in this state; this tax was effective January 01, 2014.

Who is subject to FIT

Financial institutions conducting business in this state or otherwise having nexus in this state are subject to this tax. A “financial institution” is a bank organization, a holding company of a bank organization, or a nonbank financial organization. If two or more entities are consolidated for purpose of filing a FR Y-9 or call report, then a financial institution consists of all entities included in the FR Y-9 or Call Report.

A bank organization is defined as follows:

- National bank;
- Federal savings association or bank;
- Bank, banking association, trust company, savings and loan association, savings bank or other banking institution;
- Corporation organized under 12 U.S.C. 611;
- Agency or branch of a foreign bank;
- Entity licensed as a small business investment company or company chartered under the “Farm Credit Act of 1933”

A nonbank financial organization is an entity that engages in business primarily as a small dollar lender. A small dollar lender is any person primarily engaged in the business of loaning money to individuals if the loan is for one year or less and does not exceed \$5,000.00.

How to register for a FIT Account

Electronic registration is available online through the Ohio Business Gateway (OBG) at www.business.ohio.gov.

Filing Requirements

Estimated payment due dates:

- January 31st – 1/3 of the tax or the minimum tax of \$1,000 (whichever is greater)
- March 31st – 1/2 of the remaining balance due
- May 31st – second 1/2 of the remaining balance due

The report is due October 15th of the tax year, there are no extensions.

How to file and remit FIT

Payments and returns can be filed electronically on the OBG at www.business.ohio.gov. Payments may be made electronically and submitted through the OBG or The Ohio Treasurer of State Office (TOS). If remitting payment through the TOS, a separate registration with the TOS is required.

EMPLOYER WITHHOLDING AND SCHOOL DISTRICT WITHHOLDING TAXES**What Is Employer Withholding Tax**

The employer withholding tax is an amount that must be deducted or withheld by the employer (taxpayer) from employee’s paycheck in payment of the employee’s Ohio income tax. If you have a business or office in Ohio and hire people to work for you, you are an employer.

What Is School District Withholding Tax

The school district withholding tax is an amount that must be deducted or withheld by the employer (taxpayer) from an employee’s paycheck in payment of the employee’s school district income tax. School district income tax is separate from federal, state and city income taxes and is ear-marked specifically to support school districts. Voters in a school district must approve a school district income tax. The school district tax is levied on any individual residing in the state of Ohio and living during all or part of a tax year in the school district.

Who Must Register and Withhold

All employers maintaining an office or transacting business in Ohio, hiring people to work and required to withhold federal income tax must register by completing and filing form IT 1, Combined Application for Registration as an Ohio Employer Withholding Tax/School District Withholding Tax Agent, with the Ohio Department of Taxation. The IT 1 registration form is available on the Ohio Department of Taxation's website at www.tax.ohio.gov or may be requested by calling 1-888-405-4089. You may also register online using the Ohio Business Gateway (OBG) at www.business.ohio.gov.

An Ohio employer withholding account number will be assigned to new withholding agents after registration. Employers liable for the school district withholding tax will use the same account number they use for Ohio employer withholding. All subsequently filed tax returns, forms and correspondence submitted to the Ohio Department of Taxation should reflect this account number.

Note: All employers who become liable for withholding Ohio income tax must file Ohio form IT 1 within 15 days of the date that such liability begins.

Withholding is not required if the compensation is paid for or to:

- Agricultural labor (i.e., farmers)
- Domestic service in a private home, local college club or local chapter of a college fraternity or sorority.
- An employee earning less than \$300 in a calendar quarter
- Services performed for a foreign government or international organization
- When the employee is under age 18 and sells and delivers newspapers
- Services not in the course of the employer's trade or business to the extent paid in any medium other than cash (i.e., hiring someone to occasionally clean your office)
- Employees you hire who live in Michigan, Indiana, Kentucky, Pennsylvania or West Virginia (based on written agreements with the state of Ohio, these employees have to pay income tax to the state in which they live). However, employees must fill out Ohio form IT 4NR, Employee's Statement of Residency in a Reciprocity State.

Filing Requirements

- **Mandatory Electronic Filing** - Effective January 1, 2015, in accordance with Ohio Administrative Code rule 5703-7-19, employers are required to file state and school district income tax withholding returns and make payment of the withheld taxes electronically. Payments and returns can be filed electronically on the Ohio Business Gateway (OBG) at www.business.ohio.gov. Employer Withholding IT 501 payments may be made electronically and submitted through the OBG or The Ohio Treasurer of State Office (TOS). If remitting payment through the TOS, a separate registration with the TOS is required. Please note: School District Withholding payments cannot be made through the Treasurer of State Office (TOS).
- **Ohio Form IT 4, Ohio Employee's Withholding Exemption Certificate** –Each employee must complete Ohio form IT 4, Withholding Exemption Certificate, which the employer keeps in their files. If the employee does not fill out an IT 4, the employer shall withhold tax from the employee's compensation without exemption.
- **Ohio Form IT 501** –Employers subject to withholding must make quarterly or monthly payments (excluding EFT) electronically on Ohio form IT 501 form.
 - Quarterly payments are due if withholding was less than \$2,000 during the 12-month period ending June 30th of the preceding calendar year. Payments must be remitted no later than the last day of the month following the end of calendar quarter.

- Monthly payments are due if withholding was greater than \$2,000 but less than \$84,000 during the 12-month period ending June 30th of the preceding calendar year. Payments must be remitted no later than 15 days following the end of each month.
- EFT (Electronic Fund Transfer) payments are due if withholding, excluding school district income tax, was greater than \$84,000 during the 12-month period ending June 30th of the preceding calendar year. Payments must be remitted by EFT within three banking days from the end of the partial weekly period in which an employer had payroll. There are two partial weekly withholding periods each week that consists of a consecutive Saturday, Sunday, Monday and Tuesday or a consecutive Wednesday, Thursday, and Friday. A partial weekly withholding period cannot extend from one year to the next. If the withholding amount reaches \$100,000 or more during the partial weekly period, payment must be remitted by EFT the next banking day after accumulated.
- **Ohio Form SD 101-** Employers must remit payment of the withheld tax electronically on Ohio form SD 101, Payment of School District Income Tax Withheld, usually on the same due date as Ohio form IT 501, Employer's Payment of Ohio Income Tax Withheld.
 - You must use the combined Ohio and school district income tax withholding amounts to determine your filing frequency. If your combined liability exceeds \$2,000 for the 12-month period ending on June 30th of the preceding calendar year, you must remit your school district withholding monthly. If your combined liability does not exceed \$2,000 for the same period, you may remit both taxes quarterly. Partial-weekly (EFT required) withholders remit school district tax monthly.

Employers discovering a withholding error from a previous period should adjust their next SD 101(s) by showing the net withholding tax due within that same school district only. Employers may not adjust between school districts on the SD 101. Employers should not combine their school district income tax withholding payment with their Ohio income tax withholding payment.

Annual Reports

- **Combined W-2 or 1099-R, Wage and Tax Statement** –On or before Jan. 31 of each calendar year, employers required to withhold shall furnish to all employees on whom tax was or should have been withheld two copies of the report of compensation paid during the calendar year and of the amount deducted and withheld as tax. Employers may use federal form W-2, referred to as “Combined W-2” or “1099R”. Employers should clearly identify the school district on the combined W-2 by its four-digit number.
- **Ohio Form IT 941, Employer's Annual Reconciliation of Income Tax Withheld** - All employers required to withhold in the current year must electronically file Ohio form IT 941, Annual Reconciliation, no later than Jan. 31 of the next calendar year. Employers selling or closing their business during the year must file an IT 941 within 15 days after the date of selling or closing the business.
- **Ohio Form IT 942, Employer's Annual Reconciliation of Income Tax Withheld** - An employer who remits through electronic funds transfer (EFT) must electronically file Ohio form IT 942, Employer's EFT Quarterly Reconciliation of Income Tax Withheld, no later than the last day of the month following the end of the calendar quarter. EFT filers are not required to file the IT 941. Employers selling or closing their business during the year must file an IT 942 within 15 days after the date of selling or closing the business.

- **Ohio Form IT 3, Transmittal of Wage and Tax Statements** - All employers required to withhold shall file with the Ohio Department of Taxation on or before the last day of January of the succeeding calendar year a copy of Ohio form IT 3. Employers with 250 or more W-2 forms and issuers of 250 or more 1099-R forms must send this information to us on magnetic media using an approved format. Employers that issue less than 250 W-2 forms and issuers of 250 or less 1099-R forms are no longer required to send paper copies, but you are encouraged to send this information to us on magnetic media. However, you are required to maintain these records for a period of four years from their due date. If the information is not submitted electronically, the Ohio Department of Taxation may request W-2s periodically when conducting compliance programs. Electronic format information is available on the Ohio Department of Taxation's Web site at www.tax.ohio.gov.
- **Ohio Form SD 141, School District Employer's Annual Reconciliation of Tax Withheld** - All employers required to withhold in the current year must electronically file Ohio form SD 141, Annual Reconciliation, no later than Jan. 31 of the next calendar year. Employers selling or closing their business during the year must file an SD 141 within 15 days after the date of selling or closing the business. Employers should show all withholding amounts on the back of the SD 141 and bring the net overpayment or underpayment to the front of the return.

How Do I Make Corrections if an Error Is Made

- **Combined W-2 or 1099-R** - An employer must furnish a corrected Combined W-2 or 1099-R if after the original form has been given to an employee an error is discovered. Corrected statements should be clearly marked "CORRECTED BY EMPLOYER" and one copy should be submitted to the Ohio Department of Taxation and two copies to the employee. If the Combined W-2 or 1099-R is lost or destroyed, two substitute copies must be submitted to the employee and one to the Ohio Department of Taxation marked "REISSUED BY EMPLOYER."
- **Over Withholding or Under Withholding –Quarterly or Monthly**
 - If the error is discovered in a subsequent period of the same calendar year, indicate the adjustment on the next filing period.
 - If an error is discovered after the annual reconciliation (SD 141 or IT 941) has been filed, complete an amended reconciliation (SD 141X or IT 941X) for that year.

SALES TAX

What Is Sales Tax

Sales tax is a "trust" tax that must be collected on taxable retail sales to Ohio customers by all Ohio retailers (vendors) and those out-of-state retailers (sellers) that are registered with Ohio. It is called a "trust" tax because the consumer has entrusted this tax to retailers with the understanding that it will be reported and paid to the state of Ohio in a timely manner. The current state rate is 5.75% and counties and regional transit authorities may each levy sales tax increments of .10% up to 1.5%. The total combined rate – state, county, and transit authority may not exceed 8.5%.

Who Must Register

Every Ohio retailer (vendor) must obtain a vendor's license, collect sales tax, file tax returns with payment of tax collected and maintain complete records of transactions.

Types of Vendor's Licenses

To apply for any of the license types listed below, please visit the Ohio Business Gateway (OBG) at www.business.ohio.gov, for a paper application visit the Ohio Department of Taxation's website at www.tax.ohio.gov or for assistance contact 1-888-405-4089.

- **Regular County Vendor's License**

Ohio vendors making sales from a fixed place of business and vendors that make sales online or by catalog must obtain this type of license. Vendors of tangible personal property and certain services must have one regular vendor's license for each fixed sales location. Registration can be completed electronically via OBG, at County Auditor's Office; for the paper application ST 1 visit the Ohio Department of Taxation's web site at www.tax.ohio.gov or for assistance contact 1-888-405-4089.

Services requiring a regular vendor's license are as follows:

- Fabrication, installation, repair and/or storage of tangible personal property;
- Hotel or similar room rentals;
- Laundry and dry cleaning (excludes coin-operated machine sales);
- Personal care services, including skin care, application of cosmetics, manicures, pedicures, hair removal, tattoos, body piercing, tanning, massage and other similar services. It does not include hair care, cutting, coloring or styling. Note: If no fixed place of business, these services require a transient vendor's license;
- Physical fitness facility service (membership fees and sales of tangible personal property);
- Recreation and sports club service (membership fees and sales of tangible personal property);
- Towing of motor vehicles, including those wrecked, disabled, or illegally parked;
- Washing (except coin-operated), cleaning, waxing, polishing or painting of motor vehicles;
- Transportation of persons within Ohio (except by public transit systems or commercial airlines);
- Landscaping, lawn care & snow removal services;
- Building maintenance & janitorial services

Note: Services are taxed at the rate in effect at the location where the customer receives the benefit or makes first use of the service.

- **Transient Vendor's License**

This type of license is required making sales from a non-fixed location such as a fair, an exhibition or a trade show, or a vendor traveling to the customer's location to sell taxable items. These licenses are valid throughout Ohio and allow a vendor to make sales in all 88 counties in Ohio. Registration can be completed electronically via OBG, for the paper application, ST 1T, visit the Ohio Department of Taxation's website at www.tax.ohio.gov or for assistance contact 1-888-405-4089.

Filing Requirements

- **Mandatory Electronic Filing** - Each person holding a vendor's license, regardless of sales volume, is required to file a UST1 return electronically. ODT offers two ways to file a sales tax return electronically.

- **The Ohio Business Gateway** - OBG allows taxpayers to electronically file their UST1 return and accepts electronic checks and credit cards for online payment and also allows taxpayers the option to pay with a paper check. To use this option, please visit www.business.ohio.gov and click on the "Log- in Now" or "Create an Account" link on the OBG home page.
- **TeleFile** –Vendors with a regular (single) county vendor's license beginning with 01-88 may electronically file their UST1 returns over the phone through Ohio's TeleFile system. TeleFile users can remit payment by electronic check or credit card. To utilize the Ohio TeleFile system, a vendor must have their vendor's license number and their two-digit TIN available. This information can be found on the Registration Confirmation issued when the vendor's license was activated. To use this option please call 1-800-697-0440.

The Universal Sales Tax return (UST1) is used for all of the above licenses and must be electronically filed and paid by the due date. The filing frequency is determined by ODT and is stated on the registration confirmation notice. ODT will notify you in writing of any filing frequency changes.

- **Monthly Filers** - The UST1 must be electronically filed and paid by the 23rd day of the month following the reporting period, for all tax collected during the preceding month. If the 23rd is on a weekend or holiday, the due date is the next business day.
- **Semi-annual Filers** - Vendors whose tax liability is less than \$1,200 per six-month period may file and pay their sales taxes semi-annually. Such returns are due by the 23rd day of the month following the close of each semi-annual period for the tax collected during the preceding six-month period.
 - Jan. 1 through June 30 - return and payment are due on or before July 23rd.
 - July 1 through Dec. 31 - return and payment are due on or before Jan. 23rd.

Returns must be filed even if no sales are made or no tax is due. Failure to file a return or remit tax due will result in fines, penalties and possibly criminal charges.

Canceling a Vendor's License

If a vendor stops making taxable retail sales, a final UST1 must be filed and all taxes must be paid within 15 days of the final sale. Vendors must complete the space provided on the final UST1 indicating the last day of business. All electronic filing options, including OBG and TeleFile, allow a vendor to cancel their vendor's license when filing their final UST1. If you are a liquor permit holder, you cannot cancel the vendor's license until you no longer hold the liquor permit.

Are Vendors' Licenses Transferable

Any change in ownership (sole proprietor to partnership, partnership to corporation, corporation to sole proprietor, partnership to sole proprietor, etc.) that requires the issuance of a new Federal Employer Identification Number (FEIN) requires a new license. A final UST1 return must be filed and all taxes paid within 15 days of the last day of business.

Any change in location of a fixed place of business for a regular county vendor's license (beginning with 01-88) not within the same county, or if there is also a liquor permit, even within the same county, requires a new license, and a final UST1 return must be filed within 15 days of the last day of business for the preceding license.

A change in location of a fixed place of business for a regular county vendor's license within the same county does not require a new license. However, you are required to complete form BAUF - Business Account Update Form. A change in the mailing address does not require a new license and can be requested by completing a BAUF and can be found on the Ohio Department of Taxation's Web site at www.tax.ohio.gov.

Determining Sales Tax Rates

Please visit the ODT website (www.tax.ohio.gov) or call the Business Taxpayer Services line (1-888-405-4039) for information on the tax rates and rules governing Ohio's sales and use tax. Sign up for Ohio Tax Alert and receive notification of tax rate changes. Sales and use tax rates for any address in Ohio can be verified by using The Finder, an online resource available at www.tax.ohio.gov.

Important Notes for Sales Tax

Nonprofit organizations exempt under section 501(c)(3) of the Internal Revenue Code that make retail sales no more than six days a year are not required to have a vendor's license or collect tax on those sales. If sales occur on more than six days, the organization must obtain a license and charge and remit tax. School-related, parent-teacher, and booster groups are exempt from registering and collecting the tax.

Sales Tax Exemptions

A consumer claiming exemption (resale, agriculture, manufacturing, nonprofit, etc.) must provide the vendor a fully completed exemption certificate. Exemption certificate forms are available on ODT's website at www.tax.ohio.gov and include the Unit Exemption Certificate (STEC U), the Blanket Exemption Certificate (STEC B) and the Streamlined Sales Tax Exemption Certificate (STECSTP).

Trade Shows, Fairs, Flea Markets

Promoters, organizers or owners of trade shows, fairs, flea markets, exhibitions or similar events where transient vendors make retail sales are required to obtain the names, addresses, vendor's license numbers and types of goods sold from all persons exhibiting at the event. Further, this information must be maintained for at least four years and made available to ODT.

CONSUMER'S USE TAX

What Is Consumer's Use Tax

Consumer's use tax is a tax on the storage, use or other consumption of tangible personal property and certain taxable services in Ohio. These include purchases made from both Ohio and out-of-state vendors. The tax is a complement to the Ohio sales tax. In general, if you have paid Ohio sales tax on purchases of taxable tangible personal property or taxable services, then you do not owe Ohio use tax. If you have not paid Ohio sales tax, then you must remit Ohio use tax directly to the ODT, unless there is an exception or exemption that applies to the transaction.

Please refer to the Ohio Department of Taxation website www.tax.ohio.gov for more information on what is subject to use tax and the appropriate sales/use tax rate for your county. Sales and use tax rates for any address in Ohio can be verified by using The Finder, an online resource available at www.tax.ohio.gov.

How Do I Remit Consumer's Use Tax Directly to Ohio

The Universal Use Tax return (UUT1) is used for reporting and remitting use tax. Businesses must register for a Consumer's Use Tax account if their annual liability exceeds \$1,000. Registration and filing are available on OBG at www.business.ohio.gov. OBG accepts electronic checks and credit cards for online payment and also allows taxpayers the option to print a payment coupon and pay with a paper check. If your annual liability is less than

\$1,000 you may report and pay on your Ohio income tax return, IT 1040. If you are not required to file an IT 1040, please contact ODT at 1-888-405-4039 to determine how to remit your consumer's use tax.

Sales and use tax rates for any address in Ohio can be verified by using The Finder, an online resource available at www.tax.ohio.gov.

9-1-1 CHARGE

What is 9-1-1 Charge

The 9-1-1 charge is imposed on the consumer of wireless calling service. The 9-1-1 charge applies to purchases of post-paid and prepaid wireless calling service. Funds received from the 9-1-1 charge are used by countywide 9-1-1 systems to provide and maintain countywide wireless enhanced 9-1-1 service.

Who is subject to the 9-1-1 Charge

The fee is imposed on the consumer of the wireless calling service.

How to register for a 9-1-1 Account

Electronic registration is available online through the Ohio Business Gateway at www.business.ohio.gov. Paper registration forms can be requested by calling 1-888-405-4039.

Who is responsible for collecting and remitting the 9-1-1 Charge

Retailers (vendors) must collect and remit the 9-1-1 charge on sales of prepaid wireless calling service at the point of sale. Wireless service providers and resellers add the 9-1-1 charge to the bills for post-paid wireless calling service with an Ohio billing address and remit the 9-1-1 charge to the Ohio Department of Taxation.

Filing Requirements

You are required to file the 9-1-1 return electronically on the Ohio Business Gateway. Payments may be made electronically and may be submitted through the Ohio Business Gateway. The return and payment are due by the 23rd of each month, following the reporting period.

PASS-THROUGH ENTITY TAX

What is Pass-Through Entity Tax

The pass-through entity tax is not so much a separate tax as it is a mechanism designed to collect individual income tax that is otherwise due and payable by equity investors in qualifying pass-through entities.

What is the registration Process

There is no registration needed for Pass Through Entity Tax.

Who is subject to Pass-Through Entity Tax

A pass-through entity is an S corporation, a partnership, or a limited liability company (LLC) treated for federal income tax purposes as either a partnership or an S corporation. Each qualifying pass-through entity doing business in Ohio or otherwise having nexus with Ohio is subject to the pass-through entity withholding tax. Qualifying trusts are also subject to the tax. Many pass-through entities are not "qualifying pass-through entities" and therefore are not subject to this tax. Pass-through entities not subject to the tax include entities whose investors are limited to full-year Ohio resident individuals or Ohio resident estates.

Who is not subject to Pass-Through Entity Tax

The following are not qualifying pass-through entities:

- Entities having no qualifying investors;
- Pension plans and charities;
- publicly-traded partnerships;
- Real estate investment trusts, regulated investment companies, and real estate mortgage investment conduits;
- Any entity treated as a “disregarded entity” for federal income tax purposes;
- Qualified subchapter S subsidiary corporations (if the parent S corporation has qualifying investors, the parent S corporation is a pass-through entity which must compute the tax on a consolidated basis.

Filing Requirements

Form IT 1140

The IT 1140 is a withholding form that the qualifying pass-through entity completes and files with the Ohio Department of Taxation. Qualifying pass-through entities whose total “adjusted qualifying amounts” exceed \$10,000 must make estimated quarterly tax payments on Form IT 1140 ES. The IT 1140 must be filed by the 15th day of the fourth month following the end of the entity’s taxable year. For taxpayers with a Jan. 1 through Dec. 31 taxable year, the return is due on April 15. If the entity has sought an extension of time to file its federal tax return (IRS form 1065 or 1120S), then the qualifying pass-through entity has the same extended time to file the Ohio tax return. The payment deadline, however, will not be extended.

Form IT 4708

This form is a composite return completed and filed by the pass-through entity on behalf of one or more of the entity’s investors for whom income tax has not been previously withheld. The pass-through entity must make estimated tax payments on Form IT 4708 ES if the pass-through entity’s tax due for the current year is more than \$500. The return is generally due on April 15 of the calendar year immediately following the calendar year in which the pass-through entity’s taxable year ends. If the pass-through entity has sought an extension of time to file its federal tax return, then the pass-through entity has the same extended time to file the Ohio return on form IT 4708.

OHIO DEPARTMENT OF TAXATION CONTACT INFORMATION

ASSISTANCE WITH COMMERCIAL ACTIVITY TAX OR PETROLEUM ACTIVITY TAX:

- **Phone Numbers**
 - Phone (registration and general business) 1-888-722-8829
 - Fax 1-206-666-4462

ASSISTANCE WITH FINANCIAL INSTITUTION, EMPLOYER WITHHOLDING, SCHOOL DISTRICT WITHHOLDING, SALES / USE TAXES AND 9-1-1 CHARGE:

- **Phone Numbers**
 - Forms Request Line 1-800-282-1782
 - Phone (registration) 1-888-405-4089
 - Phone (general business) 1-888-405-4039
 - Fax 1-614-387-1851

ASSISTANCE WITH PASS-THROUGH ENTITY TAX:

- **Phone Numbers**
 - Forms Request Line 1-800-282-1782
 - Phone (general business) 1-888-405-4039
 - Fax 1-614-466-1582