



Bethany Boyd

Final Analysis
Legislative Service Commission

Am. H.B. 99
123rd General Assembly
(As Passed by the General Assembly)

- Reps.** Young, Amstutz, Beatty, Brading, Buchy, Callender, Carey, Cates, Corbin, Core, Coughlin, Damschroder, Evans, Flannery, Gardner, Grendell, Hartnett, Hood, Householder, Jacobson, Jerse, Jones, Jordan, Krebs, Lucas, Maier, Mead, R. Miller, Mottley, Myers, Netzley, Olman, Patton, Pringle, Roman, Salerno, Schuck, Schuler, Sullivan, Taylor, Terwilleger, Vesper, Van Vyven, Weston, Willamowski, Williams, Hollister, Britton, Barnes, Jolivette, Haines, Austria, Perry, Peterson, Buehrer, Goodman, Winkler, Clancy, Tiberi, DePiero, D. Miller, Harris, Schuring, Sutton, Stapleton, Hoops, Thomas, Wilson, Ogg
- Sens.** Blessing, Brady, Watts, Prentiss, Espy, Oelslager, Wachtmann, Nein, Johnson, Ray, Spada, DiDonato

Effective date: *

ACT SUMMARY

- Eliminates the interest and penalties charged to taxpayers who receive excessive Ohio income and corporation franchise tax refunds if the excessive amounts are timely repaid.

CONTENT AND OPERATION

Interest and penalties on unpaid income and corporation franchise taxes

(secs. 5733.26 and 5747.08(G))

Under prior law, interest was charged for any underpayment or late payment of personal income, school district income, or corporation franchise taxes. The interest accrued from the day the tax payment was due until either the day it was paid or the day the Department of Taxation issued an assessment, whichever occurred first. Once an assessment was issued, interest began to accrue again, but

* *The Legislative Service Commission had not received formal notification of the effective date at the time this analysis was prepared.*

only after a 30-day period, during which the taxpayer could have petitioned the Tax Commissioner to reconsider the assessment.** In addition to interest, a penalty also could have been charged if a taxpayer did not pay the required tax when it was due.

A taxpayer was considered to have underpaid taxes if the taxpayer received an excessive refund. Thus, interest and penalties could have accrued on the excessive refund just as if it was an unpaid tax deficiency. The penalty was as much as 10% of the unpaid balance plus twice the interest charge.

Eliminate penalties and interest for overpaid tax refunds

(secs. 5733.261 and 5747.132; Section 3)

The act prohibits interest and penalties from being charged for excessive personal income and corporation franchise tax refunds paid to a taxpayer, as long as the taxpayer repays the excessive refund within 30 days after being assessed for the excessive refund. Specifically, the act prohibits interest and penalty charges on "qualifying refund overpayments," which are defined as amounts received by a taxpayer in excess of any refund or request for payment claimed or made by, or on behalf of, a taxpayer on any return, report, or other document filed with the Tax Commissioner. If the excessive refund is not paid in full within the 30-day period, interest accrues on the unpaid amount from the day the assessment was issued until the amount is paid.

The act's provisions prohibiting the accrual of interest and penalties apply to assessments for excessive tax refunds received by taxpayers after the act's effective date, regardless of when the refund was claimed.

** *The penalty and interest provisions apply not only to individual taxpayers and corporations, but to employers that must withhold taxes from employees' compensation and pay the taxes over to the state, and to "pass-through entities" (partnerships, S corporations, and limited liability companies) that are required to withhold taxes from distributions made to nonresident owners. References in this final analysis to "taxpayer" includes employers and pass-through entities.*

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	01-28-99	p. 119
Reported, H. Ways & Means	02-16-99	pp. 196-197
Passed House (96-0)	03-16-99	pp. 293-294
Reported, S. Ways & Means	05-26-99	pp. 495-496
Passed Senate (33-0)	05-26-99	p. 502

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