



**Am. H.B. 99\***

123rd General Assembly  
(As Reported by S. Ways & Means)

**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

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**BILL 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.

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**CONTENT AND OPERATION**

**Interest and penalties on unpaid income and corporation franchise taxes**

(secs. 5733.26 and 5747.08(G))

Currently, interest is charged for any underpayment or late payment of personal income, school district income, or corporation franchise taxes. The interest accrues from the day the tax payment was due until either the day it is paid or the day the Department of Taxation issues an assessment, whichever occurs first. Once an assessment is issued, interest begins to accrue again, but only after a 30-day period, during which the taxpayer may petition the Tax Commissioner to

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\* This analysis was prepared before the report of the Senate Ways and Means Committee appeared in the Senate Journal. Note that the list of co-sponsors and the legislative history may be incomplete.

reconsider the assessment.\*\* In addition to interest, a penalty also may be charged if a taxpayer does not pay the required tax when it is due.

A taxpayer is considered to have underpaid taxes if the taxpayer receives an excessive refund. Thus, interest and penalties may accrue on the excessive refund just as if it were an unpaid tax deficiency. The penalty may be for 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 bill 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 bill 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 bill's provisions prohibiting the accrual of interest and penalties apply to assessments for excessive tax refunds received by taxpayers after the bill's effective date, regardless of when the refund was claimed.

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**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	---	---

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\*\* *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 analysis to "taxpayer" includes employers and pass-through entities.*