

# Tax relief in Ohio's recently passed operating budget

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Governor Kasich signed a \$55.7 billion biennial operating budget for the State of Ohio on June 30, 2011. The Budget includes tax relief for Ohio residents by repealing the Ohio estate tax and creating temporary tax amnesty programs.

#### *Repeal of Ohio estate tax*

Effective Jan. 1, 2013, Ohio will no longer have an estate tax. Ohio will become one of 29 states that do not have an estate or inheritance tax. Estates of Ohio residents dying prior to Jan. 1, 2013, will be subject to the current Ohio estate tax, which imposes tax at a top rate of 7 percent on decedents' assets in excess of \$338,333.

#### *Tax amnesty programs*

The Budget requires the Ohio Tax Commissioner to establish and administer a temporary tax amnesty program for taxpayers with delinquent state taxes,

tangible personal property taxes, county and transit authority sales tax and school district income taxes. The amnesty program will only be available for a limited period of time between Jan. 1, 2012, and Feb. 15, 2012. If a taxpayer qualifies for the amnesty program and agrees to pay the delinquent taxes in full plus one-half of the interest accrued on such delinquent taxes, the Tax Commissioner will waive the penalties and the remaining interest accrued on the delinquent taxes. Eligibility for the amnesty program is limited to individuals who have not been the subject of an audit related to the tax and have not received a bill or notice of assessment with respect to the tax.

The Budget also creates an amnesty program for use tax. The use tax amnesty program will be effective until May 1, 2013. Under the use tax amnesty program, a consumer with outstanding use tax liability may self-report and pay the amount of use tax owed from Jan. 1, 2010, forward. In exchange for the self-reporting and payment, the Tax Commissioner will waive or abate all delinquent use tax owed by the consumer before Jan. 1, 2010, and all applicable interest and penalties.

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