



Ohio Revised Code

Section 5747.055 Tax credit for retirement income.

Effective: October 17, 2019

Legislation: House Bill 166 - 133rd General Assembly

(A) As used in this section "retirement income" means retirement benefits, annuities, or distributions that are made from or pursuant to a pension, retirement, or profit-sharing plan and that:

(1) In the case of an individual, are received by the individual on account of retirement and are included in the individual's adjusted gross income;

(2) In the case of an estate, are payable to the estate for the benefit of the surviving spouse of the decedent and are included in the estate's taxable income.

(B) A credit shall be allowed against a taxpayer's aggregate tax liability under section 5747.02 of the Revised Code for taxpayers who received retirement income during the taxable year and whose modified adjusted gross income for the taxable year, less applicable exemptions under section 5747.025 of the Revised Code, as shown on an individual or joint annual return is less than one hundred thousand dollars. Only one such credit shall be allowed for each return, and the amount of the credit shall be computed in accordance with the following schedule:

AMOUNT OF RETIREMENT INCOME RECEIVED DURING THE TAXABLE YEAR	CREDIT FOR THE TAXABLE YEAR
\$500 or less	\$ 0
Over \$500 but not more than \$1,500	\$ 25
Over \$1,500 but not more than \$3,000	\$ 50
Over \$3,000 but not more than \$5,000	\$ 80
Over \$5,000 but not more than \$8,000	\$ 130
Over \$8,000	\$ 200

(C) A taxpayer who received a lump-sum distribution from a pension, retirement, or profit-sharing plan in the taxable year and whose modified adjusted gross income for the taxable year, less applicable exemptions under section 5747.025 of the Revised Code, as shown on an individual or



joint annual return is less than one hundred thousand dollars, may elect to receive a credit under this division in lieu of the credit allowed under division (B) of this section. A taxpayer making such an election is not entitled to the credit authorized under this division or division (B) of this section in subsequent taxable years. A taxpayer electing the credit under this division shall receive a credit for the taxable year against the taxpayer's aggregate tax liability under section 5747.02 of the Revised Code computed as follows:

(1) Divide the amount of retirement income received during the taxable year by the taxpayer's expected remaining life on the last day of the taxable year, as shown by annuity tables issued under the provisions of the Internal Revenue Code and in effect for the calendar year that includes the last day of the taxable year;

(2) Using the quotient thus obtained as the amount of retirement income received during the taxable year, compute the credit for the taxable year in accordance with division (B) of this section;

(3) Multiply the credit thus obtained by the taxpayer's expected remaining life. The product thus obtained shall be the credit under this division for the taxable year.

(D) If the credit under division (C) or (E) of this section exceeds the taxpayer's aggregate tax liability under section 5747.02 of the Revised Code for the taxable year after allowing for any other credit that precedes that credit in the order required under section 5747.98 of the Revised Code, the taxpayer may elect to receive a credit for each subsequent taxable year. The amount of the credit for each such year shall be computed as follows:

(1) Determine the amount by which the unused credit elected under division (C) or (E) of this section exceeded the total tax due for the taxable year after allowing for any preceding credit in the required order;

(2) Divide the amount of such excess by one year less than the taxpayer's expected remaining life on the last day of the taxable year of the distribution for which the credit was allowed under division (C) or (E) of this section. The quotient thus obtained shall be the credit for each subsequent year.

(E) If subsequent to the receipt of a lump-sum distribution and an election under division (C) of this



section an individual receives another lump-sum distribution within one taxable year, and the taxpayer's modified adjusted gross income for the taxable year, less applicable exemptions under section 5747.025 of the Revised Code, as shown on an individual or joint annual return is less than one hundred thousand dollars, the taxpayer may elect to receive a credit for that taxable year. The credit shall equal the lesser of:

(1) A credit computed in the manner prescribed in division (C) of this section;

(2) The amount of credit, if any, to which the taxpayer would otherwise be entitled for the taxable year under division (D) of this section times the taxpayer's expected remaining life on the last day of the taxable year. A taxpayer who elects to receive a credit under this division is not entitled to a credit under this division or division (B) or (C) of this section for any subsequent year except as provided in division (D) of this section.

(F) A credit equal to fifty dollars for each return required to be filed under section 5747.08 of the Revised Code shall be allowed against a taxpayer's aggregate tax liability under section 5747.02 of the Revised Code for taxpayers sixty-five years of age or older during the taxable year whose modified adjusted gross income, less applicable exemptions under section 5747.025 of the Revised Code, as shown on an individual or joint annual return is less than one hundred thousand dollars for that taxable year.

(G) A taxpayer sixty-five years of age or older during the taxable year who has received a lump-sum distribution from a pension, retirement, or profit-sharing plan in the taxable year, and whose modified adjusted gross income, less applicable exemptions under section 5747.025 of the Revised Code, as shown on an individual or joint annual return is less than one hundred thousand dollars for that taxable year may elect to receive a credit under this division in lieu of the credit to which the taxpayer is entitled under division (F) of this section. A taxpayer making such an election shall receive a credit for the taxable year against the taxpayer's aggregate tax liability under section 5747.02 of the Revised Code equal to fifty dollars times the taxpayer's expected remaining life as shown by annuity tables issued under the Internal Revenue Code and in effect for the calendar year that includes the last day of the taxable year. A taxpayer making an election under this division is not entitled to the credit authorized under this division or division (F) of this section in subsequent taxable years.



(H) The credits allowed by this section shall be claimed in the order required under section 5747.98 of the Revised Code. The tax commissioner may require a taxpayer to furnish any information necessary to support a claim for credit under this section, and no credit shall be allowed unless such information is provided.