



Ohio Revised Code

Section 5747.43 Filing estimated tax return and making estimated payments.

Effective: September 28, 2018

Legislation: House Bill 133 - 132nd General Assembly

(A) As used in this section:

(1) "Estimated taxes" means the amount that a qualifying entity estimates to be the sum of its liability under sections 5733.41 and 5747.41 of the Revised Code for its current qualifying taxable year.

(2) "Tax liability" means the total of the taxes and withholding taxes due under sections 5733.41 and 5747.41 of the Revised Code for the qualifying taxable year prior to applying any estimated tax payment or refund from another year.

(3) "Taxes paid" includes payments of estimated taxes made under division (C) of this section and tax refunds applied by the qualifying entity in payment of estimated taxes.

(4) "Required installment" means a payment equal to twenty-five per cent of the lesser of the following:

(a) Ninety per cent of the tax liability for the qualifying taxable year;

(b) One hundred per cent of the tax liability shown on the return of a qualifying entity for the preceding qualifying taxable year.

Division (A)(4)(b) of this section applies only if the qualifying entity filed a return under section 5747.42 of the Revised Code for the preceding qualifying taxable year and if the preceding qualifying taxable year was a twelve-month taxable year.

(B) In addition to the return required to be filed pursuant to section 5747.42 of the Revised Code, each qualifying entity subject to the tax imposed under section 5733.41 and to the withholding tax imposed by section 5747.41 of the Revised Code shall file an estimated tax return and pay a portion



of the qualifying entity's tax liability for its qualifying taxable year. The portion of those taxes required to be paid, and the last day prescribed for payment thereof, shall be as prescribed by divisions (B)(1), (2), (3), and (4) of this section:

- (1) On or before the fifteenth day of the month following the last day of the first quarter of the qualifying entity's qualifying taxable year, twenty-two and one-half per cent of the qualifying entity's estimated tax liability for that taxable year;
- (2) On or before the fifteenth day of the month following the last day of the second quarter of the qualifying entity's qualifying taxable year, forty-five per cent of the qualifying entity's estimated tax liability for that taxable year;
- (3) On or before the fifteenth day of the month following the last day of the third quarter of the qualifying entity's qualifying taxable year, sixty-seven and one-half per cent of the qualifying entity's estimated tax liability for that taxable year;
- (4) On or before the fifteenth day of the month following the last day of the fourth quarter of the qualifying entity's qualifying taxable year, ninety per cent of the qualifying entity's estimated tax liability for that taxable year.

Payments of estimated taxes shall be made payable to the treasurer of state.

(C) If a payment of estimated taxes is not paid in the full amount required under division (B) of this section, a penalty shall be added to the taxes charged for the qualifying taxable year unless the underpayment is due to reasonable cause as described in division (D) of this section. The penalty shall accrue at the rate per annum prescribed by section 5703.47 of the Revised Code upon the amount of underpayment from the day the estimated payment was required to be made to the day the payment is made.

The amount of the underpayment upon which the penalty shall accrue shall be determined as follows:

- (1) For the first payment of estimated taxes each year, the required installment less the amount of



taxes paid by the date prescribed for that payment;

(2) For the second payment of estimated taxes each year, the required installment less the amount of taxes paid by the date prescribed for that payment;

(3) For the third payment of estimated taxes each year, the required installment less the amount of taxes paid by the date prescribed for that payment;

(4) For the fourth payment of estimated taxes each year, the required installment less the amount of taxes paid by the date prescribed for that payment.

For the purposes of this section, a payment of estimated taxes on or before any payment date shall be considered a payment of a previous underpayment only to the extent the payment of estimated taxes exceeds the amount of the payment presently required to be paid to avoid any penalty.

The penalty imposed under division (C) of this section is in lieu of any other interest charge or penalty imposed for failure to file a declaration of estimated tax report and make estimated payments as required by this section.

(D) An underpayment of estimated taxes determined under division (C) of this section is due to reasonable cause if any of the following apply:

(1) The amount of tax that was paid equals at least ninety per cent of the tax liability for the current qualifying taxable year, determined by annualizing the income received during that year up to the end of the month immediately preceding the month in which the payment is due;

(2) The amount of tax liability that was paid equals at least ninety per cent of the tax liability for the current qualifying taxable year;

(3) The amount of tax liability that was paid equals at least one hundred per cent of the tax liability shown on the return of the qualifying entity for the preceding qualifying taxable year, provided that the immediately preceding qualifying taxable year reflected a period of twelve months and the qualifying entity filed a return under section 5747.42 of the Revised Code for that year.



(E)(1) Divisions (B) and (C) of this section do not apply for a taxable year if either of the following applies to the qualifying entity:

(a) For the immediately preceding taxable year, the entity computes in good faith and in a reasonable manner that the sum of its adjusted qualifying amounts is ten thousand dollars or less.

(b) For the taxable year the entity computes in good faith and in a reasonable manner that the sum of its adjusted qualifying amounts is ten thousand dollars or less.

(2) Notwithstanding any other provision of Title LVII of the Revised Code to the contrary, the entity shall establish by a preponderance of the evidence that its computation of the adjusted qualifying amounts for the immediately preceding taxable year and the taxable year was, in fact, made in good faith and in a reasonable manner.

(F) The tax commissioner may waive the requirement for filing a declaration of estimated taxes for any class of qualifying entities if the commissioner finds the waiver is reasonable and proper in view of administrative costs and other factors.