



Ohio Revised Code

Section 5747.06 Employer's duty to withhold tax.

Effective: September 29, 2017

Legislation: House Bill 49 - 132nd General Assembly

(A) Except as provided in division (E)(3) of this section, every employer, including the state and its political subdivisions, maintaining an office or transacting business within this state and making payment of any compensation to an employee who is a taxpayer shall deduct and withhold from such compensation for each payroll period a tax computed in such manner as to result, as far as practicable, in withholding from the employee's compensation during each calendar year an amount substantially equivalent to the tax reasonably estimated to be due from the employee under this chapter and Chapter 5748. of the Revised Code with respect to the amount of such compensation included in the employee's adjusted gross income during the calendar year. The employer shall deduct and withhold the tax on the date that the employer directly, indirectly, or constructively pays the compensation to, or credits the compensation to the benefit of, the employee.

The method of determining the amount to be withheld shall be prescribed by rule of the tax commissioner. Notwithstanding section 5747.02 of the Revised Code, the rule prescribed by the commissioner shall require that taxes are withheld on the first ten thousand dollars of a taxpayer's compensation at rates sufficient to ensure payment of the appropriate amount of tax reasonably estimated to be due.

In addition to any other exclusions from withholding permitted under this section, no tax shall be withheld by an employer from the compensation of an employee when such compensation is paid for:

- (1) Agricultural labor as defined in division G of section 3121 of Title 26 of the United States Code;
- (2) Domestic service in a private home, local college club, or local chapter of a college fraternity or sorority;
- (3) Service performed in any calendar quarter by an employee unless the cash remuneration paid for such service is three hundred dollars or more and such service is performed by an individual who is



regularly employed by such employer to perform such service;

(4) Services performed for a foreign government or an international organization;

(5) Services performed by an individual under the age of eighteen in the delivery or distribution of newspapers or shopping news, not including delivery or distribution to any point for subsequent delivery or distribution, or when performed by such individual under the age of eighteen under an arrangement where newspapers or magazines are to be sold by the individual at a fixed price, the individual's compensation being based on the retention of the excess of such price over the amount at which the newspapers or magazines are charged to the individual;

(6) Services not in the course of the employer's trade or business to the extent paid in any medium other than cash.

(B) Every employer required to deduct and withhold tax from the compensation of an employee under this chapter shall furnish to each employee, with respect to the compensation paid by such employer to such employee during the calendar year, on or before the thirty-first day of January of the succeeding year, or, if the employee's employment is terminated before the close of such calendar year, within thirty days from the date on which the last payment of compensation was made, a written statement as prescribed by the tax commissioner showing the amount of compensation paid by the employer to the employee, the amount deducted and withheld as state income tax, any amount deducted and withheld as school district income tax for each applicable school district, and any other information as the commissioner prescribes.

(C) The failure of an employer to withhold tax as required by this section does not relieve an employee from the liability for the tax. The failure of an employer to remit the tax as required by law does not relieve an employee from liability for the tax if the tax commissioner ascertains that the employee colluded with the employer with respect to the failure to remit the tax.

(D) If an employer fails to deduct and withhold any tax as required, and thereafter the tax is paid, the tax so required to be deducted and withheld shall not be collected from the employer, but the employer is not relieved from liability for penalties and interest otherwise applicable in respect to the failure to deduct and withhold the tax.



(E) To ensure that taxes imposed pursuant to Chapter 5748. of the Revised Code are deducted and withheld as provided in this section:

(1) An employer shall request that each employee furnish the name of the employee's school district of residence;

(2) Each employee shall furnish the employer with sufficient and correct information to enable the employer to withhold the taxes imposed under Chapter 5748. of the Revised Code. The employee shall provide additional or corrected information whenever information previously provided to the employer becomes insufficient or incorrect.

(3) If the employer complies with the requirements of division (E)(1) of this section and if the employee fails to comply with the requirements of division (E)(2) of this section, the employer is not required to withhold and pay the taxes imposed under Chapter 5748. of the Revised Code and is not subject to any penalties and interest otherwise applicable for failing to deduct and withhold such taxes.