



Department of
Taxation

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**Lower Tax Withholding Rates Take Effect September 1 –
Tax Commissioner Joe Testa Issues Alert to All Ohio Employers**
Lower Withholding Rates Will Increase Take-home Pay for Most Ohio Workers

COLUMBUS – All Ohio employers should begin using new state income tax withholding rates that take effect for payrolls ending on or after September 1, 2013 so their employees can immediately benefit from tax cuts in the recently passed state budget, according to an alert issued by Ohio Tax Commissioner Joe Testa today. The alert directs employers to reduced withholding tables and how-to instructions posted on the Ohio Department of Taxation’s website (www.tax.ohio.gov).

“The sooner these lower tax rates are applied, the sooner Ohio workers will see the dollars-and-cents benefit of this tax cut,” Testa said. “Most Ohio workers should receive fatter paychecks when the new withholding rates go into effect, but only if their employers apply the new rates at their first opportunity,” he said.

These tax cuts are just one part of a comprehensive tax reform package in the state budget signed by Governor John Kasich on June 30, which also cut small business taxes by 50 percent and increased the sales tax by one-quarter percent. That budget reduces income tax rates for Ohio workers by 8.5 percent in 2013, then by an additional half-percent in 2014 and an additional one percent in 2015 to yield a 10 percent tax cut by tax year 2015. Overall, the total tax-reform package will cut Ohioans’ taxes by \$2.7 billion over the next three years.

The lower withholding rates, the first such revision since 2009, means that Ohio employers should deduct 9 percent less state tax from workers’ paychecks beginning September 1. The new rate, to be in effect through the end of 2014, incorporates the 8.5 percent tax cut for 2013 and the additional 0.5 percent cut in 2014.

Commissioner Testa is urging employers to promptly adopt the new tables for the benefit of employees and the state economy. “This tax cut and the governor’s full package of comprehensive tax reforms are designed to get Ohio back on track by strengthening our competitiveness for jobs and economic development.”

Ohio workers will benefit from the income tax cut through the withholding changes and fully capture the benefit for all of 2013 when they file their state tax returns next spring.

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