



Department of
Taxation

OHIO ACCELERATES RETURNS OF TAX REFUNDS TO BUSINESSES

Change Formally Ends Old Practice of Secrecy and Confiscation of Refunds

For Immediate Release

November 21, 2013

(Columbus) - Ohio Tax Commissioner Joe Testa announced today that Ohio is accelerating its outreach to businesses that inadvertently overpaid their taxes in order to make sure they are refunded every dollar owed to them. The announcement is a follow-up to efforts begun last year by the Department to refund overpayment of other businesses taxes. The change formally brings to an end the longtime practice of keeping secret from businesses their tax overpayments and then confiscating unclaimed refunds after four years.

“It just made my blood boil when, not long after taking office, we learned that the tax department was keeping a secret from businesses that they had overpaid their taxes and then was then playing games about returning their money. The governor quickly charged me with putting an end to this and now we have. I’m proud that the process we put in motion last year is being followed up with this announcement today and that Ohio will now always notify businesses of accidental overpayments and return their money—even if they don’t know and even if they don’t know the precise amount,” said Testa. “Jobs creator’s money does Ohio more good in their hands than in the hands of bureaucrats.”

Under previous Administrations, businesses were not made aware of tax overpayments nor the amount. Refunds were only made if businesses caught the mistake themselves and asked for their money back, and then refunds were only made for the amount the taxpayer requested. Taxpayers who requested amounts less than what they were owed only received the lesser amounts and tax agents kept the difference. After four years, if left unrequested, all overpayments were confiscated by the state.

All of those polices are now over.

Testa says the department has identified about \$30 million that is owed to business taxpayers and will be contacting those businesses and helping them apply for their refund. This new wave of refunds mostly involves three taxes: sales and use, corporate franchise, and employer and school district withholding.

Testa says the tax department has already returned more than \$10 million in commercial activity tax (CAT) overpayments made since discovering last year that long-standing department policy was to not notify business taxpayers that they had a credit balance. (*cont’d.*)

“We were shocked when we learned that the department historically made no effort to alert business taxpayers that they may be due a refund. The law may not have required them to notify taxpayers but that’s not how this administration works. We believe strongly that this money belongs to the taxpayer, not the government, and we are changing our systems and culture to make sure the taxpayer’s interests are protected now and in the future.”

Commissioner Testa says these overpayments can and do occur routinely for many reasons including businesses making advance payments and not accounting for them, or errors made in processing, filing or data entry.

Testa says the overpayment issue came to light during an investigation of a department employee who has pleaded guilty to felony theft. He says once the overpayment issue became clear the department responded immediately to return the CAT monies and will do the same with these other accounts.

Testa is encouraging business taxpayers who think they may have overpaid taxes to contact ODT at 1-800-304-3211 or E-mail the department at www.tax.ohio.gov

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