



Updated  
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## **IMPORTANT OHIO INCOME TAX CHANGES SIGNED INTO LAW**

*Governor Kasich signs bills changing tax deductions for 2017 & 2018*

Ohio Governor John Kasich recently signed two bills – Senate Bill 22 and House Bill 24 – that enact three significant tax changes: one expands the deduction for medical costs effective retroactively for Tax Year 2017; two others address deductions for Tax Year 2018 and forward.

### **FOR TAX YEAR 2017 (H.B. 24):**

- **INCOME TAX DEDUCTION FOR ELIGIBLE SUBSIDIZED HEALTH INSURANCE PREMIUMS**

This bill changes current law and retroactively allows a taxpayer to include the cost of certain subsidized health insurance premiums as a “medical care” expense. Medical care expenses that exceed 7.5% of an individual’s Federal Adjusted Gross Income (FAGI) are deductible.

To qualify as a medical expense the cost of the premium must be paid in ‘after tax’ dollars. Pre-tax payments are not eligible. Most employee payroll deductions for health insurance are pre-tax, and do not qualify.

A subsidized health insurance plan is one in which an entity ) pays a portion of an individual’s premiums for health insurance coverage. Medicare is the primary example of a subsidized plan that can now be included in the calculation.

**NOTE:** Persons who have already filed a 2017 Ohio Individual Income Tax return may file an amended 2017 return if this newly allowed expense enables them to claim the deduction for medical expense exceeding 7.5% of FAGI.

### **FOR TAX YEARS 2018-2025 (S.B. 22):**

This is the conformity bill that specifically incorporates IRS changes made by Congress since March 30, 2017. To align Ohio’s tax laws with recent federal tax law changes (i.e., Tax Cut and Jobs Act), S.B. 22 includes the following two provisions:

- **EXPANDS OHIO 529 DEDUCTIBLE CONTRIBUTIONS TO INCLUDE K-12 TUITION**

Expands the Ohio’s 529 savings plan to allow tax deductible contributions toward private or parochial K-12 tuition, in addition to previously allowed contributions for higher education. The maximum contribution is \$4,000/year, per beneficiary.

- **ENSURES AVAILABILITY OF DEPENDENT EXEMPTIONS**

Changes Ohio law that requires dependents to be claimed on a federal income tax return in order to be claimed on an Ohio return. Change continues Ohio’s existing allowance for dependent (and personal) exemptions on an Ohio income tax return.

For additional information, please visit [tax.ohio.gov](http://tax.ohio.gov) or contact our taxpayer assistance staff at 1-800-282-1780.