

Taxable Year 2016

Notice Concerning Ohio Revised Code Section 5701.11 and “Miscellaneous Federal Tax Adjustments”

March 31, 2017

Because of recent amendments to Ohio Revised Code (ORC) section 5701.11, taxpayers will not be required to make any “miscellaneous federal tax adjustments” on their year 2016 Ohio or school district income tax returns. See Am. H.B. 11 of the 132nd General Assembly, effective as of March 30, 2017. These amendments were made in response to amendments to the Internal Revenue Code during the previous year.

HOWEVER, the recent legislation does not alter taxpayer responsibilities with respect to Internal Revenue Code (IRC) section 168(k) bonus depreciation and IRC section 179 first-year cost recovery. Taxpayers reporting such depreciation for Ohio purposes must continue to make a 2/3, 5/6, or 6/6 add-back under ORC section 5747.01(A)(20)(a) on the 2016 IT1040 Schedule A line 7. During each year following the tax year of the add-back for the next 2, 5, or 6 years respectively, taxpayers may take the allowed corresponding 1/2, 1/5, or 1/6 deduction under ORC section 5747.01(A)(21)(a) on the appropriate line of future IT1040 Schedule As. See Sub. H.B. 365 of the 129th General Assembly for recent changes to how IRC section 179 and 168(k) depreciation expenses are treated for Ohio purposes.

Taxpayers with additional questions regarding this subject may wish to visit tax.ohio.gov. Taxpayers may submit a question to the Ohio Department of Taxation by choosing the “Contact Us” option found on the bottom of the page.