

**Q: May I be excused from the requirement to file and/or pay electronically?**

A: To be excused from the requirement to file and/or pay electronically, the person must apply to the Ohio Department of Taxation to be excused and that excuse must be approved by the Department. An applicant may be excused for good cause. An applicant so excused from filing electronically may file the withholding tax returns or make payments by non-electronic means. Statutory Reference: Ohio Revised Code section 5703.059 (D).

**Q: What is good cause to be excused from filing or paying electronically?**

A: Examples include employers and accountants who do not have internet access or do not use electronic means due to religious reasons.

**Q: What electronic filing options are available for payroll providers and electronic return transmitters who submit returns for multiple clients?**

A: These filers can file monthly and quarterly IT-501 returns for their clients by transmitting bulk files through the Ohio Business Gateway (OBG), with payment made by ACH debit or ACH credit. Bulk Filers register with Ohio Business Gateway, and transmit forms for their client employers electronically through secure File Transfer Protocol (FTP). Reconciliation forms IT-941 (for monthly and quarterly filers) and IT-942 (for partial weekly filers only) will be available in 2014 for bulk filing through the OBG, and will be followed by School District forms SD-101 and SD-141.

Please note that withholding tax payments for *partial weekly filers* are still required made through the Ohio Treasurer of State.

**Q: If an employer uses a third party payroll provider/tax filing service to file and pay, will they be excused from the requirement?**

A: The employer's requirement to file and pay by electronic means is met when the payroll provider/tax filing service electronically remits returns and payments for the client employer.

**Q: What are the benefits of filing electronically through the Ohio Business Gateway?**

A: The employer receives immediate confirmation of its filing and/or payment. The agency also receives confirmation of the employer's filing and payment (including any applicable deferral in the payment date), so there is no guesswork as to when the payment was received. Electronic filing through the Ohio Business Gateway is secure, convenient (available 24-hours a day, every day),

promotes accuracy, minimizes or eliminates the chance for error or delays in delivery that may occur with the remittance and processing of paper forms and checks, and saves tax dollars.

**Q: Will filing electronically result in less taxpayer compliance?**

A: There is no evidence to suggest that the requirement to file electronically will result in less compliance.

**Q: Will the electronic filing and payment requirement be limited to only those employers who exceed certain thresholds, e.g. based on number of employees and/or the aggregate amount of wages paid?**

A: The requirement to file and/or pay electronically affects the means by which returns and payments are to be made. There is no change to the filing frequency and the number of returns required to be filed and payments required to be made remain the same whether the employer files by paper or by electronic means. Therefore, there is no reason to use thresholds as a means by which to exempt taxpayers from the requirement.

**Q: Will the Ohio Department of Taxation offer telefile service to employers to file employer and school district withholding tax returns?**

A: We do not anticipate offering telefile for employer and school district withholding returns, but may explore that option at a later date.

**Q: I prepare withholding tax returns for my clients. However, if I pay online through Ohio Business Gateway, how do I know if my client has funds in their bank account?**

A: This is no different than if the preparer or client sends us a paper check. The preparer can prepare and file the return electronically with payment and defer the filing/payment to the date that the return is due. Or the preparer can file the return, and the client can make the payment on OBG for a previously filed return using the 'payment only' option. Either way, it is the responsibility of the client to make sure that funds are available to pay the taxes withheld by the date on which payment is due.

**Q: This requirement constitutes a burden that will add additional cost to employers to maintain computer systems or to pay professionals to handle?**

A: We understand employers may incur some additional costs up front but the long-term benefits will include a savings to taxpayers' time and money.

**Q: Is bank account information safe on OBG? Will the government go into accounts to pull funds?**

A: The bank account information is secure. OBG does not store payment account information. Sensitive information, such as user IDs, passwords, and other information is encrypted and is kept

confidential. Also, the employer/payroll provider/return transmitter who files the return and makes payment authorizes each transaction and provides the account information. These users initiate each transaction through OBG, so funds are only obtained with their knowledge and consent.

**Q: Some taxpayers are not comfortable with technology and do not trust the safety and security of the internet. Why shouldn't they be allowed to continue to pay with a paper check?**

A: The Ohio Business Gateway has security measures in place that ensures that your account information is protected.

**Q: Section (B)(1) of the proposed rule 5703-7-19, permits employers to seek a waiver from the electronic requirement, and section (B)(2) requires the commissioner to notify the person in writing of the decision. Section (B)(2) further provides that this decision is not to be considered a final determination of the commissioner, which is subject to further appeal. Should the language in (B)(2) be changed to read that this is a final determination?**

A: A final determination is a decision of the tax commissioner, regarding assessments, valuations, computations, etc. that may be subject to further legal appeal, e.g. to the Board of Tax Appeals. So, in this sense, the decision to not excuse a taxpayer from the electronic filing and payment requirement is not a decision that is subject to further legal appeal.

**Q: What will be the effective date of the new rule?**

A: Pursuant to Ohio Revised Code section 5703.059(C), the electronic filing and payment requirement will begin for returns and payments that are made on or after January 1, 2015.

**Q: Why is the Ohio Business Gateway [and not the Ohio Department of Taxation] the collection point and dispersing source for employer withholding taxes?**

A: The Ohio Business Gateway was established to simplify filing and payment for businesses who file with multiple agencies. The Ohio Department of Taxation partnered with other state agencies to develop and enhance the services that the Ohio Business Gateway provides. While the Ohio Business Gateway provides the means by which businesses file and pay taxes, the Ohio Department of Taxation is still responsible for accounting for the tax monies collected and distributing funds.

**Q: Many small businesses pay bills by check so as to meet recordkeeping requirements of the business.**

A: The Ohio Business Gateway simplifies recordkeeping requirements. The business can easily obtain a history of each filing and/or payment that was made through the Ohio Business Gateway.

**Q: The Ohio Business Gateway is useful tool for doing business with the State of Ohio. However, the website has not been updated or enhanced. Will there be additional programming enhancements made to the Ohio Business Gateway website, so that there will be greater success and acceptance with the proposed rule?**

A: The Ohio Business Gateway has been enhanced and redesigned multiple times, with changes implemented to provide better functionality and service. We continue to make improvements to the Ohio Business Gateway.

**Q: Does the proposed rule pertain to municipal income taxes, or just state and school district income taxes?**

A: The proposed rule only pertains to the remittance by employers of state and school district income taxes. The Ohio Department of Taxation is not responsible for the collection or administration of municipal (city) income taxes.

**Q: Does this requirement mean that small business owners will incur additional expense if they need external help in completing the forms?**

A: The withholding tax forms on OBG are mirrored after the paper version of each form. Completing a form on OBG is much like completing the paper version of the form. Therefore, we anticipate that a small business owner will be able to complete the form on OBG as they would on paper.

**Q: What about the possibility of entering the wrong bank account number?**

A: OBG requires that you enter your account number twice to verify that you have entered the correct account number.

**Q: I am an accountant who files on behalf of my clients. If a client changes accountants, it is very difficult to transfer the accessibility of an already established OBG account. How is that done?**

A: The client signs up to use OBG. The accountant does the same. The accountant signs in to OBG, and under 'Administration', uses the Edit button to generate a Service Provider/Representative ID, and gives this ID number to their client. The client signs into OBG and under Administration, Group (Shared Access) Administration, sets the accountant's Access Levels (by tax type), and adds the Service Provider/Representative ID number at the bottom of the screen and clicks on Save. By doing this, the client has now granted access/permission for the accountant to file returns on behalf of the client. The client, as needed, can later add/remove a Service Provider/Representative access to file returns on the client's behalf. Please note: a payroll service provider can also use use the new developed bulk filing to transmit a file of returns for clients.

**Q: I am a self-employed business owner and not an employee. How does this proposed rule affect me?**

A: The rule only pertains to income tax withholding on wages (form W-2). Self employed individuals, using federal Schedule C, make estimated income tax payments via form IT-1040ES.

**Q: Any return filed through the gateway should remain open for editing and/or amending until the return is due. I've had several situations where we caught an error on the return, after filing, and needed to correct it. Also, I'd like to be able to cancel/change/edit the payment instructions prior to the due date.**

A: The "in progress" return can be saved on OBG. The user can then update the saved return, prior to the due date, and then file it. Once initiated, the payment cannot easily be cancelled. Therefore, we strongly advise that you make sure that the payment information is correct when you submit it.

**Q: Can OBG be changed so that my bank account information is saved, so I don't have to enter it each time?**

A: OBG does not retain bank account information as a security measure.