

Addition by Deduction: Ohio's Formula for Business Success

It is always a pleasure to share good news, but probably even better to receive it, especially when the good news impacts the bottom line of your business.

It's my pleasure to let you know that Governor Kasich and the Ohio General Assembly have just expanded an already significant tax break for Ohio small businesses.

For two years, hundreds of thousands of small business in Ohio – those structured as sole proprietorships, LLCs, partnerships, and S-corps – have benefitted from the small business tax deduction.

The good news is that deduction has been increased. This year, eligible businesses can deduct 75 percent of the first \$250,000 of business income; next year they'll pay no state income tax on that \$250,000. In addition, and beginning this year, income above \$250,000 will be taxed at a low, fixed rate of 3 percent.

This new tax break, signed by Governor Kasich as part of the two-year state budget, is expected to cut taxes for Ohio businesses by about \$500 million a year over the previously available small business deduction. That's money owners can use to grow their business, add efficiencies, and perhaps hire additional workers.

It is the Governor's mission to build on Ohio's growing reputation as a business-friendly state with a pro-growth tax code. This new reduction in business tax delivers on that mission, and helps businesses, especially small business, reach their goals. It's a win for them, for Ohio and all Ohioans.

If you'd like more information about this new deduction, please contact the Ohio Department of Taxation at 1-800-282-1780.