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Ohio Bright-Line Residency Test

STATE AND LOCAL TAX

BY SCHNEIDER DOWNS PROFESSIONAL

Ohio House Bill ("HB") 292 creates an updated bright-line residency test which may be used by individuals to create a presumption that the individual is not domiciled in Ohio (i.e., that they are an Ohio nonresident). The law is effective for taxable years beginning on, or after, January 1, 2018. For an individual to qualify for the presumption of non-residency, an individual must:

- Spend less than 213 contact periods in Ohio during the taxable year.
- File an Ohio Form IT-DA with the Ohio Tax Commissioner by the 15th day of the tenth month (i.e., October 15th) following the end of the taxable year. As part of the Ohio Form IT-DA, the individual must certify that the individual had less than 213 contact periods in Ohio during the taxable year.
- Have at least one abode outside of Ohio for the entire year in which the individual does not claim a depreciation deduction under Internal Revenue Code Sec. 167.
- Not hold a valid Ohio driver's license or identification card at any time during the taxable year.
- Not receive an Ohio homestead benefit of real estate tax purposes for the taxable year.
- Not claim in-state residency tuition for state institutions of higher education for the taxable year using an abode located in Ohio.

Individuals who are considering changing their Ohio residency for 2018, or for future taxable years, should review the bright-line requirements and take any required steps to meet the requirements. For example, individuals may want to consider canceling their Ohio driver's license (and obtaining a new driver's license in their state of residency) during 2018 if they want to take advantage of the presumption of non-residency in 2019.

In the event that an individual does not meet all of these requirements, it is still possible that the individual could be considered an Ohio nonresident. However, because the presumption of non-residency is not met, the individual may be required to provide evidence and detailed documentation to the Ohio Tax Commissioner supporting the conclusion that he or she was an Ohio nonresident for the taxable year.

For more information on this topic or other State and Local Tax matters, please email contacts@schneiderdowns.com. We welcome all questions, comments or concerns and will be sure to forward your message along to the appropriate individual and get you a response promptly. The Schneider Downs State and Local Tax group consist of six professionals located in both Pittsburgh, PA and Columbus, OH.

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