Department of Taxation
Tax.Ohio.gov

Rev. 12/24

2025 Ohio Employer and School District Withholding Tax Filing Guidelines

EMPLOYER WITHHOLDING

Who Must Withhold Ohio Income Tax

Every employer maintaining an office or transacting business within the state of Ohio and making payment of any compensation to an employee, whether a resident or nonresident, must withhold Ohio income tax.

Withholding is not required in the following situations:

- Agricultural labor as defined in division G of section 3121 of Title 26 of the United States Code.
- Domestic service in a private home, local college club, or local chapter of a college fraternity or sorority.
- Service performed in any calendar quarter by an employee unless the cash remuneration paid for such service is $300 or more and such service is performed by an individual who is regularly employed by such employer to perform such service.
- Services performed for a foreign government or international organization.
- Services performed by an individual under the age of 18 in the delivery or distribution of newspapers or shopping news.
- Services not in the course of the employer's trade or business to the extent paid in any medium other than cash.
- Residents of Michigan, Indiana, Kentucky, West Virginia, or Pennsylvania earning compensation for services provided in Ohio.
- A nonresident civilian spouse of a military servicemember who is stationed in Ohio on military orders, and the civilian spouse is present in Ohio solely to be with the servicemember.

Employer's Liability

Each employer is liable for the Ohio income tax required to be withheld. For purposes of assessment and collection, amounts required to be withheld and paid to the Ohio Department of Taxation are considered to be a tax on the employer.

The officer or employee having control or supervision of or charged with the responsibility of filing the report and making payment shall be held personally liable for any failure to file the report and/or pay the tax as required by law.

Registration

All employers required to withhold Ohio income taxes must register within 15 days of when such liability begins. Register online through the Ohio Business Gateway (Gateway) at gateway.ohio.gov. The FEIN (Federal Employer Identification Number), legal name of the business, and e-mail address are needed to register the business and complete the withholding account registration process. Once the registration has been completed, employer withholding and school district withholding returns and payments can be submitted immediately.

For questions regarding the registration process, call 1-888-405-4089.

How Much Tax to Withhold

The employer withholding tables and calculation methods are available at tax.ohio.gov/employer.

Electronic Filing Requirement

Employers are required to electronically file and pay Ohio employer and school district withholding taxes either through the OH|TAX eServices or through the Ohio Treasurer of State or by any other electronic means prescribed by the tax commissioner. See Ohio Adm. Code 5703-7-19.

The OH|TAX eServices can be accessed at gateway.ohio.gov.

Required Returns and Forms

Ohio IT 4 Employee's Withholding Exemption Certificate (employee form):
Each employee must complete an Ohio IT 4, Employee's Withholding Exemption Certificate, or the employer must withhold tax based on the employee claiming zero exemptions. The current IT 4 revised 12/2020, is a combined document that replaces the following forms:

- IT 4 (Employee's Withholding Exemption Certificate)
- IT 4NR (Employee's Statement of Residency in a Reciprocity State)
- IT 4 MIL (Military Employee Withholding Exemption Certificate)
- IT MIL-SP (Exemption from Withholding - Military Spouse Employee)

Note: The employer must keep the IT 4 in their records for at least four (4) years and must make available to the Ohio Department of Taxation upon request.

Ohio IT 501 Return for Income Tax Withheld:

- To report and pay the Ohio income tax withheld for the period.
- Not required if there is no Ohio income tax liability for the period.

- The filing of all IT 501s does not complete the filing requirement for the tax year. The annual reconciliation is required. See below.
- Due dates are available at tax.ohio.gov/employer.

Ohio IT 941 Annual Reconciliation of Income Tax Withheld:

- To reconcile the Ohio income tax withheld and payments for the entire calendar year.
- Employers are required to file by January 31st of the following tax year or no later than 15 days after the discontinuation of the business. The tax year 2024 deadline is January 31, 2025.
- Total tax withheld must equal W-2s/1099s submitted.

W-2 and 1099 Submission

All employers, retirement system payers, and/or third-party administrators are required to upload their W-2/1099 information electronically through the OH|TAX eServices.

The option to submit W-2/1099 information via CD has been eliminated. The only acceptable method to submit this information is through the Upload Income Statement feature on OH|TAX eServices by the due date of January 31st. The tax year 2024 deadline is January 31, 2025.

Employers/payers/administrators who submitted their information through OH|TAX eServices do not need to file a paper IT 3 since the Upload Statement feature creates an IT 3 from the W-2/1099 information submitted.

W-2/1099-R withholding must equal total tax withheld reported on the annual reconciliations (IT 941 and SD 141).

The Simplified W-2 Upload format is available to employers issuing 500 or less statements. Specifications and helpful content can be found at tax.ohio.gov/W2upload.

Filing Frequency

The initial Ohio withholding filing frequency is determined during the withholding account registration process. The Ohio employer withholding filing and payment frequencies are re-evaluated for each calendar year.

Filing frequency is determined by the combined amount of Ohio and school district income taxes that were withheld or required to be withheld during the look-back period. The look-back period is the 12-month period ending June 30 of the preceding calendar year.

Quarterly:
The estimated employer withholding remittance amount selected during registration or the combined amount of Ohio and school district withholding taxes withheld during the look-back period is $2,000 or less. The IT 501 and payment are due by the last day of the month following the end of each calendar quarter. Employers who registered on or after July 1 of the preceding calendar year will also remit quarterly, unless notified otherwise.

Monthly:
The estimated employer withholding remittance amount selected during registration or the combined amount of Ohio and school district withholding taxes withheld during the look-back period is greater than $2,000 but less than $84,000. The IT 501 and payment are due within 15 days following the end of each month.

Partial-weekly:
The estimated employer withholding remittance amount selected during registration or the combined amount of Ohio and school district withholding taxes withheld during the look-back period is $84,000 or more. The payments must be made by electronic funds transfer (EFT) within three banking days from the end of each partial-weekly period in which the employer issued its payroll.

- EFT payments must be made through the Ohio Treasurer of State.
- There are two partial-weekly withholding periods each week. One consists of Saturday, Sunday, Monday, and Tuesday and the other consists of Wednesday, Thursday, and Friday. The partial-weekly period is determined based upon the day of the week that the employer issued its payroll; however, a partial-weekly withholding period cannot extend from one calendar year into the next.
- If the combined Ohio and school district income tax withheld by an employer during a pay period reaches $100,000 or more, payment of the Ohio income tax portion of this withheld amount (excluding school district income taxes) is due by the first banking day after the date the employer issued its payroll on which the combined withholding equals or exceeds $100,000.

Overpayment and Underpayment Corrections

If an overpayment is identified during the current calendar year, the employer must make the correction by reducing the Ohio tax withheld reported on the next Ohio IT 501(s) filed or EFT payment(s) made until the credit is consumed.

If an overpayment or underpayment is identified after the IT 941 Reconciliation has been filed, the employer must file an amended IT 941 Reconciliation reflecting the overpayment or balance due.

Overpayments CANNOT be taken as a credit in a subsequent year.

If an amended IT 941 Reconciliation also involves issuing W-2Cs, upload the W-2Cs through the Upload Income Statement feature on OH|TAX eServices.

Interest and Penalty

Interest is calculated from the return due date until the date the tax is paid. The interest rate for calendar year 2025 is 8%.

Failure-to-File Penalty:
If an employer fails to file the Ohio employer withholding tax return by the due date, the greater of $50 per month up to a maximum of $500, or 5% per month up to a maximum of 50% of the tax.

Failure-to-Pay Penalty:
If payment of the tax is not received by the due date, 10% of the delinquent payment plus double the applicable interest charged.

Withheld but Not Remitted Penalty:
If an employer withholds the tax from its employees but fails to remit the amounts to the Department, 50% of the delinquent payment plus double the applicable interest.

Bad-Check Fee:
A fee of $50 for any payment dishonored by the bank. See ORC 5747.15

Recordkeeping

Employers required to withhold Ohio income tax must maintain accurate records of all persons from whom tax is collected for a period of at least four years from the due date.

Records must include:

- The amounts and dates of all compensation paid, and taxes withheld by pay period.
- The names, addresses, school district of residence, principal county of employment, and the social security numbers of all employees receiving compensation.
- The periods of employment, including periods during which compensation is paid while absent due to sickness or injury.
- W-2s, 1099s, and IT 3 (if applicable).

Updating the Employer Withholding Account Information

Name and address changes can be submitted on the Business Account Update Form (BA UF) available at tax.ohio.gov/forms.

Closing the Employer Withholding Account

Business Closures:
A business that withholds individual income and/or school district income tax from its employee(s), and is closing, may complete the Ohio Business Account Update Form (BA UF). An account may also be closed electronically when filing the final IT 941 annual reconciliation through OH|TAX eServices. Check the box for Cancel Withholding Account and enter the date of the last day of compensation.

The employer also must file the Ohio IT 941, Annual Reconciliation of Income Tax Withheld, no later than 15 days after the discontinuation of business through OH|TAX eServices.

The employer must submit all W-2/1099 information through the W-2/1099 Upload Income Statement feature or the Simplified W-2 format through OH|TAX eServices no later than 15 days from the last date of payroll.

Changes in Ownership/Entity Type:
If a change in ownership or in the business entity type (such as changing from a sole proprietorship to a corporation) occurs and a new FEIN is issued by the IRS, a final IT 941 annual reconciliation must be filed for the current Ohio withholding account number and the account must be closed. A new employer withholding account is required for the newly issued FEIN.

Mergers:
If a merger has taken place, the non-surviving entity must file a final Ohio IT 941 annual reconciliation and notify us of the merger by completing a Business Account Update Form (BA UF) that can be found on our website at tax.ohio.gov/forms.

SCHOOL DISTRICT WITHHOLDING

Who Must Withhold

Ohio law requires employers to collect the school district of residence for each employee by providing the Ohio form IT 4.

Employers are required to withhold school district income tax from compensation for any employee who resides in a taxing school district. This requirement is based on an employee's address of residence and applies even if the employer conducts no business or operations in the school district. Failure to withhold will result in penalties and interest for any unpaid tax even if the taxes were not withheld.

School districts and the corresponding four-digit codes can be verified using The Finder at tax.ohio.gov/finder or by contacting the applicable county auditor.

Registration

If there is an existing employer withholding account, a separate registration for school district withholding is not required. The employer withholding account number is used for both employer and school district withholding taxes.

How Much Tax to Withhold

Traditional Tax Base Districts:
Withhold using the same wage base & number of exemptions used for employer withholding and the school district rate tables located at tax.ohio.gov/employer.

Earned Income Tax Base Districts:
Withhold at a flat rate using the school district withholding rate tables located at tax.ohio.gov/employer with no reduction or adjustment for personal exemptions.

Required Returns and Forms

Ohio IT 4 Employee's Withholding Exemption Certificate (employee form):
Every employer liable for Ohio withholding tax must keep on file the Ohio IT 4, Employee's Withholding Exemption Certificate, for each employee. This provides a record of the school district name and number in which the employee resides. Employees must update the Ohio IT 4 whenever previous information becomes insufficient or incorrect.

Ohio SD 101 Return for School District Income Tax Withheld:

- To report and pay Ohio school district income tax withheld for the period.
- Not required if there is no Ohio school district income tax liability for the period.
- The filing of all SD 101s does not complete the filing requirement for the tax year. The annual reconciliation is required. See below.

Ohio SD 141 Annual Reconciliation of School District Income Tax Withheld:

- To reconcile the school district income tax withheld and payments remitted by school district for the entire calendar year.
- Employers are required to file by January 31st of the following tax year or no later than 15 days after discontinuation of the business. The tax year 2024 deadline is January 31, 2025.
- Total tax withheld must equal W-2s/1099s submitted.

Filing Frequency

School district income tax withholding filing frequency is either Quarterly or Monthly based on your Ohio Employer Withholding filing frequency.

Overpayment and Underpayment Corrections

If an overpayment is identified for a specific school district during the current calendar year,

the employer must make the correction by reducing the school district withholding payment for that same school district on the next SD 101(s) until the credit is consumed.

If an overpayment remains at the end of the current calendar year, the employer must claim the overpayment on the annual reconciliation as a refund.

If an overpayment or underpayment is identified after the SD 141 reconciliation has been filed, the employer must file an amended SD 141 reconciliation reflecting the overpayment or balance due.

Overpayments CANNOT be taken as a credit in a subsequent year.

If an amended SD 141 also involves issuing W-2Cs, upload the W-2Cs through the Upload Income Statement feature on OH|TAX eServices.

Interest and Penalty

Interest and penalty charges for school district withholding are the same as employer withholding.

Need Assistance?

Additional resources, including information releases, FAQs, and archived Tax Alerts are available at tax.ohio.gov/finder.

Taxpayers may also e-mail using the Contact Us link at tax.ohio.gov/help-center/email-us or call at 1-888-405-4039 (TTY/TDD: 1-800-750-0750).

Any correspondence must include your contact information (phone, address, email, etc.), withholding account number, and the last four (4) digits of the employer's FEIN.