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S.B. 284
136th General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsor: Sen. Schaffer

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SUMMARY

- Prohibits the Tax Commissioner from imposing penalties or interest for the failure to file sales and use, income, or commercial activity tax returns when no tax is due for the reporting period.

DETAILED ANALYSIS

Penalty waivers for zero-liability returns

The bill prohibits the Tax Commissioner from imposing any penalty or interest, or taking any enforcement action, for a taxpayer's failure to file certain tax returns if no tax is due with that return. The bill maintains existing penalties for late filing, late payment, underpayment, fraudulent returns, and false refund claims.¹

Under continuing law, taxpayers must file returns for sales and use tax, income tax, and commercial activity tax (CAT) for each filing period, sometimes even when no tax is due. Under current law, if no required return is filed, the taxpayer may be subject to a penalty.

Current penalties for failure to file a return vary by tax type. For the CAT and sales and use taxes, the penalty equals the greater of \$50 or 10% of the tax required to be paid for the tax period.² For income tax, the penalty equals the greater of \$50 per month, with a maximum of \$500, or 5% per month, with a maximum of 50%, of the tax required to be shown on the return.³

¹ R.C. 5739.125, 5747.15, and 5751.06.

² R.C. 5739.12(D) and 5741.12, not in the bill, and R.C. 5751.06(A).

³ R.C. 5747.15(A)(1).

The bill also prohibits the Tax Commissioner from taking enforcement action based solely on the failure to file a return when no tax is due.⁴

The bill applies to tax returns required to be filed on or after the bill's 90-day effective date.⁵

HISTORY

Action	Date
Introduced	10-08-25

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⁴ R.C. 5739.125.

⁵ Section 3.