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deduction amounting to 50 percent of the taxpayer's Ohio small business income of up to \$250,000.

Feb. 24, 2014

There's a new small-business income deduction for the 2013 tax year available for Ohio taxes.

Beginning with the 2013 tax year, an individual taxpayer filing the IT 1040 is allowed a deduction amounting to 50 percent of the taxpayer's Ohio small business income of up to \$250,000.

The deduction cannot exceed \$62,500 for each spouse filing separately or \$125,000 for all other taxpayers.

According to the Ohio Department of Taxation, "Ohio small -business investor income means the portion of a taxpayer's adjusted gross income that is business income reduced by deductions ... and apportioned or allocated to Ohio ... to the extent not otherwise deducted or excluded in computing federal or Ohio Adjusted Gross Income for the taxable year.

" ... Net business income as reported on the taxpayer's federal 1040 Schedules C, E and F will be used in calculating the deduction. The deduction will be available on Schedule A of the IT 1040."

One thing to note, said department spokesman Gary Gudmundson, is that the form used to claim the deduction cannot be filed electronically.

"If you file electronically using Ohio's I-File system or commercial tax filing software, when you get to our line 41 where you enter the amount of deduction, you get bounced out to that form — the IT SBD (Income Tax Small Business Deduction).

“The next step is to fill out that form, take the bottom line number back to the IT

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Instead, it will be added back to Ohio taxable income for school district income tax purposes.

Further information about Ohio taxes for individuals and businesses can be found at [www.tax.ohio.gov](http://www.tax.ohio.gov) or by calling 800-282-1780.

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