

How to File a Refund Claim for Ohio Employer Withholding and School District Withholding Taxes

In general, there are very few situations in which an employer should file an Ohio form WT AR (Withholding Tax Application for Refund) to request that overpaid withholding tax (employer withholding and/or school district withholding tax) be refunded by the Ohio Department of Taxation (ODT).

The following provides helpful hints in how employers should request withholding overpayments be refunded that do **not** require the filing of a WT AR:

Employer Withholding Tax

1. If an error in over-withholding is identified in a subsequent period of the same current calendar year, the employer should make the adjustment by reducing the tax due reported on the next Ohio IT 501 filed or EFT payment made.
2. If an error in over-withholding is identified after the annual reconciliation form (Ohio IT 941 or Ohio 4th Quarter/Annual IT 942) has been filed, the employer should file an amended IT 941 or amended IT 942 reflecting this overpayment.

School District Withholding Tax

1. If an error in over-withholding for a specific school district is identified in a subsequent period of the same current calendar year, the employer should make the adjustment by reducing the tax due reported on the next Ohio SD 101 filed, with the following limitations and/or considerations:
 - a. Overpayments made for a school district can be applied to reduce the tax due for the same district in a subsequent period, but cannot be used to reduce the tax due for any other school district.
 - b. Do not enter a negative amount in tax due column of a school district. If the employer enters a negative amount for a district, the employer is in effect erroneously applying the overpayment toward the tax due of another district.
 - c. Continue to apply any overpaid school district tax for a specific district toward the tax due reported on all subsequent period SD 101 returns filed for the same current calendar year, until the overpayment is used up for that specific school district. In filing the subsequent period SD 101, only report the net amount that is currently due for that specific district.
 - d. If during the current calendar year, you overpay the tax due for a specific school district on a SD 101 and you do not have any tax due to report for that same district in subsequent filed periods of the same current tax year, or you have not utilized the entire overpayment by the end of the current tax year, you can apply the overpayment to another school district or request the overpayment be refunded when filing the annual reconciliation form (Ohio SD 141).
2. If an error in over-withholding is identified for a specific school district after the annual reconciliation form (Ohio SD 141) has been filed, the employer should file an amended SD 141 reflecting this overpayment for the specific school district.

Please note, in accordance with Ohio Administration Code rule 5703-7-19, employers are required to file Ohio employer withholding and school district withholding returns through the Ohio Business Gateway (OBG). <https://business.ohio.gov/>

The following are valid reasons for an employer to file a WT AR to request an overpayment be refunded:

1. Employer made an erroneous payment made to Ohio Department of Taxation (ODT) that was intended for the IRS or another non-ODT entity.

2. Employer made an excessive payment or duplicate payment on a bill or assessment issued by ODT.
3. Employer filed a return with a payment in error that would create a financial hardship if not refunded immediately (e.g. the employer filed and paid \$300,000 instead of \$3,000.)
4. Employer paid a school district income tax when no employees live in that taxing school district. (e.g. the employer erroneously paid a \$4,000 for a specific school district in which none of its employees lived in that district.)

If an employer's overpayment is based on any of the valid reason stated above, please email us at EWT@tax.state.oh.us stating the reason(s) and ODT will provide directions in filing a WT AR.