FREE REFERENCE

Ohio business taxes, explained for 2026

Small businesses in Ohio register with the state revenue agency for income tax withholding and sales tax, and with the Ohio Department of Job and Family Services for unemployment tax. Ohio has a flat 2.75% income tax, a 5.75% state sales tax and a $9,000 unemployment wage base for 2026.

QUICK FACTS

- **Income tax.** A flat 2.75% income tax for 2026
- **Sales tax.** 5.75% state rate, about 7.29% combined with local
- **Unemployment.** Employers pay Ohio unemployment tax on the first $9,000 of each worker's 2026 wages

What taxes does a small business pay in Ohio?

Most Ohio businesses deal with four: federal and state payroll taxes once they hire, sales tax if they sell taxable items, income tax on profit, and the state's annual report or franchise filing for an LLC or corporation, filed with the Secretary of State.

How do I register for payroll taxes in Ohio?

Before your first payroll in Ohio:

1. Get a federal EIN and enroll in EFTPS for federal deposits.
2. Open a Ohio withholding account with the Ohio revenue agency, so you can withhold and pay state income tax.
3. Register for unemployment insurance with the Ohio Department of Job and Family Services. For 2026, the tax applies to the first $9,000 of each employee's wages, at a rate the state sets for new employers and then adjusts to your history.
4. Report each new hire to Ohio's new hire registry, usually within 20 days.

Our state payroll registration guide explains each step, and our payroll service handles it for you.

General information, not tax advice for your situation.

Do I need a Ohio sales tax permit?

If you sell taxable goods or services in Ohio, yes. Register with the Ohio revenue agency before your first taxable sale. Out-of-state sellers need one once they pass Ohio's economic nexus threshold.

SALES TAX IN OHIO, MIDYEAR 2026	RATE
State rate	5.75%
Average local rate	1.54%
Average combined rate	7.29%
Highest local rate	2.25%

The state sets how often you file. Our sales tax permit guide covers what to have ready, and the sales tax calculator adds tax to a price.

How does Ohio tax business owners?

Profit from a sole proprietorship, LLC, partnership or S-Corp passes through to the owners, who pay Ohio income tax on it at the personal rates: a flat 2.75% income tax. Ohio allows a personal exemption of $2,400 single and $4,800 joint and $2,400 for each dependent. Most Ohio cities and villages add a municipal income tax, usually 1% to 2.5%, and some school districts add more.

Estimate yours with the Ohio income tax calculator.

Where are Ohio's tax forms and refund status?

- Ohio tax forms
- Ohio revenue agency
- Ohio refund status
- Ohio Department of Job and Family Services

Every state's links are on our state tax forms page.

Which calculators work for Ohio?

- Ohio paycheck calculator: take-home pay after every deduction
- Ohio income tax calculator: your 2026 state income tax
- Payroll cost calculator: what a hire costs you, with Ohio unemployment

Common questions

Do I need a sales tax permit in Ohio?
Yes, if you sell taxable goods or services there. Register with the Ohio revenue agency before your first taxable sale.

What is the Ohio unemployment wage base for 2026?
$9,000. Employers pay Ohio unemployment tax on that much of each employee's wages, at a rate the state assigns.

Does Ohio have a state income tax?
Yes. Ohio has a flat 2.75% income tax for 2026.

Who runs payroll taxes in Ohio?
The Ohio revenue agency handles income tax withholding, and the Ohio Department of Job and Family Services handles unemployment tax.

Want payroll handled?

We set it up, run it and file the returns. Book a free 30-minute call at eminenttax.com/contact or call (972) 347-4590.

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