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New Unemployment Rule Eases Compliance and Reporting Requirements

Ohio employers with common management or control of multiple companies are now able to report all unemployment taxes and wages under a single primary account thanks to a new rule from the Ohio Department of Job and Family Services (“ODJFS”). This method of reporting is known as a “common paymaster arrangement” and its use can save employers money on unemployment taxes and streamline quarterly reporting.

Prior to the new rule, one legal entity could not pay unemployment tax on behalf of another entity. This prohibition resulted in greater compliance burdens and higher audit risks since employers had to separately report all employee wages and taxes under different unemployment accounts even if their businesses had identical owners, were engaged in the same line of business, or had the same parent company. The old rule could also increase an employer’s unemployment tax liability because employers with excellent experience ratings could not apply their historic rate to any new entities under their management or control. Instead, the standard new employer experience rate of 2.7% would apply.

ODJFS’s new rule improves Ohio’s business environment and addresses these issues by authorizing employers to report all employee wages and unemployment taxes under one primary account as long as all legal entities

are commonly owned, managed, or controlled. As a result, employers no longer need to maintain multiple unemployment accounts with ODJFS and can utilize their earned experience rating when expanding their operations.

The Ohio Chamber submitted a public comment in support of this rule change, and we commend the agency for easing administrative burdens on Ohio employers.

The rule became effective on January 1, which will enable employers to utilize the common paymaster arrangement when filing their 2025 first quarter unemployment reports to ODJFS.