

Ohio tax-payers are being double taxed: Legal Aid files lawsuit

A [lawsuit filed in the Supreme Court of Ohio](#) claims the Ohio Department of Taxation is improperly collecting taxes from taxpayers across the state.

The lawsuit, filed by Community Legal Aid, names Ohio Tax Commissioner Jeff McClain and Ohio Treasurer Robert Sprague as respondents (defendants), and alleges some taxpayers have been illegally double taxed, "allowing the state of Ohio to profit unjustly at the expense of individual taxpayers."

"It's a systemic problem that's not being addressed," said Community Legal Aid Attorney Dana Goldstein who filed the action, known as a Writ of Mandamus, on Thursday. "It's a problem that creates a double collection of taxes and it primarily falls on the shoulders of those least able to pay the tax."

Goldstein said the situation arises when a taxpayer is unable to provide W-2 information on their state tax return because an employer fails to generate or provide a W-2, or the document is lost or destroyed.

When an employee taxpayer is unable to provide the W-2 information, the state of Ohio has the employee enter "0" as the amount of state income taxes withheld by the employer, even though the employer withheld taxes from the employee and remitted those funds directly to the state, Goldstein explained.

Goldstein claims Ohio then processes the return as if the employee had paid no state income tax and doesn't give the taxpayer credit for funds received from the employer on the employee's behalf, and therefore an employee is taxed a second time.

Goldstein argues McClain and Sprague should make changes to prevent residents from possibly having taxes collected twice. "What we're hoping will come out of this is that the commissioner will adopt policies and procedures to properly credit taxpayers' accounts for amounts of state tax withholding that has been paid by the employer," Goldstein said. "I think that they need some incentive to do the right thing."

While Community Legal Aid doesn't know how many taxpayers could have been impacted by this issue, the non-profit estimates tens of thousands of people could be owed millions of dollars.

"I definitely believe it's millions," said Rachel Nader, advocacy director for Community Legal Aid. "You're still looking at thousands of taxpayers. You look at the amount-- even if it's only \$300 or \$400-- if you do the math, you're in the millions."

Two Northeast Ohio residents are listed as relators (plaintiffs) in the lawsuit. Low-income taxpayers who have questions or believe they have been double taxed should contact Community Legal Aid at 800-998-9454.

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