

## TO BE RESCINDED

5703-7-08

**Deduction of disability and survivorship benefits.**

In accordance with Section 5747.01(A), Revised Code, a taxpayer may deduct, to the extent otherwise included in Federal Adjusted Gross Income, the amount of disability benefits received pursuant to a contributory or non-contributory employee disability and survivorship plan; provided, that the establishment of the employee's permanent or presumed permanent inability to engage in gainful employment for which qualified by training or experience as a result of a physical or mental impairment is a pre-condition to the receipt of such benefits.

A taxpayer may not deduct, as disability benefits, any "sick pay" or similar temporary wage and salary continuation payments, nor any payments received under a plan, regardless of the nature of such plan, if the plan deems such payments to be, or in lieu of, retirement benefits, annuities, or distributions. Payments initiated as disability benefits are deemed retirement benefits, annuities, or distributions, subject to separate Ohio tax treatment, when, by virtue of the attained age of the employee or any other cause, the plan no longer requires the pre-condition of physical or mental impairment for the receipt of such benefits.

In accordance with Section 5747.01(A), Revised Code, a taxpayer may deduct, to the extent otherwise included in Federal Adjusted Gross Income, the amount of survivor benefits received as a qualified survivor pursuant to a contributory or non-contributory disability and survivorship plan. A taxpayer may not deduct, as survivorship benefits, any payments received under a plan, regardless of the nature of the plan, if such plan deems the payments as other than survivorship payments or authorizes payments without the death of a covered employee as a pre-condition. Annuities, lump sum settlements, retirement payments, or other similar benefits received by a beneficiary under an option or election made by an employee and commencing upon such employee's death, are not deductible as survivor benefits, but are deemed retirement benefits subject to separate Ohio tax treatment.

Effective:

R.C. 119.032 review dates: Exempt

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Certification

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Date

Promulgated Under: 5703.14  
Statutory Authority: 5703.05  
Rule Amplifies: 5747.01(A)  
Prior Effective Dates: 11/24/75