

Find it,  
File it,  
Fix it on-line at:  
[tax.ohio.gov](http://tax.ohio.gov) or  
[ohio.gov](http://ohio.gov)



# 2004 Ohio Business Tax Guide

Bob Taft, Governor  
William W. Wilkins, Tax Commissioner

---

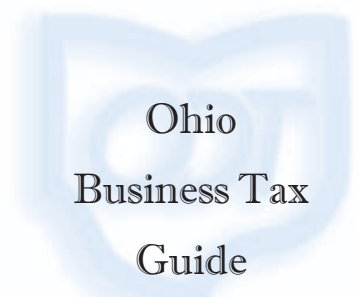
# Table Of Contents

<b>Introduction</b> .....	3
<b>Why Do Business in Ohio?</b> .....	4
Corporate Registration and Licensing Procedures and Fees .....	5
Ohio Entities .....	5
Foreign Entities .....	7
Ohio Business Gateway .....	8
Business Closing Information – General .....	8
<b>I. General Business Taxes</b> .....	11
Corporation Franchise Tax .....	12
Individual Income Tax – School District .....	14
Individual Income Tax – State .....	15
Individual Income Tax – Withholding .....	16
Motor Vehicle License Tax .....	17
Municipal Income Taxes .....	19
Pass-Through Entity Tax .....	20
Personal Property Tax .....	21
Real Estate Tax .....	23
Real Estate Transfer Tax .....	24
Sales and Use Taxes .....	24
Unemployment Compensation Contributions .....	27
Workers’ Compensation Premiums .....	28
<b>II. Other Business Taxes</b> .....	31
Admissions Excise Tax .....	32
Alcoholic Beverage Taxes .....	32
Cigarette/Other Tobacco Products Excise Taxes .....	34
Dealers in Intangibles Tax .....	35
Grain Handling Tax .....	36
Horse Racing Tax .....	37
Insurance Company Tax .....	37
Kilowatt-Hour Tax .....	38
Lodging Excise Tax .....	39
Manufactured Home Tax .....	40
Manufactured Home Transfer Tax .....	41
Motor Fuel Use Tax .....	41
Motor Vehicle Fuel Tax .....	42
Natural Gas Consumption Tax .....	43
Public Utility Excise and Property Tax .....	44
Replacement Tire Fee .....	45
Severance Tax .....	46
<b>III. Taxpayer Service Centers</b> .....	47



---

# Introduction

The logo features a stylized outline of the state of Ohio in a light blue color. Inside the outline, the words "Ohio Business Tax Guide" are written in a serif font, stacked vertically. Below the logo, the text "2004 Edition" is centered.

## Ohio Business Tax Guide 2004 Edition

This guide provides answers to many of the tax questions frequently asked by individuals who operate or want to start a business in Ohio.

The primary goal of the Ohio Business Tax Guide is to help any business, particularly those small companies that are beginning their business life, comply with Ohio's state and local tax laws. Each section explains the general provisions of the tax, who pays the tax, the tax base and rates, any credits that apply, filing procedures, the primary forms used, and the applicable steps to take when a business is closed. The information in this guide includes all changes in the law through June 30, 2004. Each section also includes a contact list for further information.

**Because no publication can address all the circumstances that arise for business taxpayers, this publication should be used only as a reference guide and not as a substitute for the law itself.** For additional information, we have included at the end of each section the address and telephone number of those offices that can provide more specific answers. This publication is also available online at **[tax.ohio.gov](http://tax.ohio.gov)**

To comment or to request additional copies of this publication, write to:

### Ohio Department of Taxation

Attn: Communications Office  
30 E. Broad St., 22<sup>nd</sup> Floor  
Columbus OH 43216-0530  
(614) 644-6896

# Why Do Business in Ohio?

Discover what other companies already know!

## Ohio Delivers Business Solutions

- **Low Cost of Doing Business**  
Businesses enjoy competitive labor, energy, construction, and transportation costs that are 15 to 20 percent less than coastal states.
- **Productive and Educated Workforce**  
Ohio offers a high-performance skilled workforce of 5.4 million people, with 1.6 million possessing college degrees.
- **Close to Your Market**  
Within just 600 miles, a typical overnight haul, you can reach more than 60 percent of the nation's population and manufacturing establishments. Ohio also helps reach customers through nine ports on Lake Erie, 16 terminals on the Ohio River, 33,000 trucking companies, 36 railroads, the nation's fourth-largest interstate highway system, three air cargo hubs, and more than 180 public airports.
- **Innovative Assistance Programs to Fit Your Needs**  
Ohio offers job creation tax credits, loan programs for renovation, expansion, and equipment investments, as well as significant funding for its leading workforce training programs, with more than \$200 million annually funneled into start-up and expanding businesses. Twelve regional economic development offices throughout the state are dedicated to meeting the critical needs of new and existing businesses.

For more information, visit the Ohio Department of Development's web site at: [www.odod.state.oh.us](http://www.odod.state.oh.us)

## Ohio Ranks Among National Leaders

- Ohio ranks 1<sup>st</sup> in the nation for new and expanded facilities.
- Ohio ranks 2<sup>nd</sup> in the nation in the production of motor vehicles.
- Ohio ranks 1<sup>st</sup> in the nation in value-added production of primary metals, plastic and rubber products.
- Ohio ranks 6<sup>th</sup> in the nation for total employment in high-tech industries.
- Ohio is the 6<sup>th</sup> largest exporting state.

## Business Registration, Licensing, Procedures, and Fees Ohio Entities

### In General

The legal structure of a business may be one of seven principal kinds:

- (1) sole proprietorship: a business in which one person owns all of the assets;
- (2) general partnership: a business owned by two or more people;
- (3) corporation: a business organized for-profit or nonprofit and formed under the laws of the state;
- (4) limited liability company: a business with limitations on the transferability of ownership interest, and managed by members or managers;
- (5) limited partnership: a business owned by one or more general partners, who manage the business and are personally liable for partnership debts, and one or more limited partners who contribute capital and profits but do not participate in managing the business and who incur no liability;
- (6) limited liability partnership: a business with one or more partners whose liability to third party creditors is limited to the amount the partner has invested in the business; or
- (7) business trust: a business in which the assets are placed in the care of trustees who manage it for the use and benefit of beneficiaries.

Individuals wishing to form a corporation, limited liability company, a limited partnership, a partnership with limited liability, or a business trust must register with the Ohio Secretary of State. Sole proprietorships and general partnerships are not required to register, unless a trade name or fictitious name (a name other than your own) is used as the business name.

To register your business, you must complete the appropriate form(s) and submit them, along with the appropriate filing fee, to the office of the Ohio Secretary of State. A Filing Reference Guide is available through the Ohio Secretary of State's web site ([www.sos.state.oh.us](http://www.sos.state.oh.us)) that contains the complete list of forms, filing fees and appropriate mailing addresses. Businesses operating under a trade name or a fictitious name must register that name with the Ohio Secretary of State as well.

Any business conducting retail sales is required to obtain the appropriate vendor's license from the local county auditor and/or the Ohio Department of Taxation (see **Filing Procedures** in the **Sales and Use Taxes** section of this publication). If the business is involved in the sale, distribution, or manufacture of alcoholic beverages, the appropriate liquor permits are also required (see the **Alcoholic Beverage Taxes** section).

### Filing Procedures

Before filing any of the following types of forms, with the exception of the fictitious name registration, it is a good idea to check the business name for availability. This can be done at the Ohio Secretary of State's web site ([www.sos.state.oh.us](http://www.sos.state.oh.us)) and click on the link to "Business Queries"), or an e-mail can be sent to the Secretary of State's customer service staff at [BusServ@sos.state.oh.us](mailto:BusServ@sos.state.oh.us) with the name to be checked. The customer service staff can also be reached at (877) SOS-FILE to check the name's availability. However, *even though a name may appear to be available, the Ohio Secretary of State cannot guarantee that name's availability. A name should be registered as soon as possible to increase the chances of its availability.*

All forms necessary for business filings may be obtained from the Ohio Secretary of State's web site, the Client Service Center at 30 E. Broad Street, Columbus, OH 43215 (lower level, Rhodes Tower), or by calling the customer service number.

All filings can be submitted at the Secretary of State's Client Service Center or mailed to the Ohio Secretary of State at the P.O. Box number listed in **Expedited Filings**. All filings, except requests for certificates of good standing, may be processed on an expedited basis for an additional \$100 fee.

## Expedited Filings

Expedited filings can be submitted at the Client Service Center or mailed to the Ohio Secretary of State at P.O. Box 1390, Columbus, OH 43216. If the filing is being sent by an overnight carrier that cannot deliver to a P.O. Box, please address it to the Ohio Secretary of State, 180 E. Broad Street, 16th Floor, Columbus, OH 43215, Attention: Business Services – Expedited Filings. There is a \$100 fee for expedited filing service.

## Corporations

Persons wishing to incorporate a business must file articles of incorporation with the Ohio Secretary of State. The corporation can be formed as a for-profit corporation or a nonprofit corporation (use form 532 for both). Persons who are licensed or otherwise authorized for a certain profession, i.e., medical doctors, engineers, and other such professions can incorporate as a professional association (also use form 532). At the time the articles are filed, a form having the appointment and acceptance of appointment of the Statutory Agent, along with the appropriate filing fee, must accompany the articles. The Statutory Agent is an individual designated to receive legal documents and notices for the business, or an Ohio or foreign corporation with a purpose clause that allows it to act as an agent. The filing fee for nonprofit corporations and for-profit and professional corporations that have up to 1,500 shares of stock is \$125.

If a for-profit or professional corporation is authorizing in excess of 1,500 shares, the following fees apply, as calculated on a graduated scale:

1	to	1,000 shares	10.0 cents per share
1,001	to	10,000 shares	5.0 cents per share
10,001	to	50,000 shares	2.0 cents per share
50,001	to	100,000 shares	1.0 cents per share
100,001	to	500,000 shares	0.5 cents per share
500,001		and above shares	0.25 cents per share

The maximum fee is \$100,000. For the convenience of the person filing, a *Share Fee Calculator* is available for use on the Ohio Secretary of State's web site. Mail the articles to the Ohio Secretary of State, P.O. Box 670, Columbus, OH 43216. Expedited service is available (see **Expedited Filings**, above).

## Limited Liability Company

Persons wishing to form a limited liability company must file articles of organization with the Ohio Secretary of State (use form 533). The business organization must be for-profit. At the time the articles are filed, a form having the appointment and acceptance of appointment of the Statutory Agent and a filing fee of \$125 must accompany the articles. Mail the articles to the Ohio Secretary of State, P.O. Box 670, Columbus, OH 43216. Expedited service is available (see **Expedited Filings**).

## Limited Partnership

Persons wishing to form a limited partnership must file a certificate of limited partnership with the Ohio Secretary of State (use form 531). A filing fee of \$125 must accompany the form. Mail the articles to the Ohio Secretary of State, P.O. Box 670, Columbus, OH 43216. Expedited service is available (see **Expedited Filings**).

## Limited Liability Partnership

Persons wishing to form a limited liability partnership must file an application with the Ohio Secretary of State for registration of a limited liability partnership (use form 531). A filing fee of \$125 must accompany the form. Mail the articles to the Ohio Secretary of State, P.O. Box 670, Columbus, OH 43216. Expedited service is available (see **Expedited Filings**).

## Business Trusts

Persons wishing to form a business trust must file a report of operation of a business trust with the Ohio Secretary of State (use form 553). A filing fee of \$125 must accompany the form. Mail the form to the Ohio Secretary of State, P.O. Box 1329, Columbus, OH 43216. Expedited service is available (see **Expedited Filings**).

## Fictitious Names and Registered Trade Names

Persons and businesses wishing to register a fictitious name or a trade name must file the report of use of fictitious name (use form 534) or a trade name registration (use form 534). A filing fee of \$50 must accompany the form. Mail the articles to the Ohio Secretary of State, P.O. Box

670, Columbus, OH 43216. Expedited service is available (see **Expedited Filings**).

## Foreign Entities

### In General

Foreign entities are corporations, limited liability companies, limited partnerships or partnerships with limited liability that are formed under the laws of a state other than Ohio, or under the laws of a country other than the United States of America. Foreign entities which intend to transact business in Ohio must obtain a license from, or register with, the Ohio Secretary of State. The entity name must be available or, if it is unavailable, the entity must license or register under an assumed name or obtain consent from the entity or entities with the desired name. A filing fee must be paid at the time the license application or registration is filed.

### Filing Procedures

Before filing any of the following types of forms, it is a good idea to check the business name for availability. This can be done at the Ohio Secretary of State's web site

([www.sos.state.oh.us](http://www.sos.state.oh.us)/click on the link to "Business Queries"), or an e-mail can be sent to the Secretary of State's customer service staff at [BusServ@sos.state.oh.us](mailto:BusServ@sos.state.oh.us) with the name to be checked. The customer service staff can also be reached by telephone at (877) SOS-FILE to have the name's availability checked. However, *even though a name may appear to be available, the Secretary of State cannot guarantee that name's availability. The longer a business waits to register its name, the more likely it is that the name will be unavailable.*

All forms necessary for business filings may be obtained from the Secretary of State's web site, the Client Service Center at 30 E. Broad Street, Columbus, OH 43215 (lower level, Rhodes Tower), or by calling the customer service number.

All filings can be submitted at the Ohio Secretary of State's Client Service Center or mailed to the Ohio Secretary of State at P.O. Box 1390, Columbus, OH 43216. All of the filings, except requests for certificates of good standing, may be

processed on an expedited basis for an additional \$100 fee (see **Expedited Filings**).

### License for a Foreign Corporation

An application for a permanent or temporary license for a foreign corporation must be filed with the Ohio Secretary of State. A temporary license is effective for six months. A foreign corporation may be licensed as a for-profit or professional corporation (use form 530) or as a nonprofit corporation (use form 530). A certificate of good standing, under the seal of the Ohio Secretary of State or other proper official, of the corporation's state of incorporation establishes that the business is incorporated in Ohio; a copy of that business's individual certificate can be obtained from the Ohio Secretary of State's web site. A copy of the certificate of good standing must be filed with the foreign license application. A filing fee of \$125 must accompany the license form. Mail the license application to the Ohio Secretary of State, P.O. Box 670, Columbus, OH 43216. Expedited service is available (see **Expedited Filings**).

### Foreign Limited Liability Company

A foreign limited liability company is required to file an application for registration (use form 533). A filing fee of \$125 must accompany the form. Mail the form to the Ohio Secretary of State, P.O. Box 670, Columbus, OH 43216. Expedited service is available (see **Expedited Filings**).

### Foreign Limited Partnership

A foreign limited partnership is required to file an application for registration (use form 531). A filing fee of \$125 must accompany the form. Mail the form to the Ohio Secretary of State, P.O. Box 670, Columbus, OH 43216. Expedited service is available (see **Expedited Filings**).

### Foreign Partnerships having Limited Liability

A foreign partnership having limited liability is required to file an application for registration (use form 531). A filing fee of \$125 must accompany the form. Mail the form to the Ohio

Secretary of State, P.O. Box 670, Columbus, OH 43216.  
Expedited service is available (see **Expedited Filings**).

## Ohio Business Gateway



One invaluable resource to help all Buckeye State businesses comply with their tax responsibilities is the **Ohio Business Gateway (OBG)**. It is an Internet-based application that can be accessed either from the Department of Taxation's web site ([tax.ohio.gov](http://tax.ohio.gov)) or from the state web site ([ohio.gov](http://ohio.gov)). The **Ohio Business Gateway** provides an electronic or "paperless" means of filing sales tax, employer withholding tax, unemployment compensation tax, workers' compensation premiums, and the unclaimed funds report at a one-stop location.

The **OBG** is a secure site that retains all the initial information a business provides at the time of its on-line registration — such as employee names, wages, social security numbers, etc. — and "does the math" to fill the forms in automatically each time a business files its returns. Initial information can be changed by updating individual business account data. It allows businesses to make electronic payment of taxes due, and provides a printable confirmation of all returns.

The site also provides a link to an Ohio Department of Development web site ([www.odod.state.oh.us/onestop](http://www.odod.state.oh.us/onestop)) that takes new business owners through the steps necessary for a business start-up.

Basic information on the **Ohio Business Gateway** is highlighted elsewhere in this publication within the applicable sections.

The **Ohio Business Gateway** is a free and convenient means of filing the most common business taxes that increases the accuracy of tax returns for businesses. It also

saves money for all Ohio taxpayers by eliminating printing, processing, and mailing costs.

## Business Closing Information – General

When circumstances arise that force a business to close its doors, there are certain tax responsibilities that must be adhered to as part of the closure process.

In general, a business is required to file a final tax return. This return must indicate that the return is a final return (many tax forms have a box provided for that purpose).

If the business is an establishment that sold, distributed, or manufactured alcohol products, the liquor permit must be transferred or disposed of.

Cigarette dealers are subject to a final inventory of both tax stamps and cigarettes. A refund is available from the Ohio Treasurer of State for unused stamps. Cigarette wholesalers and distributors are also required to file a final tobacco Master Settlement Agreement report that details the inventory sold in a monthly period.

A corporation that ceases to do business in Ohio and no longer owns any property in the state is required to file a final "exit income tax return" and pay tax on any net income that was not previously reported on an Ohio corporation franchise tax report.

For more specific information, see **Closing a Business** in each section of this publication.

## Closing a Business – Required Procedures for Secretary of State

The Ohio Revised Code requires different procedures and forms to be filed with the Ohio Secretary of State's office in order to dissolve or otherwise close down a business in Ohio. In order to get the appropriate forms and instructions, please call the Secretary of State's customer service staff at (877) SOS-FILE or e-mail them at [BusServ@sos.state.oh.us](mailto:BusServ@sos.state.oh.us).

Please have the necessary information when contacting the Secretary of State's office – the type of entity, such as for-profit or nonprofit corporation, limited liability company, etc., and whether it is an Ohio entity or from a different state and licensed in Ohio.

## For Information or Forms Contact:

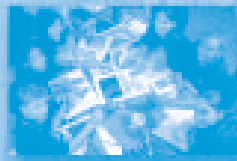
Ohio Secretary of State  
Business Services Division  
30 E. Broad St.  
Rhodes Tower, Lower Level  
Columbus, OH 43215  
Phone: (877) SOS-FILE  
E-mail: **[BusServ@sos.state.oh.us](mailto:BusServ@sos.state.oh.us)**  
Web site: **[www.sos.state.oh.us](http://www.sos.state.oh.us)**

The Secretary of State's web site contains information about filing the required forms, forms that are available as fill-in forms in both PDF and Excel format, and a Filing Reference Guide that lists all of the available forms, the filing fees, and mailing addresses. Also on the web site are searchable databases of filings for corporate status and under the Uniform Commercial Code (which shows outstanding business loans and what was used as collateral). In most cases, the database displays the images of the actual filings. The Secretary of State also has a CD-ROM available that contains all necessary forms. Four information pamphlets are available in PDF format and can be downloaded or requested by e-mail or phone: "Guide to Organizing a Business in Ohio", "Legal Guide for Nonprofit Organizations", "Guide to Registering Your Trademark or Service Mark in Ohio" and "Guide to Secured Transactions Filings" (for UCC filings).





# I. General Business Taxes



## Corporation Franchise Tax

### In General

The corporation franchise tax must be paid annually by most corporations operating in Ohio.

### Tax Paid By

Corporations organized under Ohio law and corporations organized under the laws of other states which do business in Ohio pay this tax. However, the following are exempt from the annual tax: insurance companies, businesses subject to the public utilities excise tax, credit unions, S corporations, dealers in intangibles, limited liability companies not taxed as corporations, and nonprofit corporations.

### Base and Rates

**General Rate (Excluding Financial Institutions\*):**

The general franchise tax liability is the greater of:

- 4.0 mills on net worth, with a maximum liability of \$150,000; or
- 5.1 percent on the first \$50,000 of net income plus 8.5 percent on net income in excess of \$50,000; or
- minimum tax of \$1,000: (a) if the sum of the taxpayer's gross receipts from activities in and outside Ohio during the taxable year equals or exceeds \$5.0 million; or (b) if the total number of the taxpayer's employees in and outside Ohio anytime during the taxable year equals or exceeds 300. The minimum tax for all other taxpayers is \$50.

**Two Additional Rates (Excluding Financial Institutions):**

The rate for all corporations except for financial institutions and "litter stream corporations"\*\*\* is the greater of:

- 0.14 mill on net worth; or
- 0.11 percent on the first \$50,000 of net income plus 0.22 percent on net income in excess of \$50,000.

Maximum tax charged by these rates is \$5,000.

The rate for "litter stream corporations" is the greater of:

- 0.14 mill on net worth; or

- 0.11 percent on the first \$50,000 of net income plus 0.22 percent on net income in excess of \$50,000.

Maximum tax charged by these rates is \$5,000.

\*Financial institutions are banks, savings and loans, and trust companies.

\*\* Litter stream corporations include corporations manufacturing or selling alcoholic beverages, soft drinks, containers, and other litter stream products.

Financial Institutions' Rate (*Net Income Base Does Not Apply*):

13 mills on net worth.

### Credits

The following nonrefundable credits are allowed against corporation franchise tax liability:

- Credit for taxes paid by a qualifying pass-through entity.
- Credit for qualifying affiliated groups (due to related entity and related member adjustment).
- Credit for recycling and litter prevention donations.
- Credit for maintaining railroad crossing warning devices.
- Job retention credit.
- Second credit for purchases of new manufacturing machinery and equipment (7.5 percent/13.5 percent credit).
- Job training credit.
- Credit for qualified research expenses.
- Credit for eligible new employees in an enterprise zone.
- Credit for eligible costs associated with voluntary action, i.e., brownfield site clean-up (carry-forward amount only).
- Credit for employers that establish an on-site child day care center (carry-forward amount only).
- Ethanol plant investment credit.
- Credit for grape production property.
- Export sales credit (carry-forward amount only).

- Technology investment credit for research and development investors (must attach credit certificate from Technology and Enterprise Advisory Board to tax return).
- Enterprise Zone day care and training credits.
- Research and development loan repayment credit.

**Note:** Information on credits applicable to financial institutions, electric companies, and local exchange telephone companies is contained in corporation franchise tax return form FT 1120-FI, Schedule A-1 (for financial institutions) and in supplemental schedules of the return form (for electric and local exchange telephone companies).

## Filing Procedures

New Corporate Taxpayers:

- If a taxpayer incorporated in Ohio and adopted a fiscal period ending in the same calendar year, then the taxpayer must use the accounting period commencing on the date of incorporation and concluding with the last day of the fiscal period.
- If the taxpayer is a foreign corporation and adopted a fiscal period ending in the same calendar year, the taxpayer must use the accounting period which commences on the earlier of: (a) the date the corporation began doing business in Ohio; (b) the date it began owning or using part or all of its capital or property in Ohio; (c) the date it obtained a license in Ohio; or (d) the date it established nexus in Ohio. The accounting period concludes on the last day of the fiscal period.
- All other new taxpayers must use the accounting period that commences on the earliest date, applicable to their business, of the four dates described in (a)-(d) above, and concluding with the last day of the calendar year.

All Corporate Taxpayers:

- By January 31 all taxpayers must either file an annual report (FT 1120) and pay the full tax, or file an estimated report (FT 1120-E) and pay one-third of the estimated tax liability.

- By March 31 taxpayers not filing an annual report in January must file an annual report (FT 1120) and pay the remaining tax due or file a request for extension (FT 1120-ER) and pay the second one-third of the estimated tax liability.
- By May 31 taxpayers who received a filing extension beyond March 31 must file an annual report (FT 1120) and pay the remaining tax due or file for an additional extension (FT 1120-EX) and pay the remainder of the estimated tax liability. Corporations are granted this additional filing extension only if they have an approved federal extension beyond May 31. Corporations receiving this extension must file their annual report by the 15th day of the month following the month in which their federal return is due.

## Primary Forms Used

FT 1120	Annual franchise tax report
FT 1120-E	Estimated franchise tax report
FT 1120-ER	Request for time extension
FT 1120-EX	Request for additional time extension
FT 1120-FI	Financial institutions tax report
FT 1120-S	Notice of S corporation status

(Find forms at [tax.ohio.gov](http://tax.ohio.gov), or call (800) 282-1782).

## Closing a Business

Generally, each corporation which ceases to do business in Ohio and which no longer owns property in Ohio must file an “exit income tax return” and pay tax on net income not reported on a previously filed Ohio corporation franchise tax report. For detailed information, please refer to the topic entitled, “Exit Tax – Ohio Revised Code section 5733.06(H),” in the instructions to the Ohio corporation franchise tax report, FT 1120.

## For Information or Forms Contact:

Ohio Department of Taxation  
Taxpayer Services  
P.O. Box 182382  
Columbus, OH 43218-2382  
Phone: (888) 405-4039

Or:  
Any Taxpayer Service Center (see listing at the end of this publication)

Or:  
E-mail us from [tax.ohio.gov](mailto:tax.ohio.gov)

## Individual Income Tax – School District

### In General

School districts may levy an income tax on residents of the district. The tax is based on the amount reported as Ohio adjusted gross income for state income tax purposes. Employers required to withhold state income taxes are also required to withhold for the school district income tax. As of January 2004, 133 school districts have an income tax.

### Tax Paid By

Individuals residing in school districts levying the tax.

### Base and Rates

School district income taxes are based on the amount of Ohio adjusted gross income reported by a resident of the school district on their Ohio state income tax return less a personal exemption (in taxable year 2004) of \$1,300 per taxpayer, spouse, and each dependent. The personal exemptions are indexed for inflation. The tax rate must be a multiple of a quarter of one percent. A senior citizen credit of \$50 per return is allowed for qualifying taxpayers.

### Filing Procedures

Calendar Year Taxpayers:  
Must file an annual return (form SD 100) between January 1 and April 15.

### Fiscal Year Taxpayers:

Must file an annual return before the 15<sup>th</sup> day of the fourth month after the end of their fiscal year.

### Withholding Agents:

Employers required to withhold state income taxes are also required to withhold school district income taxes from employees subject to the tax. All affected employers currently withholding state income taxes must apply for registration as an Ohio school district withholding agent (form IT 1S). Employers make school district withholding payments (form SD 101) on the same schedule as state withholding. Partial-weekly and electronic funds transfer withholding agents file monthly.

Employers must reconcile their withholding payments on an annual basis (form SD 141).

### Primary Forms Used

SD 100	School district income tax return
SD 100-ES	Estimated school district income tax voucher
IT 1S	Application for registration as an Ohio school district withholding agent
SD 101	Employer's payment of school district income tax withheld
SD 141	Employer's annual reconciliation of school district income tax withheld

(Find forms at [tax.ohio.gov](http://tax.ohio.gov), or call (800) 282-1782).

### Closing a Business

A business that is closing and has been withholding school district income tax should indicate on the last return filed that it is a final return.

## For Information or Forms Contact:

Ohio Department of Taxation  
School District Income Tax  
P.O. Box 2476  
Columbus, OH 43216-2476  
Phone: (800) 282-1780

(800) 750-0750 (Ohio Relay Service)

Or:

Any Taxpayer Service Center (see listing at the end of this publication)

Or:  
E-mail us from [tax.ohio.gov](mailto:tax.ohio.gov)

## Individual Income Tax – State

### In General

Sole proprietors must pay Ohio income tax on the Ohio net earnings (defined as income after expenses) from their business. Equity investors in pass-through entities must pay Ohio income tax on their share of the entity's net earnings. Self-employed individuals generally must make estimated income tax payments.

### Tax Paid By

Individuals residing in Ohio or earning or receiving income in Ohio.

### Base and Rates

The Ohio income tax is based on the federal adjusted gross income of the individual as defined under federal income tax law with certain adjustments under Ohio law. Personal exemptions (\$1,300 in taxable year 2004) are allowed for the taxpayer, spouse, and each dependent. The personal exemption is indexed annually for inflation. In addition, for each personal exemption claimed, taxpayers are allowed a \$20 credit against the Ohio income tax due. A senior citizen credit of \$50 per return is also allowed for qualifying taxpayers.

Individual income tax rates are as follows:

Taxable Income	Statutory Tax Rates*
0 - \$5,000	0.743% of Ohio taxable income
\$5,001 - 10,000	\$37.15 plus 1.486% of excess over \$5,000
\$10,001 - 15,000	\$111.45 plus 2.972% of excess over 10,000
\$15,001 - 20,000	\$260.05 plus 3.715% of excess over 15,000
\$20,001 - 40,000	\$445.80 plus 4.457% of excess over 20,000
\$40,001 - 80,000	\$1,337.20 plus 5.201% of excess over 40,000
\$80,001 - 100,000	\$3,417.60 plus 5.943% of excess over 80,000

\$100,001 - 200,000	\$4,606.20 plus 6.900% of excess over 100,000
Over \$200,000	\$11,506.20 plus 7.500% of excess over 200,000

\* The income tax rates listed above are the rates contained in statute. The rate is recalculated for the following taxable year if there is a surplus in state funds at the end of a fiscal year, as mandated by House Bill 215 of the 122nd General Assembly. For taxable year 2004, the statutory rates remain in effect.

Several credits may be taken against Ohio income tax liability. These include the following:

- A credit for income taxes paid to other states.
- Business credits for export growth, job creation (if a qualified agreement exists), and manufacturing investment.
- A credit varying from 5.0 percent to 20 percent, not to exceed \$650, of the tax otherwise due for a husband and wife filing a joint return when both earn at least \$500 of qualified Ohio adjusted gross income.

### Filing Procedures

Calendar Year Taxpayers:

Must file an annual return (form IT 1040) on or before April 15.

Fiscal Year Taxpayers:

Must file an annual return on or before the 15th day of the fourth month after the end of their fiscal year.

All Taxpayers:

Must file quarterly estimated tax returns (form IT 1040-ES) if they expect their tax liability to exceed the tax withheld by at least \$500.

Quarterly payments equal to 22.5 percent of the estimated tax are due on or before April 15, June 15, and September 15 of the current year and January 15 of the next year for calendar year taxpayers. Fiscal year taxpayers must make estimated payments by the 15<sup>th</sup> day of the fourth, sixth, and ninth months of the current fiscal year and the 15<sup>th</sup> day of the first month of the following fiscal year. These rules do not apply to farmers and fishermen who make estimated

payments in the same manner as they do for federal income tax purposes.

## Primary Forms Used

IT 1040 Annual income tax return

IT 1040-ES Estimated income tax return

(Find forms at [tax.ohio.gov](http://tax.ohio.gov), or call (800) 282-1782).

## Closing a Business

A business that is closing should indicate on the last return filed that it is a final return.

## For Information or Forms

### Contact:

Ohio Department of Taxation

Taxpayer Services

P.O. Box 182382

Columbus, OH 43218-2384

Phone: (800) 282-1780 (Taxpayer Assistance)

(800) 750-0750 (Ohio Relay Service)

Or:

Any Taxpayer Service Center (see listing at the end of this publication)

Or:

E-mail us from [tax.ohio.gov](http://tax.ohio.gov)

## Individual Income Tax – Withholding

### In General

Employers must withhold Ohio income tax and, if applicable, school district income tax from their employees' wages each pay period. These tax payments must then be forwarded periodically to the Department of Taxation.

### Tax Paid By

All employers maintaining an office or transacting business in Ohio must withhold Ohio income tax from wages paid to their employees. With minor exceptions, state income taxes are to be withheld from all employees unless they are residents of Michigan, Indiana, Kentucky, West Virginia, or Pennsylvania. Withholding applies to wages paid for work performed in Ohio.

## Base and Rates

Withholding tables have been issued which show the amount of tax to be withheld depending on the employee's salary, number of exemptions, and frequency of payment (daily, weekly, bi-weekly, semi-monthly, or monthly).

## Filing Procedures

### New Employers:

An employer required to withhold income taxes from employees must register as a withholding agent (form IT 1) with the Department of Taxation within 15 days of starting a business.

### All Employers:

- Each new employee must complete an exemption certificate (form IT 4) indicating the number of exemptions claimed and the employee's school district of residence for school district income tax purposes.
- Employers are required to make either partial weekly, monthly, or quarterly payments of the taxes withheld from all employees depending on the amount of tax withheld.
- If an employer withheld less than \$2,000 during the 12-month period ending June 30 of the preceding calendar year, payment is due no later than the last day of the month following the end of the calendar quarter.
- If an employer withheld more than \$2,000 and less than \$84,000 during the 12-month period ending June 30 of the preceding calendar year, monthly payments are due within 15 days after the end of the month.
- If an employer withheld \$84,000 or more during the 12-month period ending June 30 of the previous calendar year, payments are required to be electronically transferred within three banking days after the partial weekly withholding period during which the employer was required to deduct and withhold.
- An employer accumulating undeposited taxes of over \$100,000 during a partial weekly period is required to make payment within one banking day of the end of the partial weekly period by electronic funds transfer.

- Statements (federal form W-2 or Ohio form IT 2) must be given to employees on or before January 31 showing the wages paid and tax withheld during the previous year. Copies of the employees' federal calendar year W-2's or Ohio form IT 2, accompanied by Ohio form IT 3, must be filed by the last day of February.

### Ohio Business Gateway

The **Ohio Business Gateway** is a free, web-based service that provides a "paperless" means of filing employer withholding tax. It is a secure site, accessed through the Department of Taxation web site at **tax.ohio.gov**, that allows businesses to register their employee information and then pay taxes online. The program automatically makes the appropriate calculations each time a return is filed. It also provides a printable confirmation of all returns.

### Primary Forms Used

- IT 1 Application for registration as withholding agent
  - IT 2 or W-2 Wage and tax statement for employees
  - IT 3 Form accompanying wage and tax statements to the Department of Taxation
  - IT 4 Exemption certification for employees
  - IT 501 Monthly or quarterly withholding payment form
  - IT 941 Annual reconciliation report
- (Find forms at **tax.ohio.gov**, or call (800) 282-1782).

### Closing a Business

A business that is closing should indicate on the last return filed that it is a final return.

### For Information or Forms

#### Contact:

Ohio Department of Taxation  
 Central Registration Unit  
 P. O. Box 182215  
 Columbus, OH 43218-2215  
 Phone: (888) 405-4089

Or:  
 Any Taxpayer Service Center (see listing at the end of this publication)

Or:  
 E-mail us from **tax.ohio.gov**

## Motor Vehicle License Tax

### In General

The state imposes an annual license tax on motor vehicles operating on the public highways of Ohio. The rate is \$31 for passenger cars with various rates on other types of vehicles.

In addition, counties, townships, and municipalities may levy a permissive tax on license fees, in the amount of \$5.0 per levy, and never to exceed a total of \$20. A \$3.50 administrative fee for each registration application is also charged by the deputy registrars in all Ohio counties.

### Tax Paid By

Owners of commercial and noncommercial motor vehicles operated on public roads or highways in Ohio. This includes automobiles, motorcycles, tractors, buses, semi-trailers, trucks, and trailers.

### Base and Rates

Vehicle Type and Annual Rate:

Passenger cars .....	\$31
Motorcycles .....	\$25
House trailers, travel trailers .....	\$21
Transit buses .....	\$23
Noncommercial trucks, motor homes (less than ¾ ton) .....	\$46
Noncommercial trucks to carry loads more than ¾ ton and less than one ton .....	\$81

Noncommercial Trailers,

Vehicle Weight and Annual Rate:

1 – 500 .....	\$16
501 – 600 .....	\$17
601 – 700 .....	\$17
701 – 800 .....	\$18
801 – 900 .....	\$19
901 – 1000 .....	\$20
1001 – 1100 .....	\$21
1101 – 1200 .....	\$22
1201 – 1300 .....	\$23
1301 – 1400 .....	\$23

1401 – 1500 .....	\$24	6,001 – 10,000 .....	\$111
1501 – 1600 .....	\$25	10,001 – 14,000 .....	\$191
1601 – 1700 .....	\$26	14,001 – 18,000 .....	\$271
1701 – 1800 .....	\$27	18,001 – 22,000 .....	\$351
1801 – 1900 .....	\$28	22,001 – 26,000 .....	\$431
1901 – 2000 .....	\$28	26,001 – 30,000 .....	\$511
2001 – 2100 .....	\$30	30,001 – 34,000 .....	\$591
2101 – 2200 .....	\$31	34,001 – 38,000 .....	\$671
2201 – 2300 .....	\$33	38,001 – 42,000 .....	\$751
2301 – 2400 .....	\$34	42,001 – 46,000 .....	\$831
2401 – 2500 .....	\$35	46,001 – 50,000 .....	\$951
2501 – 2600 .....	\$37	50,001 – 54,000 .....	\$1,011
2601 – 2700 .....	\$38	54,001 – 58,000 .....	\$1,101
2701 – 2800 .....	\$40	58,001 – 62,000 .....	\$1,191
2801 – 2900 .....	\$41	62,001 – 66,000 .....	\$1,281
2901 – 3000 .....	\$42	66,001 – 70,000 .....	\$1,371
		70,001 – 74,000 .....	\$1,461
		74,001 – 78,000 .....	\$1,551
		78,001 – 80,000 .....	\$1,641

Commercial Trucks and Tractors,  
Combined Gross Vehicle Weight Annual Rate (in pounds):

0 – 2,000 .....	\$56
2,001 – 6,000 .....	\$81
6,001 – 10,000 .....	\$96
10,001 – 14,000 .....	\$116
14,001 – 18,000 .....	\$136
18,001 – 22,000 .....	\$161
22,001 – 26,000 .....	\$186
26,001 – 30,000 .....	\$366
30,001 – 34,000 .....	\$431
34,001 – 38,000 .....	\$491
38,001 – 42,000 .....	\$551
42,001 – 46,000 .....	\$611
46,001 – 50,000 .....	\$671
50,001 – 54,000 .....	\$736
54,001 – 58,000 .....	\$796
58,001 – 62,000 .....	\$866
62,001 – 66,000 .....	\$936
66,001 – 70,000 .....	\$1,006
70,001 – 74,000 .....	\$1,091
74,001 – 78,000 .....	\$1,211
78,001 – 80,000 .....	\$1,351

Motor Buses,  
Gross Vehicle Weight Annual Rate (in pounds):

0 – 2,000 .....	\$21
2,001 – 6,000 .....	\$51

Farm Trucks,  
Unladen Vehicle Weight Annual Rate (in pounds):

0 – 3,000	\$16 plus \$0.50 per 100 pounds
3,001 – 4,000	\$31 plus \$0.70 per 100 pounds over 3,000 pounds
4,001 – 6,000	\$38 plus \$0.90 per 100 pounds over 4,000 pounds
6,001 – 10,000	\$56 plus \$2.00 per 100 pounds over 6,000 pounds
Over 10,000	\$136 plus \$2.25 per 100 pounds over 10,000 pounds

Commercial Trailer and Semi-trailer: \$36

## Registration Procedures

Motor vehicles must be registered annually with the Registrar of the Bureau of Motor Vehicles (BMV) or the appointed deputy registrars in each county. Permanent license plates are issued and in each succeeding year a validation sticker, color-coded for year of expiration with month of expiration printed on the sticker, is issued.

**Commercial Vehicles:**

Effective March 1, 2004, staggered registration of commercial vehicles, trucks, trailers and semi-trailers was implemented. Staggered registration provides for the assignment of a new primary expiration month for commercial vehicles based on the last two numbers of the carrier's tax ID number or social security number. The carrier will have the option to split his/her fleets into predetermined months.

**Noncommercial Vehicles:**

Owners register based on day and month of birth, except company-owned vehicles which are registered alphabetically and expire on the 20<sup>th</sup> of the month.

Biennial registration began January 1, 2004, that allows a motorist to register for two years. The motorist pays a \$5.25 deputy registrar fee and two years' worth of permissive taxes and license tax fees. The following vehicles qualify for biennial registration: passenger car, motorcycle, moped, farm truck, noncommercial truck, and motor home.

## Primary Forms Used

There are required documents to register certain vehicles. Contact BMV or your local deputy registrar.

## Closing a Business

There is no requirement for a business that has a vehicle(s) registered in the business name to report its closing to the BMV. The license for the business vehicle(s) will simply not be renewed. However, business owners who sell or otherwise dispose of a vehicle(s) registered to a business are responsible for ensuring that the title of the vehicle(s) is properly transferred.

## For Information or Forms Contact:

Registrar of Bureau of Motor Vehicles  
P.O. Box 16521  
Columbus, OH 43216-6521  
Phone: (614) 752-7800  
Or:  
Deputy Registrars located in each county

**For Information on Registering a Commercial Vehicle for Interstate Operation Contact:**

IRP Processing Center  
2222 Dividend Drive  
Columbus, OH 43228  
Phone: (614) 777-8400 or (800) 477-0007

## Municipal Income Taxes

### In General

Cities and villages in Ohio are permitted by law to levy an income tax on wages, salaries, and other compensation received by: (a) residents of the municipality and by nonresidents working in the municipality; and (b) business income resulting from activities in the municipality.

Electric light companies and local exchange telephone companies are also subject to municipal income tax. The municipal income tax on electric light companies was enacted by Substitute House Bill 483 and Amended Senate Bill 287 (123<sup>rd</sup> General Assembly). Effective with an electric company's taxable year that included January 1, 2002, Ohio Revised Code Chapter 5745 requires municipal income tax reporting for an electric company or an electric light company. An "electric light company that is not an electric company" can elect to be an Ohio Revised Code Chapter 5745 taxpayer for its taxable year that included December 31, 2002, if during the company's most recently concluded taxable year not less than 50 percent of the company's total sales in Ohio, as determined by Ohio Revised Code section 5733.059, consisted of sales of electricity and other energy commodities. Effective for taxable years that begin on or after January 1, 2004, local exchange telephone companies are subject to the Ohio Revised Code Chapter 5745 municipal income tax.

### Tax Paid By

Employers who are located in a municipality levying an income tax must withhold taxes from wages and salaries paid to employees, and can withhold taxes from wages and salaries paid to employees who reside in a municipality levying an income tax. Withholding payments are usually made on a monthly or quarterly basis to the local taxing authority. Taxpayers who have taxable income on which tax has not been withheld and firms doing business in the city usually make quarterly estimated payments.

## Base and Rates

### Base:

Municipal income taxes are generally applied to:

- all wages, salaries, commissions, and other compensation received by residents of the municipality;
- wages, salaries, commissions, and other compensation received by nonresidents for work performed in the municipality; and
- the net profits attributable to activities in the municipality by incorporated or unincorporated businesses. If the records of a business do not indicate what portion of its income is attributed to a city, the business apportions its income to the city based on its property, payroll, and sales within the city.

### Rates:

The tax rate must be uniform within a municipality, but rates vary among municipalities since they are determined locally. Current rates range from 0.25 percent to 2.85 percent, and over half the rates are at 1.0 percent.

## Filing Procedures

Information can be obtained from the municipality. In some areas, regional collection agencies may administer and collect taxes for a group of municipalities.

For electric light company and telephone company municipal income tax forms, visit the Department of Taxation web site at [tax.ohio.gov](http://tax.ohio.gov) Click on "Business" then "Online Services" and "File Municipal Income Tax for Electric Light Companies and Local Exchange Telephone Companies Online."

## Closing a Business

A business that is closing should indicate on the last return filed that it is a final return.

## For Information or Forms

### Contact:

The municipality where the residence, employment, or business is located. The Department of Taxation maintains an Internet link to the income tax information of all

municipalities at: [tax.ohio.gov](http://tax.ohio.gov) Click on "Business" then "Ohio Taxes" and "Municipal Income Tax."

## Pass-Through Entity Tax

### In General

A qualifying pass-through entity doing business in Ohio or otherwise having nexus with Ohio is required to pay tax on the qualifying investors' shares of the entity's Ohio profits. Qualifying trusts are also subject to tax on Ohio property-related income distributed to nonresidents of Ohio.

### Tax Paid By

The tax is paid by qualifying pass-through entities and qualifying trusts. Qualifying pass-through entities are generally S corporations, partnerships, or limited liability companies treated as a partnership for federal income tax purposes. However, the following are not qualifying pass-through entities (as defined in Ohio Revised Code section 5733.40):

- entities without any qualifying investors;
- pension plans and charities;
- publicly-traded partnerships;
- Qualified Subchapter S Subsidiary corporations (QSSS);
- entities treated as a "disregarded entity" for federal tax purposes; and
- Real Estate Investment Trusts (REITs), Regulated Investment Companies (RICs) and Real Estate Mortgage Investment Conduits (REMICs).

### Base and Rates

The entity is subject to a 5.0 percent withholding tax on the sum of qualifying nonresident individual investors' distributive shares of the entity's Ohio income and gain. For qualifying investors that are not individuals, the entity is subject to an 8.5 percent tax on the sum of such investors' distributive shares of Ohio income and gain. No tax is due if Ohio income and gain do not exceed \$1,000.

Any investor in a qualifying pass-through entity is a qualified investor unless otherwise excluded. Among those excluded as qualified investors are nonresident individuals on whose behalf the entity files Ohio form IT 4708; individual investors

that are residents of Ohio; investors that are themselves qualifying pass-through entities if they meet certain conditions specified in Ohio Revised Code section 5733.40(2); “investment pass-through entities”; and certain investors that submit a statement to the qualifying pass-through entity agreeing that the investor is subject to Ohio corporation franchise tax on its distributive share of income from the entity. (For a complete list of qualifying investor exclusions, see form IT 1140 instructions). Qualifying investors can claim an income tax or franchise tax credit based upon the investor’s proportionate share of the 5.0 percent withholding tax or the 8.5 percent entity tax.

## Filing Procedures

Calendar Year Taxpayers:

Must file an annual return (form IT 1140) on or before April 15.

Fiscal Year Taxpayers:

Must file an annual return on or before the 15th day of the fourth month after the end of the fiscal year.

All Taxpayers:

Must file quarterly estimated returns (form IT 1140-ES) if: (a) the sum of the “adjusted qualifying amounts” for all qualifying investors during the prior taxable year exceeds \$10,000; and (b) the entity expects the sum of the “adjusted qualifying amounts” for the current taxable year to exceed \$10,000.

Quarterly payments equal to 22.5 percent of the estimated tax are due on or before April 15, July 15, and October 15 of the current year and January 15 of the next year for calendar year taxpayers. Fiscal year taxpayers must make estimated payments by the 15<sup>th</sup> day of the month following the last day of each quarter of the taxable year.

## Primary Forms Used

IT 1140	Annual pass-through entity and trust tax form
IT 1140-ES	Estimated tax return for pass-through entities and trusts
IT 4708	Composite income tax annual return
IT 4708-ES	Composite estimated income tax return

(Find forms at [tax.ohio.gov](http://tax.ohio.gov), or call (800) 282-1782).

In lieu of filing forms IT 1140 and IT 1140-ES with respect to nonresident individual qualifying investors in a pass-through entity, the pass-through entity can file form IT 4708 and form IT 4708-ES.

For calendar year pass-through entities, form IT 4708 is due on the following April 15. For fiscal year pass-through entities, form IT 4708 is due on April 15 of the calendar year immediately following the calendar year in which the last day of the pass-through entity’s fiscal year ends.

## Closing a Business

A business that is closing and has been filing forms IT 1140 and IT 4708 should indicate on the last return filed that it is a final return.

## For Information or Forms

### Contact:

Ohio Department of Taxation

Taxpayer Services

P.O. Box 182382

Columbus, OH 43218-2382

Phone: (888) 405-4039 (Toll-Free Taxpayer Assistance)  
(800) 750-0750 (Ohio Relay Service)

Or:

Any Taxpayer Service Center (see listing at the end of this publication)

Or:

E-mail us from [tax.ohio.gov](mailto:tax.ohio.gov)

## Personal Property Tax

### In General

All tangible personal property used in business in Ohio is subject to property tax unless specifically exempted or excluded. Tangible personal property includes machinery, equipment, inventories, furniture, fixtures, and other similar types of property used in business. Tangible personal property is valued at a percentage of its true value for tax purposes and the tax rate applied to the property is determined locally. The tax year 2003 average tax rate was 76.33 mills.

## Tax Paid By

Businesses owning tangible personal property used in business in Ohio.

## Base and Rates

The taxable value of tangible personal property is determined by applying a listing percentage to the true value of the property. The percentage used to determine taxable value is 25 percent. The listing percentage rate on inventories, which was 23 percent for tax year 2004, will remain at 23 percent for tax year 2005. It will be reduced by 2.0 percent in tax year 2006 if collections from the second preceding year exceed collections from the third preceding year. Effective for tax year 2007 and each year thereafter, the assessment rate for inventory will be reduced by 2.0 percent until the assessment rate equals zero. The tax rates used for tangible personal property are determined locally and vary with the location of the property.

The major exemptions from personal property tax are:

- The first \$10,000 of taxable value for each taxpayer.
- The property of any level of government, school, college, church, and property owned and not used in business.
- Licensed motor vehicles and aircraft.
- Personal property used in agriculture.
- Patterns, jigs, dies, and drawings used in business that are held for use and not for sale.
- Certified air, water, and noise pollution control equipment and facilities.
- The property of insurance companies, financial institutions, and dealers in intangibles used in their business (exempt unless the equipment is leased to others).
- The property in a public recreational facility owned by a political subdivision.
- Certified energy conversion facilities (property used to convert from the use of natural gas or fuel oil to other fuels).
- Certified thermal efficiency improvement facilities (property used for recovery and use of waste heat or steam).

- Certified solid waste energy conversion facilities (property used to convert solid waste from industrial operations into energy).
- All inventories in foreign trade zones established prior to January 1, 1992 and only inventories exempt under federal law in foreign trade zones established on or after January 1, 1992.
- Property shipped from outside Ohio and held in Ohio for storage only.
- Leased property used exclusively for agricultural purposes.
- Machinery and equipment, designed for agricultural use, in the inventory of a merchant.
- Qualified personal property located in an enterprise zone.
- Machinery and equipment while under installation or construction in a plant or facility and not capable of operation.
- The property owned by a port authority and leased to a railroad (partially exempt for a period of ten years).
- The property used in the production of grape juice or wine, and grape juice or wine held in the course of business but not held in labeled containers in which it will be sold.

## Filing Procedures

New Businesses:

New taxpayers must file a tax return within 90 days of the first day of business (form TPP 920-NT). Taxpayers with property in only one county file a return (form TPP 920) with the auditor of that county. Taxpayers with property in more than one county file a return (form TPP 945) with the Department of Taxation. An Ohio balance sheet (form TPP 921) must accompany each return.

All Businesses:

Taxpayers with property in only one county pay one-half of their tax liability on or before April 30, and the remainder by September 20. Taxpayers with property in more than one county pay their tax liability in one installment on or before September 20.

## Primary Forms Used

TPP 920	Return for taxpayers with property in only one county
TPP 920-NT	Return for new taxpayers who first engage in business in Ohio after January 1 with property in only one county
TPP 945	Return for taxpayers with property in more than one county
TPP 921	Ohio balance sheet to be filed with all returns
TPP 937	True value computation
TPP 913-EX	Return for taxpayers with property in an Urban Jobs and Enterprise Zone
TPP 902	Claim for deduction from book value (Find forms at <a href="http://tax.ohio.gov">tax.ohio.gov</a> , or call (800) 282-1782).

## Closing a Business

A business must file a personal property tax return when it is in business on its tax listing date and the following January 1, which is the lien date for all taxpayers. Any business that closes prior to its listing date for a particular tax year (December 31 for calendar year-end taxpayers and the fiscal year-end date for fiscal year-end taxpayers) and prior to January 1 of the next calendar year does not need to file a return for the tax year in which it closes its business. However, any business that closes prior to filing its tax return for the last year that it was in business that includes a listing date and lien date, must still file a return.

## For Information or Forms

### Contact:

County auditor of county where located,  
Or:

Ohio Department of Taxation  
Personal Property Tax  
P. O. Box 530  
Columbus, OH 43216-0530  
Phone: (614) 466-8123 or

(888) OHIO-PPT / (888) 644-6778

Or:

Any Taxpayer Service Center (listing at the end of this publication)

Or:

E-mail us from [tax.ohio.gov](http://tax.ohio.gov)

## Real Estate Tax

### In General

Real estate, which includes land and improvements to land (buildings, etc.), is subject to property tax in Ohio. The taxable value of real estate is 35 percent of market value, except for certain agricultural land. Counties must reappraise all real estate every six years and update values every three years. The average effective tax rate for tax year 2003 on business real property was 60.16 mills.

### Tax Paid By

Owners of real property not specifically exempt.

### Base and Rates

Real estate, including residential, agricultural, and commercial property, is generally valued for tax purposes at 35 percent of its market value. Property is reappraised every six years and the values are brought up to date in the third year following reappraisal. The tax rates applied to the taxable value of real estate are determined locally by the voters and vary with the location of the property. Under state law, all real estate tax bills are reduced by 10 percent with the state reimbursing local governments for the revenue lost. Taxes on a homestead (owner-occupied dwelling of one acre or less) are reduced by an additional 2.5 percent.

**Note:** the 2.5 percent rollback is generally not available to businesses because it only applies to property used as an individual's primary residence. Real estate tax bills are also reduced by the application of reduction factors whenever property is reappraised or values are updated; therefore, tax bills do not rise as rapidly as property values unless the voters approve additional tax millage.

## Filing Procedures

Property owners are not required to file returns for the tax on real estate. County auditors determine the value of real estate in their counties and county treasurers bill the property owners. The tax is payable in two installments, due by December 31 and the following June 20; however, these dates are often extended.

## Closing a Business

No particular steps are required when closing a business. However, the real property tax becomes a lien on the first day of January and will continue until the taxes, including any penalties, interest, or other charges accruing thereon, are paid.

## For Information Contact:

County auditor where the property is located.

## Real Estate Transfer Tax

### In General

Sellers of real estate must pay a fee to the county auditor of 0.1 percent of the value of the property sold or transferred. Counties may also levy an additional fee on such transfers.

### Tax Paid By

Owners of real estate selling or transferring the property to others.

### Base and Rates

The transfer tax is levied on the face value (either the selling price or estimated selling price) of the property. The rate of the tax is at least 0.1 percent in all counties. A county may also impose an additional permissive levy of up to 0.3 percent. Currently 74 counties levy this additional tax, with the additional rates ranging from 0.1 percent to 0.3 percent. A county may also prescribe a lower permissive transfer tax rate for the transfer of a deed conveying a homestead for which the seller or grantor had received the homestead exemption based on age or disability.

## Filing Procedures

Before a deed can be recorded, the buyer or grantee must file with the county auditor either a form DTE 100 with payment of the transfer tax or a form DTE 100-EX stating the reason for exemption from the tax.

## Closing a Business

No particular steps are required when closing a business. However, if a deed to real property used in the business is issued to transfer the title into a new name, either the taxable or exempt form must be filed.

## For Further Information

### Contact:

County auditor where the property is located.

## Sales and Use Taxes

### In General

Ohio sales tax applies to the retail sale, lease, or rental of tangible personal property, and sales of selected services in Ohio. The Ohio use tax applies to the purchase, lease or rental of tangible personal property for storage, use, or consumption in Ohio and the provision of selected services in Ohio, to the extent that sales tax has not been collected or paid. The state tax rate for either tax is 6.0 percent. (This includes a temporary 1.0 percent increase that is scheduled to expire July 1, 2005.) Counties and regional transit authorities may levy additional local taxes at specified rates.

### Tax Paid By

#### Retailers:

Retailers (vendors) located in Ohio and making taxable retail sales and sellers making taxable retail sales from outside of Ohio for use in Ohio, or any vendors providing selected services to consumers in Ohio.

#### All Businesses:

Companies using, storing, or consuming tangible personal property in Ohio or receiving services subject to the sales tax or the use tax must pay the proper tax if the tax was not paid to the vendor or seller. Companies purchasing items or services on which only the state tax was paid to the seller are

subject to the additional county and/or transit authority taxes if those items or services are in an area where the county and/or transit taxes are in effect. Some businesses may be authorized to pay the tax on their purchases directly to the state. Such businesses would apply for a direct pay permit and file returns on a monthly or quarterly basis.

## Base and Rates

The sales tax applies to all retail sales, leases, and rentals of tangible personal property unless specifically exempted. In addition, the following services are also taxable:

- Repairs of tangible personal property.
- Installation of tangible personal property.
- Fabrication of tangible personal property.
- Storage of tangible personal property.
- Washing (except coin-operated), waxing, polishing, and painting of motor vehicles.
- Industrial laundry cleaning services.
- Specified telecommunications services.
- Automatic data processing, computer, and electronic information services for business use.
- Landscaping and lawn care services.
- Private investigation and security services.
- Building maintenance and janitorial services.
- Employment services.
- Employment placement services.
- Exterminating services.
- Physical fitness facility service.
- Recreation and sports club service.
- Satellite broadcasting services.
- Snow removal services.

Other taxable transactions include the provision of lodging to transient guests in a hotel, the provision of a warranty, maintenance or service contract, or the storage of tangible personal property.

The use tax applies to tangible personal property purchased, leased, or rented outside Ohio for use, storage, or consumption in the state and the benefit received in Ohio of the services listed above.

The state sales and use tax rate is 6.0 percent with specific brackets for sales other than multiples of one dollar. In addition, counties may levy a “piggy-back” tax of 0.25 percent, 0.5 percent, 0.75 percent, or 1.0 percent.

Counties may also enact an additional levy of 0.25 percent or 0.5 percent for specified purposes for a total county levy of up to 1.5 percent. As of June 30, 2004, permissive sales taxes are levied in all of Ohio’s 88 counties. Rates change periodically and affected taxpayers are notified in advance.

Regional transit authorities may levy a tax of 0.25 percent, 0.5 percent, 0.75 percent, 1.0 percent, 1.25 percent, or 1.5 percent (seven transit authorities levied this tax as of June 30, 2004).

Some of the major exemptions from the sales and use tax include the sale of food for off-premises consumption, purchases of food with food stamps, motor vehicle fuel upon which the fuel excise tax has been paid, drugs dispensed pursuant to a prescription, and sales to the federal government, the State of Ohio, and Ohio political subdivisions. Tangible personal property is exempt if used primarily in a manufacturing operation, directly in mining, or if used directly in mining or agricultural production of tangible personal property for sale, or if used directly in the rendering of a public utility service.

Ohio is a participating state in the multi-state Streamlined Sales Tax Project, which has a goal of ensuring that the correct amount of sales tax is collected for each state. As part of the implementation of this project, some definitions, such as those for medical items and food, changed in FY 2004 and FY 2005. Also, Ohio is beginning a transition period, January 1, 2005 until July 1, 2005, by which time Ohio retailers who sell products in one Ohio county and deliver them to a second Ohio county must charge the sales tax rate in effect in the county where the product is delivered. This provision is already in effect for out-of-state retailers.

## Filing Procedures

New Companies Establishing an Account:

Retailers (vendors) with a fixed place of business in Ohio apply for a vendor’s license (form ST 1) with the county auditor of the county in which the business will be located.

Businesses providing taxable services (see **Base and Rates**) apply for a service vendor's license with the Department of Taxation. There is a \$25 application fee for these licenses.

Retailers who sell based on orders received by telephone or mail and deliver the merchandise to the consumer (delivery vendor) apply for a license (application fee is \$25) with the Department of Taxation. Vendors making retail sales from a stock of goods in counties where they have no fixed place of business (transient vendors) apply for a license (application fee is \$25) with the Department of Taxation. Sellers outside of Ohio engaged in the business of selling in Ohio must register (form UT 1000) with the Department of Taxation (no fee). Consumers of taxable goods and services on which no tax was charged should register for a consumer's use tax account (UT 1008). Applications for all types of registration are available on the department's web site at **tax.ohio.gov**

All Companies Must File Returns:

Tax returns are due by the 23rd of the month following the end of the reporting period. Retailers are required to file either monthly or semiannual returns. For sales tax and seller's use tax, a discount of nine-tenths of one percent of the liability is given if the return and tax payment are filed on time. This is a two-year temporary discount that is scheduled to revert to three-fourths of one percent on July 1, 2005.

## Ohio Business Gateway

The **Ohio Business Gateway** is a free, web-based service that provides a "paperless" means of filing sales tax. It is a secure site, accessed through the Department of Taxation web site at **tax.ohio.gov**, that allows businesses to register their sales information and then pay taxes online. The program automatically makes the appropriate calculations each time a return is filed. It also provides a printable confirmation of all returns.

## Primary Forms Used

ST 1 Application for vendor's license (VL)  
 ST 1-D Application for delivery VL  
 ST 1-T Application for transient VL  
 ST 1-S Application for service VL

ST 26 Application for cumulative authority  
 UST 1 Monthly/semiannual sales tax returns  
 ST 900 Application for direct pay permit  
 UUT 1 Monthly/quarterly direct pay return  
 UT 1000 Application for seller's use tax registration  
 UT 1008 Consumer's use tax registration  
 UUT 1 Monthly/quarterly consumer's use tax return  
 (Find forms at **tax.ohio.gov**, or call (800) 282-1782).

## Closing a Business

A business that is closing must so indicate on its final UST 1, Monthly/semiannual sales tax return, by checking a box provided for that purpose and providing the closing date of the business. However, if the business is an establishment that holds a liquor license, the vendor's license cannot be cancelled as long as the liquor license is active. The owner must contact the Ohio Department of Commerce, Division of Liquor Control, to ensure the proper procedures are followed for disposition of the license.

## For Information or Forms Contact:

New Businesses:

Ohio Department of Taxation  
 Central Registration  
 P. O. Box 1090  
 Columbus, OH 43216-1090  
 Phone: (888) 405-4039

Or:

Ohio Department of Taxation  
 Sales & Use Tax  
 P.O. Box 530  
 Columbus, OH 43216-0530  
 Phone: (614) 466-7351

Or:

Any Taxpayer Service Center (see listing at the end of this publication)

Or:

E-mail us from **tax.ohio.gov**

## Unemployment Compensation

### In General

Employers of one or more workers may be required to make payments (these payments are called contributions) on wages paid to employees. These payments support Ohio's system of unemployment compensation benefits.

### Tax Paid By

Employers falling into any of the following categories must make unemployment fund contributions:

- Regular employment – employ at least one worker in some portion of a day in each of 20 different weeks during the current or preceding calendar year (it need not be the same employee); or pay \$1,500 or more in wages during any calendar quarter of the current or preceding year.
- Agricultural employment – workers are covered when the business employs ten or more workers for some portion of a day in each of 20 weeks of the current or preceding year; or when the employer pays \$20,000 or more in wages in any calendar quarter during the current or preceding year.
- Domestic employment – workers are covered when their employer pays at least \$1,000 cash remuneration in any calendar quarter of the current or prior year.
- Nonprofit organizations – are covered when they employ four or more workers for some portion of a day in each of 20 weeks of the current or preceding year.
- Employers subject to the federal unemployment law in either the current or preceding year.
- Employers that acquire a business from an employer who was subject to the Ohio law.

The following types of workers are not covered by this tax:

- Family members (spouse, parents, or children under 18 years of age) not employed by a corporation.
- Workers paid solely by commissions and not covered under federal law.
- Newspaper and news carriers under 18 years of age.
- Independent contractors meeting certain requirements.

### Base and Rates

Employers must make contributions on the first \$9,000 of each covered employee's wages for 2004. The contribution rate for new employers in 2004 is 2.7 percent, except employers engaged in the construction industry. The rate for new employers engaged in construction is 3.7 percent for 2004. Employers pay this rate until they have made contributions long enough to qualify for an experience rate. Experience rates vary yearly, depending on the ratio of the employer's balance in the unemployment fund to the average annual payroll and several other factors. Experience rates for 2004 will vary from 0.2 percent to 7.5 percent.

### Filing Procedures

**New Employers:**

Must file a report (form JFS 66300) to enable the Ohio Department of Job and Family Services to determine liability as soon as the employer has one or more employees in covered employment.

**All Employers:**

Must file quarterly contribution reports (form JFS 66105) by the end of the month following the close of the calendar quarter. For example, the report for the first quarter ending March 31 must be filed by April 30. The employer's contribution payment for the quarter must be included with the report.

### Ohio Business Gateway

The **Ohio Business Gateway** is a free, web-based service that provides a "paperless" means of filing unemployment compensation contributions. It is a secure site, accessed through the Department of Taxation web site at [tax.ohio.gov](http://tax.ohio.gov), that allows businesses to register their

employee information and then pay the contributions online. The program automatically makes the appropriate calculations each time a return is filed. It also provides a printable confirmation of all returns.

## Primary Forms Used

JFS 66300 Report to determine liability  
JFS 66105 Employers' quarterly contribution report

## Closing a Business

A business that is closing must complete and submit one of two forms:

- JFS 66112A, Change in status/address (this form is the second page of the required form JFS 66105, Employers' quarterly contribution report).
- JFS 66308, Disposition of business (this form is specifically used by employers to report a change of ownership or the dissolution of a business).

## For Information or Forms Contact:

Ohio Department of Job and Family Services  
Contribution Section  
P.O. Box 182404  
Columbus, OH 43218-2404  
Phone: (614) 466-2319

## Workers' Compensation Premiums

### In General

The state insurance fund is a no-fault insurance program designed to protect the employee and employer when a work-related injury, an occupational disease, or a death occurs. All employers must pay premiums unless granted the privilege of self-insurance for liabilities associated with work-related accidents. To qualify as a self-insuring employer, an employer must meet requirements established by law. More information on self-insurance may be obtained by contacting the Ohio Bureau of Workers' Compensation (BWC)

at (800) OHIO-BWC / (800) 644-6292 or visiting [www.ohiobwc.com](http://www.ohiobwc.com)

## Premiums and Coverage

Employers make premium payments and may not deduct the premiums from an employee's wages. Employers also may not ask an employee to give up the right to workers' compensation benefits. Premium payments are based on the employer's payroll and type of business. Partners, sole proprietors, and single employee corporations may elect to obtain coverage, as may officers of family farm corporations and ministers. Sponsoring organizations may provide coverage for apprentice, pre-apprentice, and similar specified training programs. Domestic workers, such as gardeners and housekeeper laborers (employed to work in or around the home) need to be covered when they earn \$160 or more from one employer during a calendar quarter. A calendar quarter is any consecutive 13-week period during a year.

## Premium Rates

The Ohio Revised Code requires BWC to classify industries according to classifications established by the National Council on Compensation Insurance (NCCI). Each separate industry classification has its own basic premium rate. The cost of claims in each industry classification and not just an employer's own experience determines rates. Based on actuarial data from BWC's actuarial section, the administrator recommends all premium rates and assessments to the Workers' Compensation Oversight Commission for final approval. The actuarial section calculates, in advance, the projected costs of claims that will occur in the next year by analyzing the costs of accidents and diseases in each industrial classification during the oldest four of the most recent five years to project claim costs during the rating year.

An employer's accident experience, fluctuations in payroll, medical costs and workers' compensation benefit levels set by the Ohio General Assembly are the primary factors affecting premium rates. New rates for private state-fund employers are effective each July 1 and new rates for public state-fund employers are effective each January 1. For more information, call (800) OHIO-BWC / (800) 644-6292 or visit [www.ohiobwc.com](http://www.ohiobwc.com)

## Acquiring Coverage

### New Employers:

Ohio law requires every employer with one or more employees to obtain workers' compensation coverage. To obtain coverage, use form U-3, Application for Ohio workers' compensation coverage. This application requires a detailed description of the type of work performed and the equipment used. A \$10 security deposit must be included with the application. Forms are available at local BWC customer service offices or by calling (800) OHIO-BWC / (800) 644-6292 or visiting [www.ohiobwc.com](http://www.ohiobwc.com)

Coverage becomes effective when the BWC receives the completed U-3 application and a \$10 security deposit. The employer's total security deposit may be up to a maximum of \$1,000. This is determined by the amount of premium and the balance due with the initial premium payment.

## Coverage Exceptions

Workers' compensation is optional for ministers, officers of family farm corporations, sole proprietors and partners, and single employee corporations. Optional coverage may be obtained by filing one of the appropriate forms listed below:

- C 116 Sole proprietor, partner coverage, or single employee corporation agreement
- U 43 Application by family farm corporation for coverage of corporation officer
- U 136 Request for election of coverage for ministers or associate ministers

## Reportable Payroll

In June and December of each year, employers receive a payroll form (form DP 21) to report payroll for six months. Reports, together with the premium payment, must be received prior to March 1 and September 1. If the payroll form and premium are not received by those dates, coverage lapses and penalties will be assessed.

## Ohio Business Gateway

The **Ohio Business Gateway** is a free, web-based service that provides a "paperless" means of filing workers' compensation premiums. It is a secure site, accessed through the Department of Taxation web site at

[tax.ohio.gov](http://tax.ohio.gov), that allows businesses to register their employee information and then pay the premiums online. The program automatically makes the appropriate calculations each time a return is filed. It also provides a printable confirmation of all returns.

## Reporting a Claim

Employers follow these basic steps when a work-related injury occurs:

- They have the injured worker seek medical attention and ask the injured worker to inform the doctor it is a workers' compensation claim.
- The injured worker should tell the doctor the name of the employer's managed care organization (MCO) at the time of service.
- The injured worker's doctor is required to file the claim with the MCO within 24 hours of treatment. Employers also may file a claim using the First Report of an Injury, Occupational Disease or Death (FROI) application.

### Health Partnership Program:

Under the Health Partnership Program (HPP), injured workers must visit a BWC-certified health care provider for treatment, except in an emergency or for an initial visit. The health care provider is required to report a workers' compensation injury to the employer's managed care organization within 24 hours of treatment. Therefore, if an employer's injured worker visited a doctor before telling the employer of the injury, the claim may already be filed.

## Primary Forms Used

- C 116 Sole proprietor, partner coverage, or single employee corporation agreement
- U 3 Application for Ohio workers' compensation coverage
- U 43 Application by family farm corporation for coverage of corporate officer
- U 136 Request for election of coverage for ministers or associate ministers
- DP 21 Semiannual payroll report

## Closing a Business

An employer who is closing their business must follow a three-step process with the Bureau of Workers

Compensation:

- (1) submit a cancellation of coverage request to BWC (via either the Dolphin e-business link from the BWC web site, the policy update portion of the six-month payroll report, or a letter, etc.);
- (2) report final payroll on the payroll report (payroll must be reported through the date of cancellation); and
- (3) pay any outstanding obligations.

The employer should also contact BWC directly at (800) OHIO-BWC / (800) 644-6292. The Customer Contact Center can assist with canceling coverage and issuing the final payroll report.

## Informational Booklets and Brochures

CD-40	Workers' Compensation Guide for Self-Insuring Employers and their Employees
CD-50	Workers' Compensation Guide for State-Funded Employers and their Employees
CD-101	Acquiring Coverage
CD-102	Sole Proprietors or Partners
CD-103	Managing Costs
CD-104	Reporting a Claim
PA-960	Ohio Industrial Commission and Bureau of Workers' Compensation Laws of Ohio
PA-970	The State Insurance Fund Manual

## For Information or Forms

### Contact:

Ohio Bureau of Workers' Compensation  
30 W. Spring Street  
Columbus, OH 43215-2256  
Phone: (800) OHIO-BWC / (800) 644-6292

## II. Other Business Taxes



## Admissions Excise Tax

### In General

Although there is no state tax on admissions, a number of municipalities levy a tax on admissions to theaters, sporting events, and other places of amusement. In calendar year 2002, the last year for which data on this tax is available, 68 municipalities reported that they levied an admissions tax.

### Tax Paid By

Operators of movie theaters and other places of amusement for which there is an admission charge.

### Base and Rates

Admission tax rates vary among municipalities.

### For Further Information:

For all specific information concerning local admission taxes, contact the city or village in which the activity is located.

## Alcoholic Beverage Taxes

### In General

*Beer (brewed malt products containing less than 12 percent alcohol):* An excise tax is levied on the sale or distribution of beer in Ohio whether in bottles, cans, or barrels. The tax is paid by the manufacturer or the importer of the beverages into Ohio. Various permits are required for the sale, distribution, and manufacture of these beverages in Ohio.

#### Wine and Bottled Mixed Beverages:

An excise tax is levied on the sale or distribution of wine and bottled mixed beverages. The tax on wine depends on its alcoholic content, and type of wine. Various permits are required for the sale, distribution, and manufacture of wine and mixed beverages in Ohio.

#### Cuyahoga County:

Cuyahoga County has imposed an excise tax on alcoholic beverages. All wholesale distributors shipping beer and wine into Cuyahoga County for retail sale must pay additional taxes and submit additional forms.

### Tax Paid By

#### Beer:

Manufacturers, importers, or wholesale distributors of beer and malt beverages shipped into Ohio.

#### Wine and Bottled Mixed Beverages:

Manufacturers, importers, or wholesale distributors of wine or mixed beverages in Ohio, or any other person selling or distributing wine or mixed beverages on which the tax has not been paid.

#### Cuyahoga County:

Manufacturers, importers, wholesale distributors, or any person who sells beer and wine at retail in Cuyahoga County or who sells to a retail dealer for resale in Cuyahoga County.

### Base and Rates

The rates of the taxes imposed on beer, wine, and mixed beverages are as follows:

#### Beer:

Barrel (31 gallons)	\$5.58
Containers (over 12 oz.)	0.84 cent per ounce
Containers (12 oz. or less)	0.14 cent per ounce

#### Wine and Mixed Beverages:

Wine (0.5% to 14% alcoholic content by volume)	32 cents per gallon
--	---------------------

Wine (14% to 21% alcoholic content by volume)	\$1.00 per gallon
--	-------------------

Vermouth	\$1.10 per gallon
----------	-------------------

Bottled Mixed Beverages	\$1.20 per gallon
-------------------------	-------------------

(cocktails, cordials, etc.)

Sparkling and Carbonated	\$1.50 per gallon
--------------------------	-------------------

Wine and Champagne

Cider (0.5% to 6% alcoholic content by volume)	\$0.24 per gallon
---	-------------------

#### Cuyahoga County:

All wholesale distributors shipping beer or wine into Cuyahoga County pay an additional tax of 16 cents per gallon of beer, 24 cents per gallon of cider, and 32 cents per gallon on all types of wine and mixed beverages that are sold at retail.

## Credits

Licensed brewers of beer in Ohio with total production (wherever produced) under 31 million gallons a year receive a credit against their excise tax for the following year on a maximum of 9.3 million gallons of beer distributed in Ohio.

Licensed wine producers in Ohio with total production (wherever produced) under 500,000 gallons a year receive an excise tax exemption the following year and a refund of any excise tax paid.

## Filing Procedures

New Businesses (*Permits Required*) —

Beer:

Manufacturers, wholesalers, and retailers selling into Ohio must apply for permits with the Ohio Department of Commerce, Division of Liquor Control. The permit fees vary depending on the type of permit obtained.

Wine and Mixed Beverages:

Manufacturers, wholesalers, and retailers of wine in Ohio must apply for permits from the Division of Liquor Control and pay permit fees.

All Businesses (*Tax Returns Required*) —

Beer:

An advance payment (form ALC 84) is due by the 18<sup>th</sup> of the current month. The amount due is the estimated liability for the month in which the payment is made. A monthly return (form ALC 83) is due by the 10<sup>th</sup> day of the following month. A 3.0 percent credit is allowed on timely advance payments and on 10 percent of the monthly payment remaining after the advance payment is deducted (if payment is on time).

Wine and Mixed Beverages:

A monthly return (form ALC 36) is due by the 18<sup>th</sup> of each month for liability in the preceding month. A 3.0 percent credit is allowed if payment of tax is made in full by this date.

Cuyahoga County:

A monthly return for beer (form ALC 200) and a monthly return for wine and mixed beverages (form ALC 210) are due by the end of the month following the reporting period. A 2.5 percent discount is given if the returns are filed and the tax paid by the due date.

## Primary Forms Used

ALC 36	Monthly wine and mixed beverage return
ALC 36 A-2 (M)	Monthly return for Ohio wine manufacturers
ALC 36 A-2 (A)	Annual return for Ohio wine manufacturers
ALC 83	Monthly beer and malt beverage return
ALC 84	Monthly beer and malt beverage advance payment
ALC 200	Cuyahoga County monthly beer and malt beverages return
ALC 210	Cuyahoga County monthly wine and mixed beverage return

(Find forms at [tax.ohio.gov](http://tax.ohio.gov), or call (800) 282-1782).

## Closing a Business

A business that is closing must indicate on the last monthly return it files that the return is a final return. However, the liquor permit of the business will remain active. This means that the tax account also remains active, as long as the liquor permit is in an active status. The business owner must contact the Ohio Department of Commerce, Division of Liquor Control, to ensure the proper procedures are followed for disposition of the liquor permit.

## For Information or Forms Contact:

Ohio Department of Taxation  
Excise Tax  
P.O. Box 530  
Columbus, OH 43216-0530  
Phone: (614) 466-7026  
Fax: (614) 752-8644

Or:

Any Taxpayer Service Center (see listing at the end of this publication)

Or:

E-mail us from [tax.ohio.gov](http://tax.ohio.gov)

**For Further Information Regarding Permits Contact:**

Ohio Department of Commerce  
 Division of Liquor Control  
 6606 Tussing Road  
 Reynoldsburg, OH 43068-9005  
 Phone: (614) 644-2360

## Cigarette / Other Tobacco Products Excise Taxes

### In General

Cigarettes and other tobacco products are subject to an excise tax. An additional tax is levied on cigarettes sold in Cuyahoga County. The tax is paid through the purchase of stamps that are affixed, prior to sale, to packs of cigarettes and to packages of other tobacco products.

### Tax Paid By

Wholesale dealers of cigarettes and other tobacco products, retail dealers that receive untaxed cigarettes or other tobacco products, and manufacturers who sell to retail dealers, are liable for the taxes.

### Base and Rates

An excise tax of 55 cents (2.75 cents per cigarette) is levied on each standard pack of 20 cigarettes sold, used, consumed, or stored for consumption in Ohio. A discount of 1.8 percent of the face value of the tax stamps or meter impressions is allowed as compensation for affixing and canceling stamps or meter impressions. Other tobacco products are taxed at 17 percent of their wholesale price. A 2.5 percent discount is given for timely payment.

For cigarettes sold in Cuyahoga County, there is an additional tax of 2.25 mills per cigarette (4.5 cents per pack of 20). Taxpayers purchasing stamps for Cuyahoga County receive the 1.8 percent discount on the 4.5 cents per package tax.

### Filing Procedures

#### New Dealers:

New wholesale and retail dealers must file an application for a dealer's license (form CIG 40 for retailers and form CIG 41 for wholesalers) with the county auditor of the county where the business will be located. Payment of \$200 for each

wholesale place of business and \$30 each for the first five retail places of business in each county and \$25 for each retail place of business over five is required before the license will be issued. Retail licenses are valid only in the county where issued. New wholesale/retail dealers of other tobacco products must file an application with the Department of Taxation (form OTP 1). The fee is \$100. The form must be renewed every February 1.

#### All Dealers:

Wholesale and retail dealer's licenses must be renewed (form CIG 40 for retailers and form CIG 41 for wholesalers) and fees paid (described above) on or before the fourth Monday of May. Semiannual returns (form CIG 58) showing the cigarette sales and stamp or meter impression purchases for the previous six months and the beginning and ending inventories for the period are due by January 31 and July 31. The dealer pays any tax deficiency shown on the return with the tax return.

Dealers bringing cigarettes into Ohio must file a report (form CIG 59) by the 30<sup>th</sup> of each month indicating the quantity of unstamped cigarettes received the previous month. Returns (form CIG 57) by consumers for the use, storage, or other consumption of cigarettes on which the tax has not been paid must also be filed by the 15<sup>th</sup> of each month for the previous month. The returns must show the tax due and be accompanied by payment of the tax.

Other tobacco products wholesaler and retail dealers file returns (form OTP 2 for in-state wholesale/retail dealers and form OTP 6 for out-of-state wholesalers) by the end of the month for the previous month's liability.

### Primary Forms Used

CIG 40	Application for retail dealer's license
CIG 41	Application for wholesale dealer's license
CIG 57	Cigarette use tax consumer's return
CIG 58	Semiannual tax return
CIG 59	Monthly report of unstamped cigarettes received
OTP 1	Application for wholesale and retail dealers of other tobacco products
OTP 2	In-state wholesale/retail/other tobacco products dealer tax return
OTP 6	Out-of-state wholesale other tobacco products dealer tax return

MSA 60 Master Settlement Agreement report  
(Find forms at [tax.ohio.gov](http://tax.ohio.gov), or call (800) 282-1782).

## Closing a Business

Dealers must indicate on their final monthly or semiannual return that the return is a final return. Cigarette dealers are subject to a final inventory of both tax stamps and cigarettes. Any unused stamps must be returned to the Ohio Treasurer of State, and the dealer will be issued a refund for the unused stamps after the final return has been received and, if necessary, audited. Cigarette wholesalers are also required to file a final MSA 60 report (which details the quantity of cigarettes and roll-your-own tobacco sold within a monthly period, by brand). Distributors of other tobacco products are also required to file a final MSA 60 report.

## For Information or Forms

### Contact:

Ohio Department of Taxation  
Excise Tax  
P. O. Box 530  
Columbus, OH 43216-0530  
Phone: (614) 466-7026  
Fax: (614) 752-8644

Or:

Any Taxpayer Service Center (see listing at the end of this publication)

Or:

E-mail us from [tax.ohio.gov](http://tax.ohio.gov)

## Dealers in Intangibles Tax

### In General

Dealers in intangibles pay an 8.0 mill (0.8 percent) tax on shares of stock of incorporated dealers in intangibles and unincorporated dealers in intangibles with capital stock divided into shares, and capital employed in Ohio by an unincorporated dealer in intangibles with capital stock not divided into shares. This tax replaces all other taxes on the property and assets of the firm except property taxes on real estate and personal property leased or held for the purpose of leasing to others.

## Tax Paid By

Companies (sole proprietors, partnerships, associations, or corporations) with an office in Ohio are defined as “dealers in intangibles” if they are in the business of: (a) lending money; (b) discounting, buying or selling bills of exchange, drafts, acceptances, notes, mortgages, or evidence of indebtedness; or (c) buying or selling bonds, stocks, or other investment securities. Institutions used exclusively for charitable purposes, insurance companies, and financial institutions do not pay this tax.

## Base and Rates

The tax is 8.0 mills (0.8 percent) on the fair value of the Ohio proportion of the company’s shares or capital employed.

## Filing Procedures

Dealers in intangibles in business as of January 1 must file a tax return (form TPP 980) with the Department of Taxation by the second Monday in March of that year. If the company has offices in more than one county, an additional return (form TPP 982, Schedule A) must also be filed. No payment is required with the tax return. The tax is certified to the Ohio Treasurer of State by the first Monday of May. Within 20 days, the Treasurer of State issues a tax bill with payment due 20 to 30 days from the date the tax bill is mailed.

## Primary Forms Used

TPP 980	Return, including balance sheet
TPP 980-A	General information and instructions
TPP 982-A	Supplemental return if firm has offices in more than one county
TPP 984	Analysis of investments

(Find forms at [tax.ohio.gov](http://tax.ohio.gov), or call (800) 282-1782).

## Closing a Business

A business that qualifies as a dealer in intangibles must file a return when it is in business on its tax listing date and the following January 1, which is the lien date for all taxpayers. Any business that closes prior to its listing date for a

particular tax year (December 31 for calendar year-end taxpayers and the fiscal year-end date for fiscal year-end taxpayers) and prior to January 1 of the next calendar year does not need to file a return for the tax year in which it closes its business. However, any business that closes prior to filing its tax return for the last year that it was in business that includes a listing date and lien date, must still file a return.

## For Information or Forms

### Contact:

Ohio Department of Taxation  
Personal Property Tax  
P.O. Box 530  
Columbus, OH 43216-0530  
Phone: (614) 466-8123 or  
(888) OHIO-PPT / (888) 644-6778

Or:

Any Taxpayer Service Center (see listing at the end of this publication)

Or:

E-mail us from [tax.ohio.gov](mailto:tax.ohio.gov)

## Grain Handling Tax

### In General

The grain handling tax is levied on grain dealers for the receipt and purchase of grain in Ohio. The rates per bushel of grain handled vary depending on the type of grain involved. Grain subject to this tax is exempt from the personal property tax.

### Tax Paid By

Firms receiving or purchasing grain in Ohio must pay the tax. Public utilities, track buyers (those who buy and sell grain but never have possession of such grain), and farmers acquiring grain for use on the farm do not file or pay this tax.

### Base and Rates

The tax is levied on each bushel of grain received or purchased for storage, sale, or processing in Ohio. The tax rate is 0.5 mill per bushel of wheat and flax, and 0.25 mill per bushel of all other types of grain.

## Filing Procedures

A statement showing the number of bushels handled during the previous year must be filed annually between February 15 and April 30. Taxpayers with property in only one county file a return (form TPP 925) with the county auditor of the county where located, while taxpayers with property in more than one county file a statement (form TPP 945, Schedule 5) as part of the taxpayer's personal property tax return (see the **Personal Property Tax** section) with the Department of Taxation. If the return is filed with the county auditor, one-half of the tax is due when the return is filed, with the remainder due by September 20 or as indicated on the tax bill. When the return is filed with the Department of Taxation, no payment is required with the return, and the entire amount is due before September 20 or as indicated on the tax bill.

## Primary Forms Used

TPP 925	Return of grains handled
TPP 945	Return of taxable property in more than one county, Schedule 5

(Find forms at [tax.ohio.gov](http://tax.ohio.gov), or call (800) 282-1782).

## Closing a Business

A business that receives or purchases grain in Ohio must file a return when it is in business on its tax listing date and the following January 1, which is the lien date for all taxpayers. Any business that closes prior to its listing date for a particular tax year (December 31 for calendar year-end taxpayers and the fiscal year-end date for fiscal year-end taxpayers) and prior to January 1 of the next calendar year does not need to file a return for the tax year in which it closes its business. However, any business that closes prior to filing its tax return for the last year that it was in business that includes a listing date and lien date, must still file a return.



## For Information or Forms Contact:

County auditor of county where located,

Or:

Ohio Department of Taxation

Personal Property Tax

P. O. Box 530

Columbus, OH 43216-0530

Phone: (614) 466-8123 or

(888) OHIO-PPT / (888) 644-6778

Or:

Any Taxpayer Service Center (see listing at the end of this publication)

Or:

E-mail us from [tax.ohio.gov](mailto:tax.ohio.gov)

## Horse Racing Tax

### In General

Groups conducting horse races must obtain a permit for such activity. Taxes must be paid on the amount wagered on horse races.

### Tax Paid By

Every person, association, corporation, or trust conducting meetings where pari-mutuel wagering on horse racing is permitted.

### Base and Rates

Pari-Mutuel Wagering:

<b>Amount Wagered Daily</b>	<b>Rate</b>
First \$200,000	1.0%
Next \$100,000	2.0%
Next \$100,000	3.0%
Over \$400,000	4.0%

Exotic Wagering:

3.0 percent of the amount wagered daily on pools other than win, place, or show.

Additional Pari-Mutuel Wagering:

Levied on the total amount wagered each horse racing

meeting, this tax is distributed to the municipal corporation or township in which racing takes place. The rate is 10 percent if the total amount wagered is less than \$5.0 million, and 15 percent if the total amount wagered is \$5.0 million or more.

### Filing Procedures

Horse racing taxpayers must file a return with the Department of Taxation by the day following after each racing day at which pari-mutuel wagering and exotic wagering taxes are collected. Taxpayers must file a return with the department for the additional pari-mutuel wagering tax within 10 days after the close of each horse race meeting.

### Closing a Business

A horse racing taxpayer must indicate that it is filing a final return. The Ohio State Racing Commission will not release the cash bond secured to obtain a racing permit until all taxes are paid.

### For Information Concerning Racing Permits Contact:

Ohio State Racing Commission

77 S. High Street, 18th Floor

Columbus, OH 43266-0416

Phone: (614) 466-2757

### For Information Concerning Taxes Contact:

Ohio Department of Taxation

Excise Tax

P. O. Box 530

Columbus, OH 43216-0530

Phone: (614) 466-7026

Fax: (614) 752-8644

Or:

E-mail us from [tax.ohio.gov](mailto:tax.ohio.gov)

## Insurance Company Taxes

### In General

The state imposes taxes on both domestic (companies organized under Ohio law) and foreign (companies

organized under the laws of other states) insurance companies doing business in Ohio. Although insurance agents and solicitors must obtain a license, no special taxes apply to these individuals.

## Tax Paid By

Domestic and foreign insurance companies engaging in any type of insurance business in Ohio. The return to be filed is based on the type of insurer filing.

## Base and Rates

### Foreign Companies:

The tax due is 1.4 percent of the gross amount of premiums received from policies for Ohio risks during the preceding calendar year less specified deductions, or retaliatory rates if they apply. Health insuring corporations are taxed at 1.0 percent. The minimum tax before credits for foreign insurers is \$250, plus an additional tax of 0.75 percent of fire insurance gross premiums.

### Domestic Companies:

The rate is 1.4 percent of the gross premiums. Health insuring corporations are taxed at 1.0 percent. Reciprocal insurance exchanges are taxed at 2.5 percent. The minimum tax before credits for domestic insurers is \$250. An additional tax of 0.75 percent of fire insurance gross premiums is due from both foreign and domestic companies.

## Credits

- A credit exists for a foreign or domestic insurance company or insurance group. The calculation of this credit is as follows:
  - (a) subtract the total dollar amount of all premiums sold, or for a health insuring corporation, all premium rate payments received in all states by the company, from \$75 million; (b) divide the difference obtained in (a) by \$75 million; (c) multiply the quotient obtained in (b) by 200,000.
- A nonrefundable credit is allowed for eligible employee training costs for which a tax credit certificate is issued under Ohio Revised Code 5733.42.

- A tax credit issued by the Ohio Venture Capital Authority under Ohio Revised Code 150.07 may be claimed.
- Assessments by the Ohio Life and Health Insurance Guaranty Association may be credited as shown on the certificate of contribution.

## Filing Procedures

The Ohio Department of Insurance certifies tax liability to the Treasurer of State by the first Monday of May. The Treasurer of State issues a tax bill that is payable 20 to 30 days from the date the bill is mailed.

## Closing a Business

The Ohio Department of Insurance requires any company subject to the tax that goes out of business to file a final return by the normal due date of March 1 of the following year.

## For Information on Regulations, Taxes and Forms Contact:

Ohio Department of Insurance  
2100 Stella Court  
Columbus, OH 43215-1067  
Phone: (614) 644-2566

## Kilowatt-Hour Tax

### In General

The kilowatt-hour tax, and its companion self-assessor option tax, replaced the public utility excise tax on electric and rural electric companies and the tax losses from the reduction in electric and rural electric tangible personal property tax assessment rates. The kilowatt-hour tax is levied on electric distribution companies with end-users in Ohio. It is based on a declining three-tiered block of the monthly kilowatt-hour consumption of each individual end-user of electricity. For certain large consumers of electricity, there exists a self-assessor option tax. This tax is partially based on price and partially based on consumption.

Companies that previously provided both electric and natural gas (or other utility) service must separate out the electric operations from the other services they provide.

## Tax Paid By

Electric distribution companies are responsible for the kilowatt-hour tax. Those large consumers that opt to self-assess are responsible for remitting the self-assessor option tax.

## Base and Rates

The kilowatt-hour tax is based on the quantity of electricity distributed to end-users on a monthly basis. The tax is based on a declining three-tiered block of consumption:

Monthly Kilowatt-Hours Distributed to the End-User	Rate per Kilowatt-Hour
0 — 2,000 kilowatt-hours	\$0.00465
2,001 — 15,000 kilowatt-hours	\$0.00419
Over 15,000 kilowatt-hours	\$0.00363

For those large consumers of electricity (above 45 million kilowatt-hours of annual consumption), the base is partially on the total price per month and the number of kilowatt-hours distributed to them per month. The consumption portion of this tax is capped at the first 504 million kilowatt-hours distributed to the end-user annually. The rate is the sum of: (a) 4.0 percent of the total monthly price; plus (b) 0.75 mills on the first 504 million kilowatt-hours of annual consumption.

## Filing Procedures

For kilowatt-hour and the self-assessor option taxes, the filing date is the 20<sup>th</sup> day of each month. The payment will reflect the amount of electricity (and price paid for self-assessors) distributed to the end-user during the previous month.

## Primary Forms Used

- KWH 1 Kilowatt-hour tax application for a distributor of electricity
- KWH 2 Kilowatt-hour tax return
- KWH 2A List of self-assessors serviced by an electricity distributor
- KWH 3 Self-assessor option tax application

KWH 4 Self-assessor option tax return  
(Find forms at [tax.ohio.gov](http://tax.ohio.gov), or call (800) 282-1782).

## Closing a Business

A utility that is subject to the kilowatt-hour tax and ceases operations is required to file a final return. Failure to do so will result in the account being cancelled, but not in good standing.

## For Information or Forms Contact:

Ohio Department of Taxation  
Excise Tax  
P.O. Box 530  
Columbus, OH 43216-0530  
Phone: (614) 466-7026  
Fax: (614) 752-8644  
Or:  
E-mail us from [tax.ohio.gov](mailto:tax.ohio.gov)

## Lodging Excise Taxes

### In General

Municipalities, townships, counties, and convention facility authorities may levy an excise tax on charges for rooms in hotels, motels, rooming houses, etc. The total combined rate is limited to 6.0 percent by state law with certain exceptions.

### Tax Paid By

Operators of hotels, motels, rooming houses, and other businesses providing lodging for transient guests.

### Base and Rates

The tax may be levied by counties, municipalities, townships, and convention facility authorities on charges for lodging of transient guests at a combined rate not to exceed 6.0 percent. However, there are various special lodging tax levies in effect throughout the state, bringing the maximum combined rate to 10 percent (in Franklin County).

## For Information:

Contact the city, village, township, or county where the hotel, motel, or rooming house is located.

## Manufactured Home Tax

### In General

Manufactured or mobile homes used in business are taxed as tangible personal property. Such homes not used in business are subject to a specific tax based on the assessed value of the property and subject to local voted property tax levies, which is paid by the owner of the home. Although not liable for the manufactured home tax, operators of manufactured home courts or parks are required to keep a register of all manufactured or mobile homes located in the courts or parks. Homes leased or rented and used as residences are subject to the manufactured home tax and not the tangible personal property tax.

### Tax Paid By

Owners of manufactured or mobile homes, unless specifically exempt.

### Base and Rates

The taxable value of manufactured homes used in business and all tangible personal property is determined by applying a listing percentage to the true value of the property. The percentage used to determine taxable value is 25 percent. The listing percentage rate on inventories, which was 23 percent for tax year 2004, will remain at 23 percent for tax year 2005. It will be reduced by 2.0 percent in tax year 2006 if collections from the second preceding year exceed collections from the third preceding year. Effective for tax year 2007 and each year thereafter, the assessment rate for inventory will be reduced by 2.0 percent until the assessment rate equals zero. The tax rates used for tangible personal property are determined locally and vary with the location of the property.

Taxpayers are exempt from the first \$10,000 of taxable value.

## Filing Procedures

Operators of Manufactured Home Courts:

Operators of manufactured home courts or parks and owners of property used for such purposes (where there is no operator), on which three or more manufactured or mobile homes are located, must keep a register of all manufactured or mobile homes in the court or park. These registers must include:

- the name of the owner and all inhabitants of each home;
- the ages of all inhabitants;
- the temporary and permanent address of all inhabitants;
- the license number of all homes and the state issuing those licenses; and
- the arrival and departure dates of each home.

The register must be kept open for inspection by agents of the county auditor, county treasurer, and all law enforcement officials.

Owners of Manufactured or Mobile Homes Used in Business:

New taxpayers must file a tax return within 90 days of the first day of business (see the **Personal Property Tax** section). In general for all taxpayers, those with property in only one county pay one-half of their tax liability on or before April 30, and the remainder by September 20. Taxpayers with property in more than one county pay their tax liability in one installment on or before September 20.

## Closing a Business

Operators of manufactured home courts or parks or any manufactured or mobile home used in business are subject to the personal property tax. Please see the **Personal Property Tax** section for information on filing a return when a business closes that is liable for the personal property tax.

## For Information Contact:

County auditor where the manufactured or mobile home or manufactured home court or park is located.

## Manufactured Home Transfer Tax

### In General

Sellers of used manufactured or mobile homes must pay a fee to the county auditor of 0.1 percent of the value of the property sold or transferred. Counties may also levy an additional fee on such transfers.

### Tax Paid By

Owners of manufactured or mobile homes selling or transferring the property to others. The tax is paid to the auditor of the county in which the home is located at the time of delivery of the certificate of title.

### Base and Rates

The transfer tax is levied on the face value (either the selling price or estimated selling price) of the manufactured home property. The rate of the tax is at least 0.1 percent in all counties. A county may impose an additional permissive levy of up to 0.3 percent. This rate must equal the permissive real property transfer tax rate in the county. A county may also prescribe a lower permissive transfer tax rate for the transfer of a certificate of title conveying a dwelling for which the seller or grantor had received a reduction in assessable value based on age or disability.

### Filing Procedures

Before a certificate of title can be transferred, the buyer or grantee must file with the county auditor either a form DTE 100-M with payment of the transfer tax or a form DTE 100-M-EX, stating the reason for exemption from the tax.

### Closing a Business

No particular steps are required when closing a business. However, if a certificate of title to manufactured home property used in the business is issued to transfer the title into a new name, either the taxable or exempt form must be filed.

### For Information Contact:

County auditor where the property is located.

## Motor Fuel Use Tax

### In General

Owners or lessees of trucks, truck-trailers, and tractor trailers with three or more axles that use the public highways of Ohio are required to pay excise taxes equivalent to the amount of tax on fuel consumed in Ohio or pay an excise tax (equal to the motor fuel tax rate) on the difference between the amount of fuel purchased in Ohio and the amount of fuel consumed in Ohio. Such taxpayers must also pay an additional surtax of two cents per gallon on the number of gallons consumed in Ohio.

### Permits Required For

Trucks with three or more axles, commercial tractors with two or more axles, and two-axle trucks operated in combination with a trailer which has a gross vehicle weight exceeding 26,000 pounds, are required to have fuel use tax permits. The permit may be acquired by the owner, lessee or lessor. There is no fee for the permits.

### Tax Paid By

Permit holders.

### Base and Rates

A tax is levied on all gallons of fuel consumed on Ohio's highways equal to the motor vehicle fuel rate in effect during the period, in addition to a two cents per gallon surcharge. The current motor fuel use tax rate is 28 cents per gallon (26 cents motor vehicle fuel rate, plus the two-cent surtax). The tax is imposed on all loaded and unloaded miles including those traveled on the Ohio Turnpike.

The motor vehicle fuel tax rate is scheduled to increase to 28 cents per gallon on July 1, 2005 if certain changes are not made to the federal gasoline tax distribution formula. However, the surtax for the fuel use tax is scheduled to be eliminated at the same time, meaning the total fuel use tax rate will also be 28 cents per gallon.

### Filing Procedures

Fuel use tax returns (FUT 43) are filed for the calendar quarter and are due the last day of the month following the

quarter (annually in certain circumstances). Payment of the tax due for the previous period must accompany the return. If the taxpayer travels interstate, the tax would be reported on a quarterly IFTA (International Fuel Tax Agreement) tax return. An IFTA return is valid in any IFTA member jurisdiction.

## Primary Forms Used

FUT 101-D	Application for single trip permit
FUT 8	Application for fuel use tax permit
FUT 15-R	Application for annual renewal of permit
FUT 6	Application for temporary fuel use permit
FUT 43	Fuel use tax return
OH1F 1	Application for IFTA license
OH1F 5	IFTA tax return

(Find forms at [tax.ohio.gov](http://tax.ohio.gov), or call (800) 282-1782).

## Closing a Business

A fuel use permit holder that goes out of business is required to file a final return. Failure to do so will result in the account being cancelled, but not in good standing.

## For Information or Forms

### Contact:

Ohio Department of Taxation  
 Fuel Use Tax  
 P. O. Box 530  
 Columbus, OH 43216-0530  
 Phone: (614) 466-3410  
 Fax: (614) 752-8644  
 Or:  
 E-mail us from [tax.ohio.gov](mailto:tax.ohio.gov)

## Motor Vehicle Fuel Tax

### In General

Wholesale fuel dealers and refiners who sell motor vehicle fuel to retailers or consumers in Ohio must pay an excise tax of 26 cents per gallon. These companies must be licensed by the Department of Taxation.

## Tax Paid By

Motor vehicle fuel dealers who sell, use, or distribute motor vehicle fuel within the state. Motor fuel dealers include persons that: (a) import from another state or foreign country or acquire and transport motor fuel by any means into a terminal in this state; (b) import motor fuel from another state or foreign country in bulk lot vehicles for subsequent sale and distribution in this state from bulk lot vehicles; (c) refine motor fuel in this state; (d) acquire motor fuel from a dealer for subsequent sale and distribution by that person in this state from bulk lot vehicles; or (e) hold an unrevoked permissive motor fuel dealer's license.

## Base and Rates

The rate is 26 cents per gallon of motor vehicle fuel sold, used or distributed.

Exemptions from the motor vehicle fuel tax include:

- The sale of dyed diesel fuel from a location other than a retail service station.
- The sale of K-1 (water clear) kerosene to a retail service station, except when placed directly in the fuel supply tank of a motor vehicle.
- The sale of motor fuel to another licensed motor fuel dealer.
- The exportation of motor fuel to another state or foreign country.
- The sale of motor fuel to the United States government or its agencies.
- The sale of motor fuel which is in the process of transportation in foreign or interstate commerce.
- The sale of motor fuel when sold exclusively for use in the operation of aircraft.

The motor vehicle fuel tax rate is scheduled to increase to 28 cents per gallon on July 1, 2005 if certain changes are not made to the federal gasoline tax distribution formula.

## Filing Procedures

New Dealers:

Wholesale dealers and refiners of motor vehicle fuel must file an application (form MF 201) for a motor vehicle fuel dealer's license. This application is filed with the Department

of Taxation, and a bond of at least \$5,000 (amount is determined by the dealer's average three-month liability) is required for a dealer's license.

#### All Dealers:

By the last day of each month, each dealer must file a report (form MF 2) indicating the number of gallons of motor fuel subject to tax during the preceding month. Payment of the tax must be included with these reports.

#### Carriers:

Companies that transport fuel to points within Ohio must file reports (form CC 2) with the Department of Taxation by the 30<sup>th</sup> of each month showing the fuel delivered in Ohio for the previous month.

#### Other Licenses:

- Permissive fuel dealer.
- Retail motor fuel dealer.
- Exporter of motor fuel.
- Terminal operator.
- Transporter of motor fuel.

## Primary Forms Used

MF 201	Application for motor fuel dealer's license
MF 202	Application for permissive motor fuel dealer's license
MF 203	Application for retail motor fuel dealer's license
MF 204	Application for exporter's license
MF 205	Application for terminal operator's license
MF 207	Application for transporter of motor fuel
MF 2	Motor fuel dealer's tax report and permissive dealer's tax report
EX 2	Exporter's report
TO 2	Terminal operator's report
CC 2	Transporter's report

(Find forms at [tax.ohio.gov](http://tax.ohio.gov), or call (800) 282-1782).

## Closing a Business

A wholesale fuel dealer or refiner subject to the motor fuel tax that goes out of business is required to file a final return. Failure to do so will result in the account being cancelled, but not in good standing.

## For Information or Forms Contact:

Ohio Department of Taxation  
 Motor Fuel Tax  
 P. O. Box 530  
 Columbus, OH 43216-0530  
 Phone: (614) 466-3503  
 Fax: (614) 752-8644  
 Or:  
 E-mail us from [tax.ohio.gov](mailto:tax.ohio.gov)

## Natural Gas Consumption Tax

### In General

The natural gas consumption tax became effective July 1, 2001. The tax is applied to distributors of natural gas and is based upon a declining three-tiered schedule of consumption by the distributor's end-users. For certain large end-users of natural gas (known as flex customers), the tax is based on a flat rate.

### Tax Paid By

Natural gas distribution companies.

### Base and Rates

All commercial, industrial, and residential consumers of natural gas are taxed on their actual Mcf\* usage.

Distributed Monthly Mcf to an End-User	Rate per Mcf
0 – 100 Mcf	\$0.1593
101 – 2,000 Mcf	\$0.0877
Over 2,000 Mcf	\$0.0411
Flex Customer	\$0.02

\*Mcf means one thousand cubic feet.

### Filing Procedures

Natural gas distribution companies are required to collect and remit the tax. The tax is remitted on the 20<sup>th</sup> day of February, May, August, and November and applies to activity during the preceding calendar quarter.

## Primary Forms Used

MCF 1 Application

MCF 2 Tax return

(Find forms at [tax.ohio.gov](http://tax.ohio.gov), or call (800) 282-1782).

## Closing a Business

A distribution company that is subject to the natural gas tax and goes out of business is required to file a final return. Failure to do so will result in the account being cancelled, but not in good standing.

## For Information or Forms

### Contact:

Ohio Department of Taxation

Excise Tax

P.O. Box 530

Columbus, OH 43216-0530

Phone: (614) 466-7026

Fax: (614) 752-8644

Or:

E-mail us from [tax.ohio.gov](mailto:tax.ohio.gov)

## Public Utility Excise and Property Taxes

### In General

Companies that are defined as public utilities and inter-exchange telecommunications companies under the Ohio Revised Code must file property tax returns with the Ohio Department of Taxation. Some public utilities must also file public utility excise tax returns with the department. Generally, these companies also fall under the jurisdiction of, and are regulated by, the Public Utilities Commission of Ohio.

### Tax Paid By

Ohio tax law defines public utilities under one or more of the following classes:

- telephone;
- telegraph;
- natural gas\*;

- pipeline;
- railroad\*\*;
- water works;
- water transportation;
- electric\*\*;
- rural electric\*\*;
- heating; and
- inter-exchange telecommunications companies\*\*.

\* Natural gas companies are subject to a separate excise tax.

\*\* Electric, rural electric, inter-exchange telecommunications and railroad companies are not subject to the public utility excise tax.

For all classes, an ad valorem tax (tax on a proportion of the value) is levied on the real and tangible personal property of railroads, and the personal property of all other classes. The excise tax is levied on the gross receipts of certain classes. The excise tax is in lieu of the corporation franchise tax. Electric, rural electric, inter-exchange telecommunications and railroad companies pay the corporation franchise tax. Electric and rural electric companies are also responsible for the kilowatt-hour tax.

### Base and Rates

Property Taxes:

The taxable value of real property (land and buildings) is 35 percent of true market value. The following table lists the tangible personal property tax assessment rates by utility type. The rates apply from January 1, 2002.

Type of Utility	Assessment Percentage
Electric companies –	
• transmission & distribution equipment:	88%
Electric companies –	
• production & all other tangible property:	25%
Rural electric companies –	
• transmission & distribution equipment:	50%
Rural electric companies –	
• all other tangible property:	25%

Natural gas companies:	25%
Pipeline, waterworks, & transportation companies:	88%
Railroads and water transportation companies:	25%
Inter-exchange telecommunications:	25%
Local exchange telephone property (for property added in tax year 1995 and thereafter):	25%
All other existing local exchange telephone companies (for property added prior to tax year 1995):	88%

#### Excise Taxes:

All classes, except electric, rural electric, railroads and inter-exchange telecommunications companies, are taxed on gross receipts from intrastate business. The tax rate is 4.75 percent for all classes except pipelines, which are assessed at a tax rate of 6.75 percent.

## Closing a Business

A public utility taxpayer that ceases business must file a return when it is in business on its tax listing date and the following January 1, which is the lien date for all taxpayers.

Any business that closes prior to its listing date for a particular tax year (December 31 for calendar year-end taxpayers and the fiscal year-end date for fiscal year-end taxpayers) and prior to January 1 of the next calendar year does not need to file a return for the tax year in which it closes its business. However, any business that closes prior to filing its tax return for the last year that it was in business that includes a listing date and lien date, must still file a return.

## For Information on Public Utility Taxes and Forms Contact:

Ohio Department of Taxation  
 Personal Property Tax  
 Public Utilities  
 P. O. Box 530  
 Columbus, OH 43216-0530  
 Phone: (614) 466-7371  
 Or:  
 E-mail us from [tax.ohio.gov](mailto:tax.ohio.gov)

### For Information on Non-Tax State Regulation Contact:

Public Utilities Commission of Ohio  
 Utilities Department  
 180 East Broad St.  
 Columbus, OH 43215-3793  
 Phone: (614) 466-3705  
 Web site: [www.puc.state.oh.us](http://www.puc.state.oh.us)

## Replacement Tire Fee

### In General

Any replacement tire sold at the wholesale level in the State of Ohio or an imported, untaxed replacement tire sold at retail is subject to this fee. Tires with rims of 13 inches or more, designed for use on a motor vehicle, and sold as a replacement tire are subject to the fee. Tires that are used, retreaded, or tires on new motor vehicles are not subject to the fee. The rate of the fee is \$1.00 per tire.

### Tax Paid By

Any wholesale distributor of replacement tires or any retail dealer acquiring tires on which the fee has not been paid.

### Filing Procedures

#### New Businesses:

Wholesale distributors or retail importers of replacement tires must register with the Department of Taxation (using form TR 1).

#### All Businesses:

Reports and payments must be filed by the 20<sup>th</sup> of each month for the liability of the previous month.

### Primary Forms Used

TR 1 Application for replacement tire license  
 TR 2 Monthly replacement tire fee payment form  
 (Find forms at [tax.ohio.gov](http://tax.ohio.gov), or call (800) 282-1782).

### Closing a Business

A business that is subject to the replacement tire fee and closes is required to file a final return. Failure to do so will result in the account being cancelled, but not in good standing.

## For Information or Forms Contact:

Ohio Department of Taxation  
Excise Tax  
P.O. Box 530  
Columbus, OH 43216-0530  
Phone: (614) 466-7026  
Fax: (614) 752-8644  
Or:  
E-mail us from [tax.ohio.gov](mailto:tax.ohio.gov)

## Severance Tax

### In General

Businesses which remove selected natural resources from the soil or water of the state must pay an excise tax. The tax is based on the weight or volume of the natural resource removed, and varies depending on the type of resource.

### Tax Paid By

Businesses which remove coal, salt, limestone, dolomite, sand, gravel, oil, clay, sandstone, shale, conglomerate, gypsum, quartzite, or natural gas from the soil or water of Ohio.

### Base and Rates

Resource	Tax Rate
Coal	9.0 cents per ton
Salt	4.0 cents per ton
Limestone or dolomite	2.0 cents per ton
Sand and gravel	2.0 cents per ton
Oil	10.0 cents per barrel
Natural gas	2.5 cents per 1,000 cubic feet
Clay, sandstone, and shale	1.0 cent per ton
Conglomerate, gypsum, and quartzite	1.0 cent per ton

### Filing Procedures

New Businesses:  
Must file an application (form SV 1) for a severer's

license before extracting or selling natural resources in Ohio. A \$50 fee must accompany the completed application. The company must also obtain a mining permit from the Ohio Department of Natural Resources.

#### All Businesses:

Quarterly returns (form SV-3) must be filed by May 15, August 14, November 14, and February 14 showing the quantity of natural resources extracted during the previous quarter. Tax payments must accompany the returns.

### Primary Forms Used

SV 1 Application for severer's license  
SV 3 Quarterly severance return  
(Find forms at [tax.ohio.gov](http://tax.ohio.gov), or call (800) 282-1782).

### Closing a Business

A business that is subject to the severance tax and closes is required to file a final return. Failure to do so will result in the account being cancelled, but not in good standing.

## For Information or Forms Contact:

Ohio Department of Taxation  
Excise Tax  
P. O. Box 530  
Columbus, OH 43216-0530  
Phone: (614) 466-7026  
Fax: (614) 752-8644  
Or:  
E-mail us from [tax.ohio.gov](mailto:tax.ohio.gov)

## III. Taxpayer Service Centers

### Of the Ohio Department of Taxation

All Taxpayer Service Centers can be reached through the following toll-free numbers:

**Individuals ..... (800) 282-1780**

**Businesses ..... (888) 405-4039**

**Ohio Relay for the ..... (800) 750-0750  
Hearing Impaired**

#### Akron Taxpayer Service Center

Oliver Ocasek Building  
161 S. High Street, Suite 501  
Akron, OH 44308-1600  
Fax: (330) 643-1470

#### Cincinnati Taxpayer Service Center

900 Dalton Avenue at W. 8<sup>th</sup> Street  
Cincinnati, OH 45203-1171  
Fax: (513) 852-3320

#### Cleveland Taxpayer Service Center

Frank J. Lausche State Office Building  
615 W. Superior Avenue, 5<sup>th</sup> floor  
Cleveland, OH 44113-1891  
Fax: (216) 787-3710

#### Columbus Taxpayer Service Centers

30 E. Broad Street, 20<sup>th</sup> Floor  
Columbus, OH 43215  
Fax: (614) 752-9032

800 Freeway Drive North  
Columbus, OH 43229  
Fax: (614) 387-1993

#### Dayton Taxpayer Service Center

40 S. Main Street, 5<sup>th</sup> floor  
Dayton, OH 45402-2162  
Fax: (937) 285-6342

#### Toledo Taxpayer Service Center

One Government Center, Suite 1400  
Toledo, OH 43604-2232  
Fax: (419) 245-2833

#### Youngstown Taxpayer Service Center

242 Federal Plaza West, Suite 402  
Youngstown, OH 44503-1294  
Fax: (330) 797-9260

#### Zanesville Taxpayer Service Center

601 Underwood Street  
Zanesville, OH 43701-3786  
Fax: (740) 455-6613



