



Estate Tax

The Ohio estate tax was enacted in 1968 to replace a state inheritance tax, but its roots can be traced back to 1893, when the Ohio General Assembly first enacted an inheritance tax during the McKinley administration.

Under current law, the estates of residents with a net taxable value of \$338,333 or less are effectively exempt from the Ohio estate tax through a \$13,900 credit. A 6 percent tax rate applies to any net taxable value above that mark, up to \$500,000. A 7 percent rate applies to any net taxable value over \$500,000.

Ohio's estate tax generated \$333.8 million in revenue for fiscal year 2009. Most of the revenue – about \$269.4 million worth – was distributed to local governments. The balance was distributed to the state General Revenue Fund.

Taxpayer

The tax is paid by the administrator, executor, or other estate representative in possession of the property subject to tax.

Tax Base

The base of the estate tax depends on the residency of the decedent.

Resident estates

The net taxable estate is the value of a decedent's gross estate, less deductions. In general, the gross estate equals the aggregate market value at time of death (or on the alternate valuation date; see **Special Provisions**) of all property, wherever situated, held by the decedent. Excepted are real and tangible personal property situated outside of Ohio, and "qualified farm property," which may be valued according to its actual "qualified use."

The "net taxable estate" equals the gross estate less the following deductions:

- marital deduction, where there is a surviving spouse;
- funeral expenses and costs of administering the estate;
- outstanding and unpaid claims against the estate at time of the decedent's death;
- unpaid mortgage or other indebtedness against property where the value of that property is included in the gross estate valuation; and
- charitable contributions.

Nonresident estates

The base of the nonresident estate tax is real and tangible personal property located or having a situs in Ohio, and intangible personal property used in business within Ohio unless exempt pursuant to R.C. 5731.34.

Tax on nonresident estates is determined by:

- calculating tax which would be due from the estate, at a rate applicable to resident estates, if the decedent had

died a resident of Ohio with all property situated or located in Ohio; and

- multiplying the resulting amount by a fraction representing the ratio of gross estate value attributable in Ohio to gross estate value wherever situated.

Rates

(Ohio Revised Code 5731.02)

Rates are tiered in the brackets shown below. Estates with a net taxable value of \$338,333 or less are effectively exempt from the tax because of the availability of a nonrefundable estate credit of up to \$13,900. The effect of this credit, which applies to dates of death on or after Jan. 1, 2002, is also shown in the table below.

Net taxable estate	Tax before credit	Tax after credit
\$0 to \$40,000	2% of the net taxable estate	No tax
\$40,001 to \$100,000	\$800 plus 3% of excess over \$40,000	No tax
\$100,001 to \$200,000	\$2,600 plus 4% of excess over \$100,000	No tax
\$200,001 to \$300,000	\$6,600 plus 5% of excess over \$200,000	No tax
\$300,001 to \$500,000	\$11,600 plus 6% of excess over \$300,000	6% of excess over \$338,333
Over \$500,000	\$23,600 plus 7% of excess over \$500,000	\$9,700 plus 7% of excess over \$500,000

Filing Requirements

(R.C. 5731.21)

For dates of death on or after Jan. 1, 2002, estates with gross values over \$338,333 are required to file an estate tax return.

Deductions and credits

Marital deduction

A marital deduction is allowed in an amount equal to the net value of any asset passing from the decedent to the surviving spouse to the extent that the asset is included in the value of the gross estate (R.C. 5731.15).

Other deductions

Other expenses that may be deducted from a gross estate

in order to arrive at a “net taxable estate” include funeral expenses and costs of administering the estate; outstanding and unpaid claims against the estate at time of the decedent’s death; unpaid mortgage or other indebtedness against property where the value of that property is included in the gross estate valuation; and charitable contributions.

Estate tax credit

For estates with dates of death on or after Jan. 1, 2002, a credit is permitted equal to \$13,900 or the full amount of the tax, whichever is less (R.C. 5731.02).

Special Provisions

Alternate valuation date

An alternate valuation date (R.C. 5731.01) may be elected. The alternate valuation date is the date six months after the decedent’s death, or, in the case of the property’s earlier disposition, on such dates of disposition. Alternate valuations must be elected within one year of the deadline for filing the return.

Farm property valuation

A qualified farm property valuation and recapture provision (R.C. 5731.011) applies to some estates. Under certain conditions, an estate may elect to have farm property that passes to a qualified heir valued at its agricultural use value. A prospective supplemental tax lien remains on the property for four years when this election is used. The lien is equal to the tax savings realized due to the election and becomes effective if the farm property is disposed of (other than to another qualified heir), or ceases to be devoted exclusively to agricultural use within the four-year limitation.

Filing and Payment Dates

Tax returns are to be filed within nine months of the decedent’s death with the probate court of the county in which the estate is administered, unless an extension is granted. However, an automatic six-month extension is granted to all estates (R.C. 5731.21).

Tax payments are due within nine months of the decedent’s death, regardless of any extension of time to file, to the treasurer of the county in which the decedent resided (R.C. 5731.23).

Under certain conditions, an extension of time to pay Ohio estate tax because of undue hardship (R.C. 5731.25) applies. An estate may receive an extension of the time to pay the estate tax, not to exceed one year beyond the time the tax would otherwise be due, if conditions exist as defined in R.C. 5731.25. In the case of continuing undue hardship, the estate may apply for additional extensions. The total of all extensions granted may not exceed 14 years.

Disposition of Revenue

(R.C. 5731.48-5731.51)

For estates with dates of death on or after Jan. 1, 2002, 80 percent of gross estate tax revenues is distributed to the municipal corporations or townships in which the tax originates and 20 percent, less costs of administration, is distributed to the state General Revenue Fund.

For dates of death on or after June 29, 2004, local governments share in the costs of administering the estate tax in an 80/20 split that matches the disposition of revenue.

In general, for revenue distribution purposes, the tax on the transfer of real and tangible personal property located within Ohio originates

in the municipal corporation(s) or township(s) in which such property is physically located. In the case of a resident decedent’s intangible or tangible personal property located outside of Ohio, the domicile of the decedent is determinative. In the case of intangibles of a nonresident decedent, origin is derived from Ohio domicile, location or place of business or custody of the person, bank, institution, or other entity having such property in possession or custody.

Administration

(R.C. 5731.44, 5731.45, 5731.46)

The Tax Commissioner is responsible for administration of the estate tax. The tax is collected locally by the treasurer of the county in which the decedent was a resident.

Ohio Revised Code Citations

Chapter 5731.



Table 1

Estate Tax Collections and Distributions, Fiscal Years 2005 - 2009 (figures in millions)			
State General Revenue Fund figures are based on actual receipts reported by the Office of Budget and Management. Local government figures represent the total tax collected from estates as recorded in each year's two semi-annual settlements, net of the state's share of those collections. Local government figures also include county auditor and treasurer administrative fees. Effective Jan. 1, 2002, the state share is 20% and the local share is 80%.			
Fiscal Year	Total Collections	State General Revenue	Local Governments
2005	\$300.9	\$60.4	\$240.5
2006	272.7	54.1	218.6
2007	359.4	72.1	287.3
2008	317.1	61.4	255.7
2009	333.8	64.4	269.4

Table 2

Distribution of Taxable Estates, Gross and Net Values, and Tax Liability by Net Taxable Value Brackets, Fiscal Year 2009 (resident estates only)				
The data shown in this table is summarized from returns finalized by the Estate Tax Division in fiscal year 2009. This data differs from Table 3 due to 30 estates, which have a combined tax liability of \$666,707. Such estates were not included in the dataset used to produce Table 3.				
Net Taxable Value	Number of Estates	Aggregate Gross Value	Aggregate Net Taxable Value	Aggregate Tax Liability
\$338,333 and under	120	\$20,707,279	\$17,406,288	\$485,073
338,334 - 400,000	1,029	487,302,410	379,955,118	1,975,607
400,001 - 500,000	1,475	802,636,074	661,413,489	9,864,110
500,001 - 700,000	1,918	1,324,078,753	1,129,322,546	30,669,678
700,001 - 1,000,000	1,438	1,429,454,303	1,195,565,348	47,397,074
1,000,001 - 3,000,000	1,796	3,905,951,239	2,802,410,516	150,857,836
\$3,000,001 and over	227	2,107,084,289	1,589,722,463	105,571,572
Total	8,003	\$10,077,214,346	\$7,775,795,768	\$346,820,951

Table 3

**Number of Estates, Aggregate Gross and Net Taxable Values, and Tax Liability,
by County of Probate,
Fiscal Year 2009**
(resident estates only)

The data shown in this table is summarized from returns finalized by the Estate Tax Division in fiscal year 2009. This data differs from Table 2 due to 30 estates, which have a combined tax liability of \$666,707. Such estates were not included in the dataset used to produce this table.

County	Number of Estates	Gross Estate Value	Net Taxable Value	Tax Liability	County	Number of Estates	Gross Estate Value	Net Taxable Value	Tax Liability
ADAMS	4	\$2,933,912	\$2,610,210	\$82,950	LOGAN	24	\$25,563,410	\$24,221,308	\$1,097,323
ALLEN	65	52,617,626	48,343,757	1,768,977	LORAIN	172	159,040,779	138,012,009	5,482,131
ASHLAND	37	44,253,584	26,334,411	920,522	LUCAS	311	410,453,894	322,260,731	14,943,244
ASHTABULA	58	53,796,501	50,405,605	2,074,763	MADISON	23	20,540,784	17,887,356	676,474
ATHENS	26	29,817,756	26,786,471	1,231,835	MAHONING	162	196,616,883	163,897,511	7,489,979
AUGLAIZE	42	45,258,606	38,821,332	1,665,434	MARION	47	41,542,752	38,702,277	1,537,693
BELMONT	46	64,228,653	55,434,894	2,756,324	MEDINA	86	70,918,012	58,468,854	1,963,590
BROWN	15	9,320,412	8,606,229	229,965	MEIGS	8	15,726,478	11,026,033	572,394
BUTLER	184	227,860,286	181,433,286	8,109,044	MERCER	39	39,193,720	34,318,259	1,430,434
CARROLL	15	13,076,483	11,880,990	457,992	MIAMI	62	74,262,863	53,206,321	2,197,986
CHAMPAIGN	28	20,055,651	18,718,180	648,973	MONROE	8	8,686,522	8,112,999	379,990
CLARK	87	100,381,632	85,554,143	3,857,392	MONTGOMERY	407	435,976,632	366,527,807	15,678,141
CLERMONT	93	99,157,631	87,807,836	3,852,916	MORGAN	8	3,738,747	3,525,802	70,140
CLINTON	31	35,490,829	31,188,370	1,421,461	MORROW	14	54,129,449	51,026,623	3,226,418
COLUMBIANA	50	40,231,304	35,207,821	1,267,474	MUSKINGUM	63	79,237,206	58,193,214	2,492,160
COSHOCTON	25	18,794,945	15,298,120	450,012	NOBLE	7	5,540,221	5,403,029	201,112
CRAWFORD	34	35,358,381	27,920,931	1,125,108	OTTAWA	37	37,550,065	31,814,038	1,297,986
CUYAHOGA	1107	1,414,677,514	1,115,363,857	50,644,050	PAULDING	21	13,673,401	13,114,095	413,320
DARKE	58	48,243,823	42,662,246	1,542,240	PERRY	9	5,124,452	4,863,127	116,805
DEFIANCE	39	31,959,763	29,840,582	1,131,393	PICKAWAY	26	23,422,030	21,605,625	862,480
DELAWARE	94	157,096,924	93,245,967	4,190,176	PIKE	11	7,619,405	6,625,702	188,519
ERIE	77	71,128,016	64,394,369	2,601,695	PORTAGE	68	72,450,929	63,241,677	2,720,998
FAIRFIELD	96	86,342,950	73,524,171	2,744,797	PREBLE	24	22,751,533	17,555,832	649,688
FAYETTE	20	21,501,868	17,391,446	713,863	PUTNAM	31	19,875,869	17,583,956	460,246
FRANKLIN	650	756,667,472	645,492,749	29,136,541	RICHLAND	75	74,654,395	63,704,719	2,620,910
FULTON	36	26,309,212	24,005,040	782,792	ROSS	37	40,481,541	30,315,055	1,210,995
GALLIA	16	19,134,059	16,866,621	778,355	SANDUSKY	60	207,657,688	83,365,060	4,332,549
GEAUGA	81	86,014,499	79,106,507	3,540,772	SCIOTO	27	23,373,976	22,113,098	908,342
GREENE	100	326,531,625	90,588,718	3,873,486	SENECA	46	61,302,679	56,443,840	2,827,978
GUERNSEY	21	35,426,826	17,464,687	717,347	SHELBY	37	38,337,962	30,786,660	1,245,286
HAMILTON	905	1,706,921,496	1,214,694,579	62,589,911	STARK	262	287,160,783	231,034,886	9,711,228
HANCOCK	74	87,391,199	66,744,797	2,864,926	SUMMIT	420	488,870,104	401,022,722	17,691,610
HARDIN	24	19,567,689	17,306,868	613,470	TRUMBULL	121	119,243,919	101,524,470	4,156,653
HARRISON	10	11,313,659	9,792,689	434,892	TUSCARAWAS	64	57,486,731	48,478,700	1,815,495
HENRY	34	26,275,831	24,550,422	868,024	UNION	24	35,475,767	24,442,818	1,122,934
HIGHLAND	17	14,282,309	13,425,161	515,486	VAN WERT	36	37,780,838	29,435,644	1,157,885
HOCKING	11	9,455,826	6,243,797	179,000	VINTON	4	9,511,403	3,283,513	131,534
HOLMES	15	17,479,970	15,520,636	711,556	WARREN	79	74,200,400	59,209,236	2,198,016
HURON	28	24,180,960	20,029,098	705,579	WASHINGTON	46	46,969,202	38,791,195	1,561,822
JACKSON	25	27,906,926	18,744,363	687,756	WAYNE	80	90,370,950	76,263,025	3,341,636
JEFFERSON	46	46,774,076	33,553,467	1,217,161	WILLIAMS	31	27,763,327	25,860,912	1,033,684
KNOX	33	28,149,763	24,465,339	923,964	WOOD	90	109,244,677	77,701,931	3,203,392
LAKE	184	204,171,847	165,471,941	7,095,667	WYANDOT	20	17,193,149	14,925,373	544,336
LAWRENCE	18	33,916,561	17,214,255	754,545					
LICKING	87	135,666,468	97,946,277	4,708,124	TOTAL	7,973	\$10,057,838,850	\$7,757,900,279	\$346,154,244