



**CAT 2007-02: Pre-Income Tax Trusts, Explained with Revocation Procedures — Issued February, 2007; Updated March, 2007; Updated May, 2007; Updated January, 2008; Updated May, 2020**

This release update reflects recent revisions to Ohio Administrative Code 5703-29-21. ***The revised rule is final and effective May 10, 2020*** and explains the registration and filing responsibilities of pre-income tax trusts for commercial activity tax (CAT) purposes.

**Rule 5703-29-21 Pre-income tax trusts, explained with revocation procedures.**

(A) Subject to paragraph (D) of this rule, each pre-income tax trust making a qualifying pre-income tax trust election pursuant to section 5747.01 of the Revised Code must register for the commercial activity tax imposed under section 5751.02 of the Revised Code by April 17, 2007. In addition, all such trusts must file tax returns and pay at least a minimum tax of one hundred fifty dollars for each year, regardless of the trust's taxable gross receipts. This is required pursuant to the last sentence of division (E)(7) of section 5751.01 of the Revised Code that states in pertinent part "If the pre-income tax trust has made a qualifying pre-income tax trust election under division (FF)(3) of section 5747.01 of the Revised Code, then the trust \* \* \* shall not be [an] excluded [person] for purposes of the tax imposed under section 5751.02 of the Revised Code."

(B) A "pre-income tax trust" is a trust that meets all of the following requirements under section 5747.01 of the Revised Code: (i) the document creating the trust was executed prior to January 1, 1972; (ii) the trust became irrevocable upon creation; and (iii) the grantor was domiciled in Ohio when the trust was created.

(C) A "qualified pre-income tax trust" is a "pre-income tax trust", as that term is defined in section 5747.01 of the Revised Code, that made an election pursuant to section 5747.01 of the Revised Code prior to April 17, 2006. The deadline of April 15, 2006 specified in section 5747.01 of the Revised Code was extended pursuant to section 1.14 of the Revised Code that addresses due dates of certain documents filed with the state that fall on a weekend or legal holiday.

(D)(1) If the trustee of a qualified pre-income tax trust wishes to revoke the trust's election, the trustee must do so prior to the filing deadline for the calendar year taxpayer provided for in R.C. 5751.051. Such revocation is irrevocable and shall apply to the full taxable year for which the revocation is timely made.

(2) Any trust revoking its election must file a personal income tax return for the taxable year for which the revocation is timely made and make all corresponding payments by the due date for such return in order to avoid the imposition of penalties. For all future tax periods, a trust revoking its election must timely file all applicable personal income tax returns and make all corresponding payments.

(3) Any trust revoking an election may receive a letter acknowledging the revocation. Such letter is not to signify that the trust qualifies as a pre-income tax trust for purposes of the commercial activity tax. Therefore, even though a trust revoked its election, it may remain subject to both the personal income tax and the commercial activity tax if it is later found not to be a pre-income tax trust.

(E) If a qualified pre-income tax trust would otherwise be the common owner of either a combined taxpayer group or a consolidated elected taxpayer group, and the trust has less than four thousand five hundred dollars in taxable gross receipts, such trust is not required to register for the commercial activity tax pursuant to paragraph (B)(2) of rule 5703-29-02 of the Ohio Administrative Code. However, in the case of a qualified pre-income tax trust that is not a common owner of either a combined taxpayer group or a consolidated elected taxpayer group, such trust must register for the commercial activity tax and file all applicable returns, regardless of its taxable gross receipts.

Please direct any questions you may have to the Business Tax Division of the Ohio Department of Taxation at 1-888-722-8829. For persons using TTY, please contact the Ohio Relay Service at 1-800-750-0750 and give the operator the Ohio Department of Taxation's telephone number.