



Dealers in Intangibles Tax

Since 1931, Ohio law has provided for the taxation of shares in and capital employed by dealers in intangibles. The rate has been set at 8 mills since 1987.

During the 2012 calendar year, tax assessments on dealers in intangibles resulted in collections of approximately \$16.9 million to the state General Revenue Fund.

In 2001, the Ohio General Assembly broadened the tax to include “qualifying dealers” – generally dealers in intangibles that are subsidiaries of a financial institution or an insurance company. During 2012, qualifying dealers generated an additional \$15.9 million for the General Revenue Fund.

Taxpayer

(Ohio Revised Code 5725.01)

The tax is paid by firms having an office in Ohio and engaged in:

- lending money;
- discounting, buying, or selling bills of exchange, drafts, acceptances, notes, mortgages, or other evidences of indebtedness; or
- buying or selling bonds, stocks, or other investment securities.

Tax Base

(R.C. 5725.13)

The tax base for dealers in intangibles is:

- 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 unincorporated dealers in intangibles with capital stock not divided into shares.

In order to be considered a dealer in intangibles, a person must have an actual place of business in Ohio. For dealers in intangibles with offices in more than one state, the tax base is apportioned to Ohio based on gross receipts from offices in Ohio as compared to gross receipts from all offices.

Rates

(R.C. 5707.03)

The tax rate on fair value of shares or capital employed is 8 mills, or 0.8 percent.

Exemptions

(R.C. 5725.01 and 5725.26)

The following are excluded from the definition of a dealer in intangibles:

- institutions used exclusively for charitable purposes;
- insurance companies; and
- financial institutions.

Credits

(R.C. 5707.031, 5725.151)

Dealers in intangibles are eligible for the venture capital credit, awarded by the Ohio Venture Capital Authority. Beginning in tax year 2008, dealers in intangibles also became eligible for the historic preservation credit, awarded by the Ohio Department of Development.

For more information on these credits, see the **Business Tax Credits** chapter of this report.

Filing and Payment Dates

(R.C. 5725.10, 5725.14, 5725.16, 5725.22)

Second Monday in March – Returns must be filed by this date unless a time extension (not to exceed 30 days) is allowed by the Tax Commissioner.

First Monday in May – Tax Commissioner certifies the assessment of the shares or property representing capital to the Treasurer of State. Effective September 10, 2012 and pursuant to Amended Substitute House Bill 487, the Tax Commissioner will collect the dealer in intangibles tax when the taxpayer files the tax return with payment enclosed.

Disposition of Revenue

(R.C. 5725.24)

Effective June 30, 2012 and pursuant to House Bill 153, all tax paid by dealers in intangibles is paid into the state General Revenue Fund.

Administration

(R.C. 5725.14)

Returns are filed with the Tax Commissioner, who determines the taxable values and collects the tax due.

Ohio Revised Code Citations

Chapters 5707, 5719, and 5725.

Table 1

Dealers in Intangibles Taxes Levied, Calendar Years 2008-2012					
Distribution	2008	2009	2010	2011	2012
Qualifying dealers	\$15,127,427	\$17,203,287	\$18,859,633	\$18,458,581	\$15,852,756
Other Dealers	\$18,527,872	\$19,630,318	\$21,501,487	\$19,674,792	\$16,881,946
TOTAL	\$33,655,299	\$36,833,605	\$40,361,120	\$38,133,373	\$32,734,702