



Estate Tax

The Ohio Estate Tax has been repealed for individuals dying on or after Jan. 1, 2013 (see House Bill 153, 129th General Assembly). 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 \$351.8 million in revenue for fiscal year 2012. Most of the revenue – about \$285.3 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.

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.

Tax Rates and Credit

(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, and before Jan. 1, 2013 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
\$40,000 to \$100,000	\$800 plus 3% of excess over \$40,000	No tax
\$100,000 to \$200,000	\$2,600 plus 4% of excess over \$100,000	No tax
\$200,000 to \$300,000	\$6,600 plus 5% of excess over \$200,000	No tax
\$300,000 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 and before Jan. 1, 2013, estates with gross values over \$338,333 are required to file an estate tax return. As the Ohio estate tax has been repealed for dates of death on or after Jan. 1, 2013, no return shall be filed for estates of decedents dying on or after Jan. 1, 2013.

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.

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.

Recent Legislation**House Bill 153, 129th General Assembly**

Repeals the Ohio estate tax for individuals dying on or after Jan. 1, 2013. Also, provides closure of the former Ohio Inheritance Tax, by requiring all claims and inquiries regarding the inheritance tax to be submitted to the Department of Taxation prior to Jan. 1, 2013.

House Bill 508, 129th General Assembly,

Eliminates the requirement, with respect to decedents dying on or after Jan. 1, 2013, that written permission be obtained from the Tax Commissioner before certain assets of a decedent may be transferred to another person.

Table 1

Estate Tax Collections and Distributions¹			
Fiscal Years 2008 - 2012			
(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
2008	\$317.1	\$61.4	\$255.7
2009	333.8	64.4	269.4
2010	285.8	55.0	230.8
2011	374.2	72.1	302.1
2012	351.8	66.5	285.3

1 Total estate tax collections for a given fiscal year, presented here in Table 1, do not match with total tax liability from returns finalized in the same fiscal year, presented in Tables 2 and 3 of this section. The figures reflect two very different measures: one represents total collections irrespective of finalization status, and the other shows the tax for those taxable estates whose final tax liability was determined during the fiscal year.

Table 2

Distribution of Taxable Estates, Gross and Net Values, and Tax Liability					
by Net Taxable Value Brackets, Fiscal Year 2012					
(resident estates only)					
Data shown here are summarized from returns finalized by the Estate Tax Division in fiscal year 2012. This data differs from Table 3 due to 7 estates, which have a combined tax liability of \$85,086, that are not assigned to a particular county and are missing from Table 3.					
Net Taxable Value¹	Number of Estates	Aggregate Gross Value	Aggregate Net Taxable Value	Aggregate Tax Liability	
\$338,333 and under	25	\$4,547,747.39	\$3,140,421	\$68,865	
338,334 - 400,000	1,062	493,044,248	390,820,312	1,904,019	
400,001 - 500,000	1,323	697,496,120	591,500,379	8,646,523	
500,001 - 700,000	1,797	1,220,256,550	1,061,125,702	28,821,999	
700,001 - 1,000,000	1,360	1,279,552,384	1,127,987,134	44,551,099	
1,000,001 - 3,000,000	1,563	3,064,180,982	2,399,709,816	128,462,587	
3,000,001 and over	360	4,253,174,838	3,598,787,415	242,807,119	
Total	7,490	\$11,102,252,869	\$9,173,071,178	\$455,262,211	

1 Relative to previous years, the net taxable value brackets have been changed in order to provide greater detail, and to update the table in accordance with the \$13,900 credit which effectively exempts estates with a net taxable value of up to \$338,333 (if the date of death was on or after January 1, 2002). The relatively small number of estates shown in this table whose net taxable values are below \$338,334 all have dates of death before January 1, 2002.

Table 3

Number of Estates, Aggregate Gross and Net Taxable Values, and Tax Liability, by County of Probate, Fiscal Year 2012 ¹ (resident estates only)									
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	9	\$33,469,916	\$11,762,297	\$596,900	Logan	25	\$27,428,468	\$25,781,765	\$1,178,238
Allen	75	91,748,144	76,435,243	3,476,434	Lorain	182	170,602,979	159,270,207	6,588,418
Ashland	36	37,918,574	35,207,681	1,565,816	Lucas	259	310,894,204	249,996,758	11,083,619
Ashtabula	45	36,413,252	33,947,584	1,262,568	Madison	26	28,860,167	25,179,101	1,116,335
Athens	23	17,928,265	16,317,148	567,540	Mahoning	181	230,791,880	40,151,231	5,329,562
Auglaize	48	41,444,755	37,866,441	1,449,475	Marion	34	46,620,951	40,174,503	1,961,394
Belmont	47	52,048,399	46,521,283	2,076,303	Medina	103	102,298,748	91,307,859	3,825,388
Brown	27	23,553,597	21,511,259	829,922	Meigs	8	4,016,917	3,796,626	68,649
Butler	182	289,886,540	259,180,961	13,587,256	Mercer	35	33,971,773	29,797,040	1,211,763
Carroll	18	28,066,656	23,450,029	1,195,216	Miami	60	60,875,573	51,984,063	2,141,308
Champaign	24	66,300,109	25,523,139	1,183,545	Monroe	10	8,307,883	7,593,606	280,005
Clark	63	65,506,794	54,132,560	2,216,889	Montgomery	365	1,241,322,423	1,162,560,863	72,261,520
Clermont	82	138,784,994	100,413,824	4,982,520	Morgan	5	2,678,947	2,390,864	43,742
Clinton	34	38,229,796	27,376,684	1,069,869	Morrow	11	11,548,637	10,686,169	473,292
Columbiana	36	51,151,368	48,795,241	2,514,149	Muskingum	41	65,839,662	51,501,947	2,578,322
Coshocton	26	29,817,341	27,392,629	1,265,054	Noble	7	4,877,448	4,104,087	11,732
Crawford	36	47,427,409	45,487,588	2,282,778	Ottawa	46	82,972,398	69,235,046	3,717,347
Cuyahoga	1,016	1,707,761,999	1,317,571,195	66,870,498	Paulding	21	19,389,189	18,426,619	762,619
Darke	37	27,009,800	24,877,578	820,106	Perry	12	10,881,464	9,310,300	370,774
Defiance	33	31,992,918	28,887,936	1,192,899	Pickaway	21	29,587,188	19,240,252	818,917
Delaware	88	191,894,515	107,970,732	5,352,957	Pike	7	4,651,047	3,834,351	95,235
Erie	68	102,826,019	88,811,044	4,514,134	Portage	69	93,298,262	84,398,316	4,178,444
Fairfield	83	83,507,543	73,598,089	3,075,348	Preble	30	28,771,821	24,317,496	952,547
Fayette	27	40,842,975	32,431,128	1,589,649	Putnam	25	27,331,719	22,547,972	959,490
Franklin	608	899,004,275	769,619,616	38,693,632	Richland	85	78,461,458	66,699,943	2,555,561
Fulton	37	27,944,977	25,418,897	857,490	Ross	52	50,263,288	45,413,218	1,881,069
Gallia	18	34,710,947	18,206,182	822,757	Sandusky	41	34,690,510	30,254,993	1,092,954
Geauga	71	145,405,897	128,309,130	7,195,993	Scioto	36	38,310,524	33,970,663	1,477,824
Greene	99	99,876,841	92,377,934	4,004,462	Seneca	42	31,173,272	28,265,988	949,546
Guernsey	18	10,110,578	9,709,566	232,966	Shelby	33	25,273,404	22,544,761	756,436
Hamilton	759	1,373,310,164	1,092,655,814	57,564,003	Stark	236	270,707,543	226,729,574	9,974,284
Hancock	85	112,345,774	101,838,944	5,002,223	Summit	363	528,539,997	470,071,804	23,821,103
Hardin	23	25,722,973	21,995,520	966,318	Trumbull	107	117,098,301	93,761,749	3,910,717
Harrison	15	23,151,643	20,319,528	1,048,996	Tuscarawas	61	106,904,529	96,346,549	5,220,076
Henry	34	26,544,493	22,990,867	765,452	Union	14	15,694,010	11,750,380	471,229
Highland	23	27,165,938	25,534,455	1,210,087	Van Wert	34	32,617,064	27,562,656	1,080,187
Hocking	14	12,053,033	11,078,199	424,953	Vinton	4	4,444,821	4,081,811	185,627
Holmes	20	19,005,330	16,999,057	690,105	Warren	107	110,727,916	99,657,800	4,298,093
Huron	31	21,762,373	20,719,825	675,125	Washington	36	31,674,481	28,131,197	1,091,984
Jackson	7	9,335,482	8,934,222	450,874	Wayne	99	100,633,922	83,782,246	3,396,059
Jefferson	33	28,813,416	27,138,487	1,073,321	Williams	27	29,648,731	25,365,920	1,098,346
Knox	39	34,507,618	30,712,874	1,173,917	Wood	99	100,890,413	89,628,008	3,813,124
Lake	198	255,257,691	208,336,410	9,630,483	Wyandot	17	16,418,773	15,217,308	660,315
Lawrence	13	10,564,965	9,763,112	358,740	Licking	99	155,238,327	134,686,865	6,954,212
					Total	7,483	\$10,999,357,120	\$9,169,638,405	\$455,177,125

¹ Data shown here are summarized from returns finalized by the Estate Tax Division in fiscal year 2012. This data differs from Table 2 due to 7 estates, which have a combined tax liability of \$85,086, that are not assigned to a particular county and are missing from this table.