Ohio Department of Taxation

Joseph W. Testa, Tax Commissioner

PERSONAL INCOME TAX BRACKETS INDEXED FOR TAX YEAR 2012
Issued: August 2012

Section 5747.02(A)(6) of the Ohio Revised Code (ORC) instructs the Department of Taxation to index the personal income tax brackets beginning in TY 2010. The indexing uses the same measure of inflation that is used to index the personal exemption each year in accordance with ORC section 5747.025. That measure is the GDP deflator, as produced by the Bureau of Economic Analysis (BEA) for the period of January 1 to December 31 of the preceding year. The calculated bracket amounts are then to be rounded to the nearest $50. The bracket indexing for each tax year is to be done in July of the same year.

The relevant period for calculating the GDP deflator for TY 2012 is January 1, 2011 to December 31, 2011. ***The BEA data for this period show an increase in the deflator of 2.1 percent.***[1] The BEA data for TY 2011 showed an increase in the deflator of 1.2 percent for the January 1, 2010 to December 31, 2010 period.[2]

Table 1: Personal Income Tax Brackets and Marginal Tax Rates for TY 2012

TY 2012 Ohio Taxable Income Brackets		TY 2012 Ohio tax	
From	To	Marginal Tax Rate	Base Tax Liability
$0	$5,200	0.587%	$0.00
$5,200	$10,400	1.174%	$30.52
$10,400	$15,650	2.348%	$91.57
$15,650	$20,900	2.935%	$214.84
$20,900	$41,700	3.521%	$368.93
$41,700	$83,350	4.109%	$1,101.30
$83,350	$104,250	4.695%	$2,812.70
$104,250	$208,500	5.451%	$3,793.96
Over	$208,500	5.925%	$9,476.63

Table 1 shows the new income tax brackets for TY 2012 Ohio taxable income. Each bracket amount incorporates a 2.1 percent increase over the amount in the corresponding bracket for TY 2011, rounded to the nearest $50. The tax rates for TY 2012, which are included in Table 1, are unchanged from the tax rates for TY 2011.

To calculate a taxpayer's income tax liability for TY 2012, the taxpayer would find the

[1] From Table 4 of the BEA News Release dated July 27, 2012.
[2] Based on the BEA News Release dated July 29, 2011. The July 27, 2012 News Release has increased this to 1.3 percent.

bracket that includes his or her Ohio taxable income amount.[3] The taxpayer would then calculate the difference between his or her taxable income and the lower end of the tax bracket. Next, the taxpayer would multiply this difference times the marginal tax rate for this tax bracket and add the resulting product to the base tax liability for this tax bracket. This sum would equal the amount of the taxpayer's liability before any tax credits were applied.

[3] An individual's Ohio taxable income generally equals her or her federal adjusted gross income plus or minus Ohio adjustments and after all exemptions are taken.