



*Tax Analysis Division*  
30 E Broad St, 22<sup>nd</sup> Floor  
Columbus, Ohio 43215  
(614)466-3960 Fax (614)752-0700  
<http://tax.ohio.gov>

Table CAT 1&2  
No. 96 & 97 (2010)  
December 22, 2010

### **COMMERCIAL ACTIVITY TAX: Number of Taxpayers and Tax Return Data, Fiscal Year 2010**

The commercial activity tax went into effect on July 1, 2005. It is a privilege tax measured by gross receipts from activities in this state. The tax is a key component of the 2005 tax reform package enacted by Am. Sub. House Bill 66 (126th General Assembly). Major business tax components of the act consist of the phase-out of both the tangible personal property tax and the corporate franchise tax and the phase-in of the commercial activity tax.

The tax is levied and paid on a quarterly or annualized basis. Taxpayers with annual taxable gross receipts above \$1 million must report and pay the tax quarterly. Taxpayers whose annual taxable gross receipts are between \$150,000 and \$1 million are considered annual taxpayers and are subject only to the \$150 minimum tax. Taxpayers with annual gross receipts below \$150,000 are not subject to the commercial activity tax.

The attached CAT-1 and CAT-2 tables reflect information reported on tax returns that were due and filed during fiscal year 2010. For quarterly taxpayers, these returns reflect activity for the April 2009 to March 2010 period; the returns were due and filed in August 2009, November 2009, February 2010 and May 2010. In addition, the data include tax returns filed by annual taxpayers for the calendar year 2010 period; the returns were due in May 2010. Several notable factors affecting the data in these tables are explained below.

- Ohio law phased-in the commercial activity tax rate over a five-year period that began in July 2005. The fully phased-in 0.26% tax rate took effect on April 1, 2009 (impacting fiscal year 2010 tax revenues), and is reflected in the attached tables.
- Each combined and consolidated taxpayer group is shown as a *single entity* for purposes of these tables. In the CAT-1 table, the combined or consolidated group is reported under the primary filer's industry code. In the CAT-2 table, the entire group's gross receipts determine the size category in which the group is placed.

As shown in these tables, the total reported commercial activity tax liability before credits for fiscal year 2010 is \$1,346.7 million. Of this amount \$22.5 million is attributable to the minimum tax and \$1,324.2 million is attributable to the 0.26% tax rate. Taxable gross receipts amount to \$585.0 billion but the exclusion available on each return reduces taxable receipts by \$75.7 billion, or 12.9%; the resulting net taxable gross receipts amounts to \$509.3 billion.

Table CAT-1 shows tax return information for 19 industrial sectors. The industrial sector data is based on each taxpayer's reported primary business activity, using the North American Industry Classification System (NAICS). The retail sector comprises the largest group of taxpayers, accounting for 12.9% of all taxpayers. This is followed by taxpayers in the manufacturing (10.3%), construction (9.9%), unclassified (9.9%), and professional, scientific and technical services (9.2%) categories. In terms of tax liability, manufacturers account for the largest share at 26.5% of the total. The retail (20.5%) and wholesale (15.5%) sectors account for the next largest shares of total liability.

Table CAT-2 provides tax return information based on the size of each taxpayer's taxable gross receipts (prior to the exclusion). Filers whose fiscal year 2010 taxable gross receipts were \$1 million or below account for 72.1% of all returns but only 1.0% of the total liability. Filers with taxable gross receipts above \$1 billion comprise less than 0.1% of all returns but account for 24.2% of total tax liability.

Data contained in these tables is derived from commercial activity tax returns filed by taxpayers with the Ohio Department of Taxation.

**Fiscal Year 2010 Commercial Activity Tax Returns:**  
 Number of Returns and Reported Financial Data, by Industrial Classification (a)  
 Dollar amounts are in 1,000's

Industrial Sector	NAICS Code Ranges	Number of Taxpayers	Taxable Gross Receipts	Exclusion (b)	Net Taxable Gross Receipts	Tax at 0.26% Rate	Annual Minimum Tax (c)	Tax Before Credits	Non-refundable Tax Credits (d)	Refundable Tax Credits	Total Tax Due: 0.26% Tax and Minimum Tax
Agriculture, Forestry, and Fishing	111100-115310	5,695	\$5,068,432	\$2,444,880	\$2,623,552	\$6,821	\$854	\$7,675	\$0	\$0	\$7,675
Mining	211110-213110	730	4,271,488	403,448	3,868,040	10,057	110	10,166	164	81	9,922
Utilities (excluding telecommunications)	221100-221300	125	15,264,127	76,855	15,187,272	39,487	19	39,506	0	0	39,506
Construction	236110-238900	14,878	27,345,126	7,078,663	20,266,463	52,693	2,232	54,925	190	0	54,734
Manufacturing	311110-339900	15,460	150,921,902	9,822,054	141,099,848	366,860	2,319	369,179	16,787	9,203	343,188
Wholesale Trade	423100-425120	8,565	83,460,971	5,460,770	78,000,201	202,801	1,285	204,085	91	3,598	200,397
Retail Trade	441110-454390	19,290	113,181,314	10,834,329	102,346,986	266,102	2,894	268,996	311	2,445	266,240
Transportation and Warehousing	481000-493100	4,257	12,787,775	2,157,085	10,630,690	27,640	639	28,278	52	2,121	26,106
Information (including telecommunications)	511110-519100	1,488	24,893,352	839,814	24,053,538	62,539	223	62,762	264	977	61,521
Finance and Insurance	522110-525990	5,496	8,674,572	1,833,302	6,841,270	17,787	824	18,612	290	405	17,916
Real Estate, and Rental & Leasing of Property	531110-533110	12,682	14,405,303	5,405,553	8,999,750	23,399	1,902	25,302	5	0	25,297
Professional, Scientific and Technical Services	541110-541990	13,870	32,448,756	6,664,390	25,784,365	67,039	2,081	69,120	347	1,465	67,307
Management of Companies (Holding Companies)	551111-551112	869	26,895,276	646,110	26,249,167	68,248	130	68,378	1,988	7,924	58,467
Administrative & Support Services, and Waste Management & Remediation Services	561110-562000	3,710	7,893,512	1,779,808	6,113,703	15,896	557	16,452	89	102	16,261
Education, Health Care and Social Assistance	611000-624410	11,932	23,480,481	6,937,740	16,542,741	43,011	1,790	44,801	100	25	44,676
Arts, Entertainment, and Recreation	711100-713900	1,441	2,375,041	649,331	1,725,709	4,487	216	4,703	0	0	4,703
Accommodation and Food Services	721110-722410	7,847	13,599,655	4,162,413	9,437,242	24,537	1,177	25,714	0	0	25,714
Other Services	811110-812990	7,708	6,774,053	3,354,831	3,419,222	8,890	1,156	10,046	0	180	9,867
Unclassified	n/a	14,010	11,276,293	5,163,096	6,113,197	15,894	2,102	17,996	0	359	17,637
<b>TOTAL</b>		<b>150,053</b>	<b>\$585,017,428</b>	<b>\$75,714,471</b>	<b>\$509,302,957</b>	<b>\$1,324,188</b>	<b>\$22,508</b>	<b>\$1,346,696</b>	<b>\$20,678</b>	<b>\$28,884</b>	<b>\$1,297,134</b>

(a) The total tax liability shown in this table does not match actual commercial activity tax revenues in fiscal year 2010. This is because table reflects reported tax liability, not actual payments made. In addition, the table reflects information from tax returns on the computer system as of the dates when the August 2009, November 2009, February 2010 and May 2010 return data was extracted; any subsequently filed tax returns or subsequent corrections made to previously-filed tax returns are not reflected in this table.

(b) On a quarterly basis, each taxpayer's first \$250,000 in taxable gross receipts is excluded from the 0.26% tax, resulting in an annual exclusion of \$1 million per taxpayer.

(c) The annual minimum tax is \$150. All taxpayers (annual taxpayers and quarterly taxpayers alike) are required to pay the annual minimum tax.

(d) Beginning with the first quarter 2010 filing period (the tax return due in May 2010), an additional nonrefundable tax credit could be claimed by qualifying taxpayers: the credit for net operating loss carryforwards and other deferred tax assets.

**Fiscal Year 2010 Commercial Activity Tax:**

**Number of Returns and Reported Financial Data, by Size of Taxable Gross Receipts (a)**

*Dollar amounts are in 1,000's*

Size of FY 2010 Taxable Gross Receipts (b)	Number of Taxpayers	Taxable Gross Receipts	Exclusion (c)	Net Taxable Gross Receipts	Tax at 0.26% Rate	Annual Minimum Tax (d)	Tax Before Credits	Non- refundable Tax Credits (e)	Refundable Tax Credits	Total Tax Due: 0.26% Tax and Minimum Tax
Less than \$1,000,000	108,125	\$35,913,470	\$35,277,356	\$636,114	\$1,654	\$16,219	\$17,873	\$0	\$4,551	\$13,322
\$1,000,000 - \$1,999,999	17,615	24,832,552	16,803,509	8,029,043	20,876	2,642	23,518	14	212	23,292
\$2,000,000 - \$2,999,999	7,054	17,259,519	6,814,739	10,444,779	27,156	1,058	28,215	28	331	27,855
\$3,000,000 - \$3,999,999	3,623	12,518,649	3,515,872	9,002,777	23,407	543	23,951	19	67	23,865
\$4,000,000 - \$4,999,999	2,388	10,665,873	2,310,519	8,355,353	21,724	358	22,082	23	119	21,940
\$5,000,000 - \$9,999,999	5,052	35,233,338	4,902,478	30,330,861	78,860	758	79,618	77	1,192	78,349
\$10,000,000 - \$24,999,999	3,487	53,623,223	3,400,487	50,222,737	130,579	523	131,102	499	3,653	126,950
\$25,000,000 - \$49,999,999	1,312	45,750,851	1,290,244	44,460,607	115,598	197	115,794	283	2,719	112,792
\$50,000,000 - \$99,999,999	668	46,997,322	659,237	46,338,085	120,479	100	120,579	1,864	3,134	115,582
\$100,000,000 - \$499,999,999	608	126,428,982	619,030	125,809,952	327,106	91	327,197	9,012	4,363	313,822
\$500,000,000 - \$999,999,999	73	49,744,337	73,000	49,671,337	129,145	11	129,156	1,327	1,818	126,011
\$1 billion and above	48	126,049,311	48,000	126,001,311	327,603	7	327,611	7,531	6,726	313,353
<b>TOTAL</b>	<b>150,053</b>	<b>\$585,017,428</b>	<b>\$75,714,471</b>	<b>\$509,302,957</b>	<b>\$1,324,188</b>	<b>\$22,508</b>	<b>\$1,346,696</b>	<b>\$20,678</b>	<b>\$28,884</b>	<b>\$1,297,134</b>

(a) The total tax liability shown in this table does not match actual commercial activity tax revenues in fiscal year 2010. This is because the table reflects reported tax liability, not actual payments made. In addition, the table reflects information from tax returns on the computer system as of the dates when the August 2009, November 2009, February 2010 and May 2010 return data was extracted; any subsequently filed tax returns or subsequent corrections made to previously-filed tax returns are not reflected in this table.

(b) These categories reflect aggregate taxable gross receipts (before exclusion) as reported by taxpayers on returns that were due and filed during fiscal year 2009. For example, a taxpayer whose taxable gross receipts were \$5 million, \$6 million, \$4 million, and \$7 million, on returns filed in August 2009, November 2009, February 2010 and May 2010, respectively, would have total fiscal year 2010 taxable gross receipts of \$22 million, and thereby would be included within the \$10-\$25 million category.

(c) On a quarterly basis, each taxpayer's first \$250,000 in taxable gross receipts is excluded from the 0.26% tax, resulting in an annual exclusion of \$1 million per taxpayer.

(d) The annual minimum tax is \$150. All taxpayers (annual taxpayers and quarterly taxpayers alike) are required to pay the annual minimum tax.

(e) Beginning with the first quarter 2010 filing period (the tax return due in May 2010), an additional nonrefundable tax credit could be claimed by qualifying taxpayers: the credit for net operating loss carryforwards and other deferred tax assets.