

## Dealers In Intangibles Tax



Ohio law provides for the taxation of shares in and capital employed by dealers in intangibles. In calendar year 2003, tax assessments on dealers in intangibles resulted in collections totaling nearly \$11.5 million, with approximately \$7.2 million distributed to local governments and \$4.3 million to the state General Revenue Fund.

The Treasurer of State issues a tax bill within 20 days of certification by the Tax Commissioner with payment due 20 to 30 days from the date the bill is mailed. Taxes are collected by the Treasurer of State.

### TAX BASE (R.C. 5725.13, 5725.14, 5725.15):

The tax base for dealers in intangibles is either:

1. Shares of stock of incorporated dealers in intangibles and unincorporated dealers in intangibles with capital stock divided into shares; or
2. Capital employed in Ohio by an unincorporated dealer in intangibles with capital stock not divided into shares.

For dealers in intangibles with offices in more than one state, the tax base is allocated to Ohio based on gross receipts from offices in Ohio as compared to gross receipts from all offices.

### RATES (R.C. 5707.03):

Rate on fair value of shares or capital employed is eight mills.

### EXEMPTIONS (R.C. 5725.01 and 5725.26):

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

1. Institutions used exclusively for charitable purposes;
2. Insurance companies; and
3. Financial institutions.

### TAXPAYER (R.C. 5725.01):

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.

### 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.

### DISPOSITION OF REVENUE (R.C. 5725.24):

1. Three mills of receipts credited to the state General Revenue Fund for dealers that are not “qualifying dealers.”
2. Five mills of receipts distributed to the county where the firm’s capital was employed (determined on the basis of gross receipts) for dealers that are not “qualifying dealers,” placed in each county’s undivided Local Government Fund and distributed among the local subdivisions by the county budget commission.
3. Beginning in tax year 2003, all the tax paid by “qualifying dealers” is paid to the state General Revenue Fund.

### ADMINISTRATION (R.C. 5725.14):

Returns are filed with the Tax Commissioner, who determines the taxable values.

### OHIO REVISED CODE CITATIONS:

Chapters 5707, 5709, and 5725.

### RECENT LEGISLATION:

#### **H.B. 405, 124<sup>th</sup> General Assembly (effective December 13, 2001). R.C. 5725.24 and 5733.45 —**

Beginning in tax year 2003, a “qualifying dealer” is defined to be a dealer in intangibles that is a member of a controlled group of which a financial institution or insurance company is also a member. The tax paid by qualifying dealers is credited to the state General Revenue Fund.

**R.C. 5725.14** — Beginning in tax year 2003, the billing address of a customer determines where the commission is situated for dealers principally engaged in the business of buying stocks, bonds or other similar securities.

**R.C. 5725.14** — Beginning in tax year 2003, 1 percent of all other receipts is no longer included when determining gross receipts for all dealer taxpayers.

**Table 1  
Dealers in Intangibles Taxes Levied, Calendar Years 1999-2003**

Distribution	1999	2000	2001	2002	2003*
Local Share	\$10,290,306	\$12,238,408	\$12,575,695	\$11,229,780	\$7,176,496
State Share	6,174,486	7,343,049	7,545,420	7,072,345	4,305,900
<b>Total Assessed</b>	<b>\$16,464,792</b>	<b>\$19,581,457</b>	<b>\$20,121,115</b>	<b>\$18,302,126</b>	<b>\$35,782,066</b>

\*Includes \$24,299,670 in taxes levied on qualifying dealers in intangibles.

**Table 2  
County Share of Intangible Property Taxes  
Assessed on Dealers in Intangibles, Tax Year 2003**

County	County Share of Assessed Taxes	County	County Share of Assessed Taxes	County	County Share of Assessed Taxes
ADAMS	\$1,640	HARRISON	\$0	PORTAGE	\$10,684
ALLEN	18,009	HENRY	2	PREBLE	4
ASHLAND	3,283	HIGHLAND	1,094	PUTNAM	4
ASHTABULA	7,269	HOCKING	1,255	RICHLAND	41,925
ATHENS	2,163	HOLMES	205	ROSS	12,108
AUGLAIZE	10,824	HURON	1,667	SANDUSKY	1,788
BELMONT	1,508	JACKSON	6,556	SCIOTO	4,034
BROWN	201	JEFFERSON	5,448	SENECA	1,298
BUTLER	23,444	KNOX	2,716	SHELBY	7,404
CARROLL	3	LAKE	81,644	STARK	143,479
CHAMPAIGN	979	LAWRENCE	2,688	SUMMIT	341,871
CLARK	9,191	LICKING	15,228	TRUMBULL	35,088
CLERMONT	17,342	LOGAN	4,345	TUSCARAWAS	10,148
CLINTON	22,525	LORAIN	98,949	UNION	902
COLUMBIANA	10,386	LUCAS	208,629	VAN WERT	1
COSHOCTON	1,557	MADISON	1,073	VINTON	2
CRAWFORD	1,063	MAHONING	109,454	WARREN	275,506
CUYAHOGA	1,913,333	MARION	10,559	WASHINGTON	4,811
DARKE	2,712	MEDINA	20,708	WAYNE	42,934
DEFIANCE	4,589	MEIGS	99	WILLIAMS	109
DELAWARE	18,004	MERCER	2,144	WOOD	7,237
ERIE	10,735	MIAMI	12,658	WYANDOT	527
FAIRFIELD	12,364	MONROE	0		
FAYETTE	5,425	MONTGOMERY	338,550	Total Local Revenue (5 mills)	\$7,176,496
FRANKLIN	1,727,453	MORGAN	0		
FULTON	4	MORROW	676	State General Revenue (3 mills)*	\$4,305,900
GALLIA	13,659	MUSKINGUM	22,677		
GEAUGA	2,482	NOBLE	0		
GREENE	26,821	OTTAWA	12		
GUERNSEY	5,828	PAULDING	0		
HAMILTON	1,391,512	PERRY	14	<b>TOTAL</b>	<b>\$35,782,066</b>
HANCOCK	15,844	PICKAWAY	2,637		
HARDIN	254	PIKE	537		

\*Includes \$24,299,670 in taxes levied on qualifying dealers in intangibles.