



Estate Tax

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 \$317.1 million in revenue for fiscal year 2008. Most of the revenue – about \$255.7 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.

Tax Base

The base of the estate tax depends on the residency of the decedent.

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.

Rates

(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, 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
\$40,001 to \$100,000	\$800 plus 3% of excess over \$40,000	No tax
\$100,001 to \$200,000	\$2,600 plus 4% of excess over \$100,000	No tax
\$200,001 to \$300,000	\$6,600 plus 5% of excess over \$200,000	No tax
\$300,001 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, estates with gross values over \$338,333 are required to file an estate tax return.

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 prop-

erty where the value of that property is included in the gross estate valuation; and charitable contributions.

Estate tax credit

For estates with dates of death on or after Jan. 1, 2002, a credit is permitted equal to \$13,900 or the full amount of the tax, whichever is less (R.C. 5731.02).

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.



Table 1

Estate Tax Collections and Distributions Fiscal Years 2004 - 2008 (figures in millions)			
Fiscal Year	Total Collections	State General Revenue¹	Local Governments¹
2004	\$290.3	\$64.2	\$226.1
2005	300.9	60.4	240.5
2006	272.7	54.1	218.6
2007	359.4	72.1	287.3
2008	317.1	61.4	255.7

¹ State General Revenue Fund figures are based on actual receipts reported by the Office of Budget and Management. Local government figures represent a liability because they are based on the certification of the local share (including fees) from the semi-annual settlements that occur each year. Effective Jan. 1, 2002, the state share is 20 percent and the local share is 80 percent.

Table 2

Distribution of Taxable Estates, Gross and Net Values, and Tax Liability by Net Taxable Value Brackets, Fiscal Year 2008 (Resident Estates Only)				
Net Taxable Value¹	Number of Estates	Aggregate Gross Value	Aggregate Net Taxable Value	Aggregate Tax Liability
\$338,333 and under	156	\$26,781,812	\$19,408,899	\$504,185
338,334 - 400,000	1,158	584,244,285	425,253,558	2,150,814
400,001 - 500,000	1,449	753,722,267	649,549,898	9,688,594
500,001 - 700,000	1,894	1,415,384,262	1,117,489,660	30,448,576
700,001 - 1,000,000	1,528	1,688,856,939	1,271,957,186	50,445,603
1,000,001 - 3,000,000	1,816	3,846,163,283	2,805,383,264	150,580,629
\$3,000,001 and over	270	2,810,134,995	1,939,565,913	129,021,414
Total	8,271	\$11,125,287,843	\$8,228,608,378	\$372,839,815

Data shown here represent returns finalized by the Estate Tax Division during this fiscal year. This data differs from Table 3 due to reporting complications.

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 Jan. 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 Jan. 1, 2002.

Table 3

Number of Estates, Aggregate Gross and Net Taxable Values, and Tax Liability, by County of Probate, Fiscal Year 2008 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	13	\$13,272,471	\$12,268,916	\$535,153	LOGAN	21	\$18,191,241	\$16,850,176	\$652,925
ALLEN	75	67,361,911	59,237,696	2,271,975	LORAIN	160	194,077,507	146,238,666	6,297,123
ASHLAND	38	29,323,455	27,585,187	985,378	LUCAS	323	467,553,842	303,186,211	13,187,444
ASHTABULA	56	40,110,359	36,632,112	1,169,098	MADISON	31	46,854,259	32,767,051	1,514,156
ATHENS	24	23,537,198	18,234,055	694,504	MAHONING	173	213,002,706	165,796,756	7,290,567
AUGLAIZE	59	45,498,048	41,932,459	1,467,078	MARION	40	32,832,356	30,090,167	1,106,239
BELMONT	47	42,495,450	39,035,974	1,599,823	MEDINA	89	84,258,556	73,115,713	2,909,359
BROWN	28	30,035,937	23,798,176	965,585	MEIGS	15	13,252,626	11,399,801	431,808
BUTLER	199	231,305,313	200,579,073	9,117,677	MERCER	36	29,730,612	26,540,755	958,174
CARROLL	15	13,112,368	12,338,068	488,336	MIAMI	68	92,340,397	74,726,097	3,555,778
CHAMPAIGN	22	19,219,957	16,852,999	634,340	MONROE	4	5,040,206	3,412,719	152,178
CLARK	75	68,444,850	59,414,209	2,311,264	MONTGOMERY	423	527,791,028	415,510,174	18,568,407
CLERMONT	74	73,633,006	65,476,380	2,731,727	MORGAN	4	1,874,692	1,763,598	24,691
CLINTON	31	30,932,494	28,068,368	1,203,710	MORROW	23	16,751,723	15,562,049	514,643
COLUMBIANA	52	52,702,885	46,604,374	1,987,135	MUSKINGUM	57	66,160,545	57,762,076	2,613,775
COSHOCTON	21	18,734,919	16,348,080	619,405	NOBLE	8	4,780,165	4,490,083	116,645
CRAWFORD	46	37,727,036	33,849,703	1,216,898	OTTAWA	66	63,394,661	53,313,240	2,078,403
CUYAHOGA	1,057	1,792,345,760	1,225,790,997	59,732,795	PAULDING	11	14,101,543	12,445,869	596,301
DARKE	49	39,730,068	36,907,829	1,362,704	PERRY	16	12,193,350	11,290,651	390,970
DEFIANCE	32	47,552,124	22,643,522	786,401	PICKAWAY	24	20,822,155	17,520,356	627,607
DELAWARE	72	192,711,408	169,325,872	10,069,246	PIKE	15	9,444,818	8,257,153	234,513
ERIE	61	70,196,016	58,060,513	2,555,791	PORTAGE	63	59,292,233	49,684,977	1,984,518
FAIRFIELD	88	98,038,094	85,027,740	3,755,238	PREBLE	32	28,883,677	24,491,952	918,938
FAYETTE	19	15,704,050	14,597,500	547,163	PUTNAM	25	18,262,759	17,230,726	582,106
FRANKLIN	641	945,801,361	698,475,768	33,021,733	RICHLAND	73	102,004,752	81,288,825	3,856,818
FULTON	43	34,378,066	31,368,437	1,117,246	ROSS	26	27,852,884	26,385,224	1,196,491
GALLIA	15	20,921,783	13,082,069	563,165	SANDUSKY	61	55,507,480	46,882,248	1,761,947
GEAUGA	73	114,727,457	82,482,902	3,949,820	SCIOTO	30	35,227,718	21,670,332	830,771
GREENE	110	122,318,187	104,070,452	4,530,241	SENECA	55	61,883,738	52,671,662	2,322,312
GUERNSEY	13	14,977,965	12,033,946	517,511	SHELBY	43	44,936,909	40,931,248	1,809,496
HAMILTON	916	2,024,880,883	1,214,754,088	62,380,447	STARK	224	220,854,409	202,784,258	8,710,363
HANCOCK	62	81,736,894	49,139,476	1,893,536	SUMMIT	404	496,232,804	349,910,159	14,639,345
HARDIN	20	16,572,317	15,255,436	567,474	TRUMBULL	122	196,156,389	101,448,573	4,115,671
HARRISON	10	5,018,631	4,675,851	79,983	TUSCARAWAS	61	46,796,840	39,255,125	1,248,547
HENRY	37	36,036,688	34,100,805	1,463,723	UNION	13	14,736,195	11,960,123	511,091
HIGHLAND	25	21,849,791	19,735,030	779,956	VAN WERT	34	31,813,140	28,495,050	1,160,666
HOCKING	13	12,831,607	11,091,714	451,874	VINTON	3	4,916,973	4,387,563	232,707
HOLMES	16	13,291,573	12,485,893	474,765	WARREN	99	94,104,911	78,307,366	3,027,791
HURON	28	16,797,954	15,722,376	449,104	WASHINGTON	44	32,033,356	30,520,123	1,037,512
JACKSON	8	5,193,417	3,864,368	92,417	WAYNE	85	81,115,147	71,355,118	2,880,563
JEFFERSON	41	38,176,827	27,929,067	970,225	WILLIAMS	31	28,019,839	23,796,455	895,009
KNOX	36	32,771,498	27,837,744	1,047,414	WOOD	100	137,846,053	120,642,272	5,942,535
LAKE	177	182,988,174	143,115,245	5,694,824	WYANDOT	20	21,692,297	15,553,576	589,421
LAWRENCE	18	20,273,703	18,169,161	821,699					
LICKING	101	105,432,665	87,404,648	3,635,549	TOTAL	7,911	\$10,735,322,110	\$7,899,096,587	\$357,387,451

¹ Statistics are derived from returns on which audits were completed and final certificates were issued in fiscal year 2008. This data differs from Table 2 due to reporting complications.