



Corporation Franchise Tax

The corporation franchise tax is a business privilege tax that dates back to 1902. For most taxpayers, Ohio has completed the process of phasing out the corporation franchise tax in favor of the new commercial activity tax (CAT). The 2009 franchise tax report (based on the taxable year ending in 2008) was the last report that most taxpayers will file.

For report years 2010 and thereafter, the franchise tax applies only to financial institutions and a relatively small number of other corporations described in Ohio Revised Code 5733.01(G)(1)(b). These corporations were not subject to the phase out and do not pay the CAT.

Financial institutions pay a 13 mill tax measured by net worth. Other taxpayers compute the tax on both net worth and net income and pay on the base that produces the higher tax. The net worth tax rate for other taxpayers is 4 mills; the net income rate is 5.1 percent on the first \$50,000 of net income and 8.5 percent on remaining net income. These latter corporations are also subject to a litter tax based on either net worth or net income.

During fiscal year 2010, the corporation franchise tax generated about \$142.3 million in total revenue. The tables in this chapter provide data from reports due and filed in 2009. For all corporations except financial institutions, the reported tax liability (including litter tax) before credits, the 80 percent phase-out factor, and the manufacturing grant, was approximately \$1,424.6 million. After tax credits, the manufacturing grant, and the 80 percent phase-out factor, the liability was \$259.5 million.

Data on financial institutions are reported separately from general corporations and are shown in the final table. Financial institutions reported tax liability before credits of \$156.26 million for the 2009 report year.

Of the total tax liability before credits for general corporations, about 83 percent came from taxpayers that paid on a net income basis. Of all corporation franchise taxpayers, approximately 21 percent paid tax on net income, 28 percent paid tax on net worth, and the remaining 51 percent paid the minimum tax.

Of financial institutions, banks filed 66 percent of all returns and paid 81 percent of the total tax liability. Savings and loans filed 24 percent of returns and paid 18 percent of the total liability. Other types of financial institutions accounted for the balance of returns and tax liability.

Taxpayer

(Ohio Revised Code 5733.01)

The Ohio corporation franchise tax is imposed on certain domestic and foreign corporations for the privilege of doing

business in Ohio. Starting with report year 2010, the tax is limited to financial institutions as well as the following entities identified in R.C. 5733.01(G)(1)(b):

- certain financial holding companies, bank holding companies and savings and loan holding companies;
- certain affiliates of these holding companies and certain affiliates of financial institutions;
- certain affiliates of insurance companies; and
- securitization companies.

The tax applies to the corporations described above as long as they:

- are organized for-profit;
- own capital or property in Ohio;
- hold a charter or certificate of compliance authorizing business operations in Ohio; or
- have nexus with Ohio.

Tax Base

(R.C. 5709.65, 5733.04, 5733.05, 5733.051, 5733.056)

The franchise tax is levied on the value of a corporation's issued and outstanding shares of stock.

Financial institutions pay tax based on their net worth. Other taxpayers determine the value of their stock under both a net income base and a net worth base, and pay on the base that produces the greater tax. For examples of calculations of the tax for non financial institutions, see the exhibit.

Qualifying holding companies pay tax on the net income base only.

Net Worth Base (R.C. 5733.05(C))

The net worth base value of issued and outstanding shares of stock is determined by subtracting from book net worth items excluded by statute; see **Exemptions, Exclusions, Deductions and Additions** for details. For financial institutions, the tax is determined by multiplying the taxpayer's adjusted net worth by the taxpayer's Ohio apportionment ratio and by the net worth rate of 13 mills (1.3 percent). For other corporations, the tax is calculated by multiplying this adjusted net worth by the net worth apportionment ratio and by the net worth tax rate of four mills (0.4 percent). See this chapter's exhibit for more information.

The net worth tax for financial institutions differs substantially from the net worth tax for other corporations.

Net Income Base (R.C. 5733.05(B))

The net income base value of issued and outstanding shares is calculated by making certain deductions from and additions to federal taxable income, then applying net operating loss deductions and special deductions for the taxable year (see **Exemptions, Exclusions, Deductions and Additions**). The adjusted income is then either allocated (in the case of

nonbusiness income) or apportioned (in the case of business income) in and outside of Ohio as follows:

- **Allocable Income** – Unless the Tax Commissioner requires an alternative method of allocation or approves the taxpayer’s requested alternative method, only non-business income is allocated in and outside Ohio (R.C. 5733.051).
- **Apportionable Income** – All income is presumed to be apportionable business income unless the taxpayer shows otherwise or the Tax Commissioner approves or requires an alternative method of apportionment. Business income is apportioned to Ohio according to a weighted three-factor formula: property, payroll, and sales (see the exhibit for details).

Ohio taxable (net) income is equal to the sum of nonbusiness income allocated to Ohio and business income apportioned to Ohio less Ohio net operating losses carried forward from an earlier year.

Rates

(R.C. 5733.06)

Financial institutions rate

Financial institutions are subject to tax on their net worth at a rate of 13 mills (1.3 percent).

Rates for other entities

The other franchise taxpayers (described in R.C. 5733.01(G)(1)(b)) compute the tax on both a net worth and a net income basis and pay on the base that produces the higher tax. These corporations are also subject to a litter tax based on either net worth or net income.

Net worth rate – Net worth taxable value is taxed at the rate of four mills (0.4 percent). The maximum tax on the net worth base for taxpayers other than financial institutions is \$150,000 per taxpayer.

Net income rates – Net income is taxed at the rate of 5.1 percent on the first \$50,000 of Ohio taxable income and 8.5 percent on Ohio taxable income in excess of \$50,000. Corporations that meet the ownership requirements to file a combined report must share the \$0 to \$50,000 tax bracket to which the 5.1 percent rate applies, regardless of whether or not they actually file a combined return.

Litter Tax Rates (R.C. 5733.066 and 5733.065) – In addition to the general franchise tax calculation rate, tier 1 litter tax applies to taxpayers other than financial institutions.

Tier I litter tax – The Tier I litter tax is a base litter tax computed on both the net income base and net worth base and paid on the base that produces the greater tax. The rates are:

- Net Worth – 0.14 mills (0.014 percent) on the taxable value (adjusted net worth) of the corporation, or
- Net Income – 0.11 percent on the first \$50,000 of Ohio taxable income plus 0.22 percent on taxable income in excess of \$50,000.

The maximum Tier I litter tax charged any taxpayer or group of combined taxpayers is \$5,000.

Minimum fee

For taxable years ending after June 25, 2003, the minimum tax liability for certain large taxpayers is \$1,000. For taxpayers other than large taxpayers, the minimum fee is \$50.

Exemptions, Exclusions, Deductions and Additions

Exempt Corporations (R.C. 1733.43, 5733.01, 5733.04, 5733.06, 5733.09, and 5733.10)

Entities not subject to the franchise tax include:

- nonprofit corporations;
- credit unions;
- subject to certain restrictions, “real estate investment trusts,” “regulated investment companies,” and “real estate mortgage investment conduits” as defined in the Internal Revenue Code (I.R.C.);
- corporations electing to be treated as an “S” corporation under the I.R.C., as well as their qualified subchapter S subsidiaries (QSSS);
- limited liability companies (LLCs), if treated as a partnership for federal tax purposes; and
- corporations in Chapter 7 bankruptcy proceedings (except for the portion of the current tax year such corporation had the power to exercise its corporate franchise unimpaired by such proceedings).

Additions and Deductions in Determining Net Worth (R.C. 5709.25, 5709.65, 5915.29, 6111.36 and 5733.056)

In determining net worth, entities other than financial institutions add to book net worth (assets minus liabilities) the “qualifying amount” as defined by R.C. 5733.05(D)(1).

In determining net worth, entities deduct from book net worth:

- certified Ohio civil defense structures;
- land in Ohio devoted exclusively to agriculture;
- qualified improvements to property located in an enterprise zone (generally does not apply to financial institutions); and
- appreciation and goodwill (applies only to financial institutions).

Adjustments in Determining Ohio Net Income (R.C. 5709.35, 5733.04, 5733.042, 5733.053, 5733.054, 5733.055, and 5733.058)

In determining Ohio net income, corporations start with federal taxable income. Corporations then make a number of adjustments, including:

- deduction of certain income from sources outside the United States;
- deduction of the “dividends received” deduction provided by section 243 of the I.R.C.;
- to the extent not otherwise deducted, deduction of dividends received from public utilities, insurance companies, and financial institutions in which the taxpayer has the ownership interests as described by statute. (In addition, receipts from these companies are eliminated in determining the sales factor for apportioning net income and net worth);
- deduction of gains and addition of losses from the sale of capital assets and I.R.C. section 1231 assets to the extent such gains and losses occurred prior to becoming a taxpayer;

Exhibit

The purpose of this exhibit is to explain how the corporation franchise tax is calculated on either the net worth or net income base for taxpayers other than financial institutions.

Net worth base

The net worth tax base of the tax is calculated this way:

$$\text{Ohio taxable value}^1 = \text{net value of stock} \times \text{apportionment ratio}$$

Net income base

The net income base of the tax is calculated this way:

Ohio Taxable Income ²	=	Business Income Apportioned to Ohio	+	Nonbusiness Income Allocated to Ohio	-	Ohio Net Operating Loss Carry Forward Deduction
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Apportionment ratios and factors

On either tax base, an apportionment ratio³ is used to distinguish net income or worth in Ohio from net income or worth everywhere else. Apportionment ratios are calculated according to this weighting:

$$\text{Apportionment ratio} = (\text{Property factor} \times 0.20) + (\text{Payroll factor} \times 0.20) + (\text{Sales factor} \times 0.60)$$

The individual factors are calculated this way:

Property Factor	=	Average cost of owned or rented real and tangible personal property used in business in Ohio
		Average cost of such property used everywhere
Payroll Factor	=	Total compensation paid in Ohio
		Total compensation paid everywhere
Sales Factor	=	Sales in Ohio
		Sales everywhere

On the net income base of the franchise tax, the factors do not include property, payroll or sales relating to non-business income. On the net worth base of the tax, they do.

Also, for sales of tangible personal property, sales inside and outside Ohio are determined by the final destination of the property sold; other sales are situated according to where the purchaser received the benefit of that which was purchased.

Specific adjustments apply to each factor, as follows:

Property – Neither the numerator nor the denominator include the original cost of property used exclusively for qualified research or property in Ohio for which the state has issued an Air Pollution, Noise Pollution, or an Industrial Water Pollution Control Certificate. Also, the numerator does not include the original cost of qualifying improvements to land or tangible personal property at an enterprise zone facility for which the taxpayer holds a Tax Incentive Qualification Certificate issued by the Ohio Department of Development.

Payroll – Neither the numerator or denominator include compensation paid in Ohio to employees engaged in qualified research. The numerator does not include compensation paid to certain new employees at an enterprise zone facility for which the taxpayer holds a Tax Incentive Qualification Certificate issued by the Ohio Department of Development.

Sales – Does not include sales derived from non-business allocable income. Also does not include interest and dividends.

¹ The value of pollution control, coal conversion and energy conversion facilities property is excluded from the net value of stock. Also excluded: qualified property in an enterprise zone and land devoted exclusively to agriculture.

² Taxable income also includes income or losses from a transferor corporation and includes positive or negative adjustments for related entities and related members.

³ A different apportionment formula applies to financial institutions.

- deduction of interest on Ohio public and purchase obligations and gains from the sale of;
- Ohio public obligations (losses from sales of Ohio public obligations are added to net income);
- deduction of wage and salary expenses not otherwise deducted for federal tax purposes because of the targeted jobs tax credit and/or the work opportunity tax credit;
- deduction of net interest income on federal government obligations;
- deduction of Ohio net operating losses carried forward from the prior 20 years (there is no Ohio net operating loss carry back provision);
- deduction of amounts contributed to an individual development account program;
- deduction of net income attributable to an “exempted investment” in a public utility (net loss from exempted investment in a public utility is added to net income);
- deduction of taxable temporary differences in connection with the commercial activity tax credit for franchise tax net operating losses;
- addition of the amount claimed as a credit for taxes paid by a qualifying pass-through entity to the extent that the amount was deducted or excluded from the corporation’s federal taxable income;
- addition of interest and intangibles expense paid to certain related members;
- addition of income (and deduction of losses) earned by a transferor corporation that merges into the taxpayer in a tax-free reorganization;
- addition of depreciation expense adjustment for I.R.C. section 168(k) bonus depreciation and additional I.R.C. section 179 depreciation and miscellaneous federal tax adjustments as required. Deduct one-fifth of this add back in each of the five subsequent years. Deduct any miscellaneous federal tax adjustments as required;
- addition of distributive or proportionate share of pass-through entity expenses paid to, losses incurred from transactions with, and excess inventory costs paid to related members; and
- addition of deductible temporary differences in connection with the commercial activity tax credit for franchise tax net operating losses.

Credits

A number of business tax credits may be claimed against more than one tax. Information about these credits has been consolidated in the **Business Tax Credits** chapter of this annual report.

Several other credits primarily apply to franchise taxpayers. They include:

Qualifying affiliated groups (R.C. 5733.068)

If as a result of the related entity and related member adjustments, an affiliated group would pay over \$3.5 million more franchise tax than the members of the group otherwise would have paid had the members of the group not made the related entity and related member adjustment, then the mem-

bers of the affiliated group may claim a nonrefundable credit equal to the difference between the additional tax and \$3.5 million. However, the credit is limited to \$1.5 million for the affiliated group (even if the additional tax exceeds \$5 million).

Recycling and litter prevention donations (R.C. 5733.064)

Taxpayers may claim a nonrefundable credit equal to 50 percent of cash donations for litter control made to municipalities, counties, and townships that qualify for grants from the litter control and recycling special account. This credit is limited to the lesser of cash donations or 50 percent of the additional tax liability from litter tax rates.

Savings and loan association fees (R.C. 5733.063)

Savings and loan associations are permitted a nonrefundable credit against the tax due that is equal to the annual assessment the association paid to the Division of Savings and Loan Associations under R.C. 1155.13, less the amount the association paid in supervisory fees during the taxable year to the Federal Savings and Loan Insurance Corporation (or the amount it would have paid if insured).

Taxes paid by a qualifying pass-through entity (R.C. 5733.04(I) (14), 5733.0611)

A corporation that is a qualifying investor in a qualifying pass-through entity can claim a nonrefundable credit equal to the corporation’s proportionate share of the tax paid by the qualifying pass-through entity. However, corporation claiming this credit must add to federal taxable income the amount claimed as a credit, to the extent that the amount claimed was not included in the corporation’s federal taxable income.

Special Provisions

Exit tax (R.C. 5733.06(H)).

Corporations ceasing business in Ohio may be subject to an “exit tax” on unreported Ohio net income recognized in the two calendar years prior to the tax year.

Ownership of pass-through entities (R.C. 5733.057).

Each franchise taxpayer must include in its adjusted qualifying amounts, allocable and apportionable income or loss, property, compensation, and sales, the taxpayer’s proportionate or distributive share of such items for any pass-through entity in which the taxpayer has a direct or indirect ownership interest.

Related members (R.C. 5733.042)

Intangible expenses and costs paid to certain related members are added to income.

Combining net incomes of corporations (R.C. 5733.052)

If more than half of a taxpayer’s capital stock with voting rights is owned or controlled directly or indirectly by another corporation or by a related interest, the Tax Commissioner may permit or require the combining of net income to calculate the tax base. A qualifying controlled group of taxpayers may elect to file a combined report if each has non-dividend income from Ohio sources. This election may not be changed by the taxpayer without the Tax Commissioner’s consent. (These combination provisions do not apply to the net worth base).

Transferee corporation subject to transferor's tax liability (R.C. 5733.053)

A transferee corporation in a tax-free reorganization is required to include in its income the income of the transferor if the transferor is not subject to the franchise tax.

Filing and Payment Dates

(R.C. 5733.02, 5733.021, 5733.022 and 5733.13)

Key filing and payment dates include:

- Jan. 31. If by Jan. 31 of the report year the corporation does not file the annual report and make full payment of the tax due, then by that date the corporation must file form FT 1120E and pay one-third of that estimated liability. If the estimated tax liability is the minimum fee, the corporation must make full payment by Jan. 31.
- March 31. By March 31 of the report year the corporation must either file its franchise tax report and pay the remaining tax due or file a request for extension (form FT 1120ER) and pay the second one-third of its estimated tax liability.
- May 31. By May 31 of the report year the corporation must either file the annual report and pay the remaining tax due or file a request for additional extension (form FT 1120EX) and pay the remaining one-third of its estimated tax liability. A corporation filing this extension must file its annual report and pay any remaining tax liability by the 15th day of the month following the extended due date for filing its federal corporation income tax return.

Interest

The interest rate on both underpayments and overpayments is based on the average federal short-term rate in effect in July of the previous year plus three percentage points.

EFT

Taxpayers are required to pay by electronic funds transfer (EFT) if, for the second preceding tax year, the taxpayer's total franchise tax liability after reduction for nonrefundable credits exceeded \$50,000. Taxpayers that are required to pay by EFT must register with the Treasurer of State.

Disposition of Revenue

(R.C. 4981.09, 5733.12, 5733.122)

In House Bill 119, the FY 2008-2009 biennium budget bill enacted in 2007, the General Assembly revised the formula and the revenue accounting associated with the local government funds. Starting in January 2008, all franchise tax revenue was directed to the General Revenue Fund after deposits with the Attorney General Claims Fund and the Litter Control Tax Administration Fund. For details on the local government fund changes, see the Local Government Funds chapter.

Administration

The corporation franchise tax is administered by the Department of Taxation. Some tax credits and grants are administered by the Ohio Department of Development. Tax payments are payable to the Treasurer of State but are received by the Department of Taxation.

Ohio Revised Code Citations

Chapters 122, 1733, 4981, 5703, 5709, 5733, 5751 and 5915.

Recent Legislation

House Bill 1, 128th General Assembly (FY 2010-2011 biennium budget bill; budget provisions were effective July 17, 2009, other provisions have various effective dates).

Tax credits – The bill significantly restructured the job creation and job retention tax credits, made important changes to the historic building preservation and technology investment credits, and created a pair of new tax credits: a motion picture production tax credit and the new markets tax credit. For details, see the **Recent Legislation** section of the **Business Tax Credits** chapter.

House Bill 495, 128th General Assembly (Internal Revenue Code (I.R.C.) conformity)

– The bill amended the definition of "Internal Revenue Code as amended" found in R.C. 5701.11, thereby adopting the I.R.C. amendments enacted by Congress from Oct. 16, 2009 (the effective date of H.B. 1's amendment to R.C. 5701.11) through Dec. 15, 2010 (the effective date of H.B. 495's amendment of R.C. 5701.11).

Table 1

Corporation Franchise Tax Collections, Fiscal Years 2006-2010			
Fiscal Year	Gross Tax Collections	Refunds	Net Tax Collections
2006	\$1,309,521,936	\$203,658,836	\$1,105,863,100
2007	1,302,582,440	176,928,156	1,125,654,284
2008	963,244,229	208,611,265	754,632,965
2009	710,875,661	189,512,254	521,363,407
2010	367,982,261	225,664,540	142,317,721

Table 2

Corporation Franchise Tax Number of Corporations by Tax Base Tax Year 2009 Number of Corporations by Tax Base				
Industry	Minimum	Net Worth	Net Income	Total
Agriculture, Forestry, and Fishing	564	414	430	1,408
Mining	221	189	155	565
Utilities (excluding telecommunications)	108	69	44	221
Construction	4,049	2,503	1,528	8,080
Manufacturing	3,855	3,941	2,843	10,639
Wholesale Trade	2,364	2,062	1,696	6,122
Retail Trade	5,501	4,015	2,509	12,025
Transportation and Warehousing	1,704	799	592	3,095
Information (including telecommunications)	850	406	325	1,581
Finance & Insurance	2,422	1,080	961	4,463
Real Estate, and Rental & Leasing of Property	3,344	1,890	1,104	6,338
Professional, Scientific & Technical Service	3,912	1,453	1,498	6,863
Management of Companies (Holding Companies)	113	20	14	147
Administrative & Support Services, and Waste Management & Remediation Services	1,236	483	474	2,193
Education, Health Care and Social Assistance	3,827	1,391	1,204	6,422
Arts, Entertainment, and Recreation	266	98	85	449
Accommodation and Food Services	1,654	758	635	3,047
Other Services	1,730	1,065	749	3,544
Unclassified ¹	5,061	1,113	1,105	7,279
TOTAL	42,781	23,749	17,951	84,481

¹ Industry classification was not indicated by the taxpayer.

Chart

Percentage of Corporations and Tax Liability by Tax Base: Tax Year 2009

(figures in millions)

Total Number of Corporations: 84,481

Total Reported Tax Liability, Before 60% Reduction Factor, Credits and Manufacturing Grants: \$1,409.1

Total Reported Tax Liability, After 80% Reduction Factor, Credits and Manufacturing Grants: \$259.4

(excludes litter tax)

(excludes financial institutions)

Note: House Bill 66 (126th General Assembly) phases out the corporation franchise tax for most taxpayers by 20 percentage-point annual increments over a five-year period beginning in tax year 2006. The liability amounts shown in the chart are prior to the 80% reduction in effect for tax year 2009, and prior to tax credits and manufacturing grants.

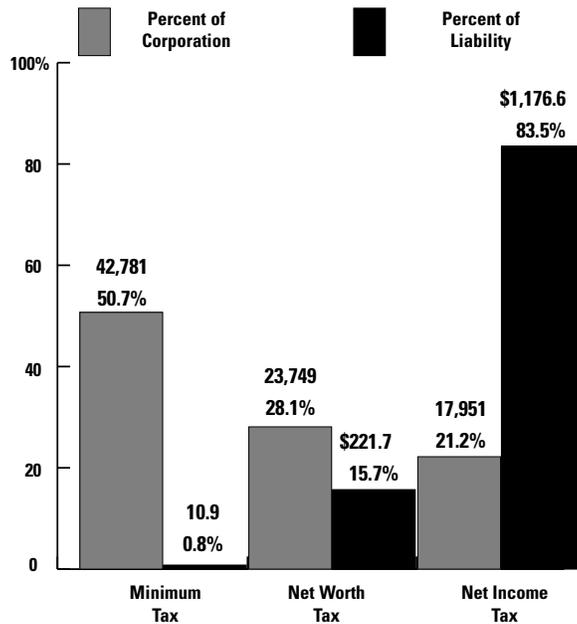


Table 3

Corporation Franchise Tax Number of Corporations by Tax Base and Tax Liability Class: Tax Year 2009					
Number of Corporations by Tax Base					
Tax Liability Class		Minimum	Net Worth	Net Income	Total
Minimum		42,781	--	--	42,781
\$51	- 1,000	--	11,493	5,297	16,790
1,001	- 2,000	--	3,538	2,603	6,141
2,001	- 3,000	--	1,815	1,486	3,301
3,001	- 4,000	--	1,075	778	1,853
4,001	- 5,000	--	763	624	1,387
5,001	- 10,000	--	1,662	1,793	3,455
10,001	- 15,000	--	715	913	1,628
15,001	- 20,000	--	457	626	1,083
20,001	- 25,000	--	277	448	725
25,001	- 30,000	--	196	313	509
30,001	- 35,000	--	186	246	432
35,001	- 50,000	--	336	552	888
50,001	- 100,000	--	476	833	1,309
100,001	- 200,000	--	760	578	1,338
200,001	- 500,000	--	--	494	494
500,001	- 1,000,000	--	--	172	172
Over	\$1,000,000	--	--	195	195
TOTAL		42,781	23,749	17,951	84,481

Table 4

**Corporation Franchise Tax
Reported Tax Liability by Tax Base and Industry:
Tax Year 2009**

NOTE: House Bill 66 (126th General Assembly) phases out the corporation franchise tax for most taxpayers by 20 percentage-point annual increments over a five-year period beginning in tax year 2006. Except for the last two columns, all amounts shown are prior to the 80% reduction in effect for tax year 2009.

	Tax Liability Before Litter Tax and Credits By Tax Base				Before 60% Reduction Factor Applicable to Most Taxpayers			After 80% Reduction Factor	
	Minimum	Net Worth	Net Income	Total	Litter Tax ¹	Total Liability Before Credits and Grant	Total Non-Refundable and Tax Credits ²	Manufacturing Grant	Tax Liability After Tax Credits and Grant ²
Agriculture, Forestry, and Fishing	\$80,450	\$1,092,577	\$6,964,772	\$8,137,799	\$128,308	\$8,266,107	\$319	\$24,598	\$1,663,412
Mining	65,200	1,659,855	20,772,511	22,497,566	156,739	22,654,305	2,750	337,842	4,244,612
Utilities (excluding telecommunications)	46,250	2,242,086	77,360,659	79,648,995	95,666	79,744,661	6,617,496	2,098	14,659,722
Construction	909,250	9,991,206	26,569,345	37,469,801	807,806	38,277,607	182,510	88,121	8,208,398
Manufacturing	1,523,700	73,014,819	445,213,391	519,751,910	4,854,432	524,606,342	9,606,932	5,644,891	85,466,945
Wholesale Trade	843,050	16,945,237	109,025,911	126,814,198	1,699,071	128,513,269	238,202	1,092,311	24,955,570
Retail Trade	1,470,150	33,000,366	138,255,642	172,726,158	2,138,428	174,864,586	952,971	244,442	34,676,017
Transportation and Warehousing	568,750	6,491,316	30,372,242	37,432,308	459,534	37,891,842	194,684	33,373	7,941,152
Information (including telecommunications)	328,450	9,852,751	71,060,595	81,241,796	577,609	81,819,405	263,693	119,243	16,431,025
Finance & Insurance	654,050	11,244,994	27,165,245	39,064,289	580,051	39,644,340	1,622,941	34,374	9,125,682
Real Estate, and Rental & Leasing of Property	579,500	11,694,562	17,117,959	29,392,021	611,102	30,003,123	241,147	29,151	6,905,062
Professional, Scientific & Technical Services	1,027,800	13,014,200	106,251,107	120,293,107	996,239	121,289,346	645,373	98,851	17,974,471
Management of Companies (Holding Companies)	18,950	791,776	6,003,804	6,814,530	32,672	6,847,202	0	2,861	1,468,288
Administrative & Support Services, and Waste Management & Remediation Services	331,600	3,199,525	16,858,713	20,389,838	309,852	20,699,690	0	1,715	3,851,638
Education, Health Care and Social Assistance	722,400	6,640,145	28,046,831	35,409,376	555,452	35,964,828	253,522	39,743	7,442,557
Arts, Entertainment, and Recreation	67,450	776,354	1,278,520	2,122,324	43,213	2,165,537	0	10,461	479,191
Accommodation and Food Services	324,950	4,705,449	16,259,223	21,289,622	360,280	21,649,902	150,910	34,479	4,457,569
Other Services	295,500	3,875,704	12,692,443	16,863,647	293,515	17,157,162	334,103	18,724	3,320,589
Unclassified ³	1,073,850	11,456,178	19,306,102	31,836,130	665,518	32,501,648	1,000,916	240,458	6,205,588
TOTAL	\$10,931,300	\$221,689,100	\$1,176,575,015	\$1,409,195,415	\$15,365,487	\$1,424,560,902	\$22,308,469	\$8,097,737	\$259,477,487

- 1 Combines Tier One of litter tax, which is paid by all corporations, and Tier Two of litter tax, which is paid only by "litter stream" corporations.
- 2 Does not reflect nonrefundable credit for taxes paid by qualifying pass-through entities. In addition, refundable tax credits are not subject to the reduction factor.
- 3 Industry classification was not indicated by the taxpayer.

Table 5

**Corporation Franchise Tax
Reported Tax Liability by Tax Base and Tax Liability Class:
Tax Year 2009**

Note: House Bill 66 (126th General Assembly) phases out the corporation franchise tax for most taxpayers by 20 percentage-point annual increments over a five-year period beginning in tax year 2006. Except for the last two columns, all amounts shown are prior to the 80% reduction in effect for tax year 2009.

Tax Liability Class	Before 60% Reduction Factor Applicable to Most Taxpayers					After 80% Reduction Factor			
	Minimum	Net Worth	Net Income	Total	Litter Tax ¹	Total Liability Before Credits and Grant	Total Non-Refundable Tax Credits ²	Manufacturing Grant	Tax Liability After Tax Credits and Grant ²
Minimum	\$10,931,300	--	--	\$10,931,300	--	\$10,931,300	\$3,019,223	--	\$7,896,079
\$51 - 1,000	--	\$4,090,592	\$2,115,542	6,206,134	\$195,715	6,401,849	14,655	\$3,110	1,461,811
1,001 - 2,000	--	5,088,434	3,813,513	8,901,947	256,282	9,158,229	15,243	12,895	1,844,177
2,001 - 3,000	--	4,463,331	3,574,101	8,037,432	226,086	8,263,518	314,222	14,185	1,334,125
3,001 - 4,000	--	3,721,474	2,697,109	6,418,583	186,414	6,604,997	24,296	16,925	1,306,389
4,001 - 5,000	--	3,396,721	2,799,167	6,195,888	181,260	6,377,148	1,200	18,792	1,257,804
5,001 - 10,000	--	11,786,883	12,779,407	24,566,290	698,265	25,264,555	196,682	96,969	4,874,862
10,001 - 15,000	--	8,768,530	11,257,420	20,025,950	576,870	20,602,820	113,949	104,662	4,038,588
15,001 - 20,000	--	7,924,424	10,880,409	18,804,833	522,731	19,327,564	203,370	71,893	3,755,141
20,001 - 25,000	--	6,184,938	10,014,708	16,199,646	451,730	16,651,376	373,399	82,377	3,120,858
25,001 - 30,000	--	5,357,961	8,591,611	13,949,572	378,105	14,327,677	199,109	115,569	2,640,007
30,001 - 35,000	--	6,052,536	7,981,772	14,034,308	370,517	14,404,825	532,918	86,987	2,362,543
35,001 - 50,000	--	14,204,308	23,110,747	37,315,055	981,436	38,296,491	409,989	187,144	7,350,547
50,001 - 100,000	--	33,199,731	58,690,040	91,889,771	2,373,271	94,263,042	851,579	648,659	18,242,769
100,001 - 200,000	--	107,449,237	81,338,065	188,787,302	4,410,138	193,197,440	7,305,141	2,182,278	31,654,386
200,001 - 500,000	--	--	152,030,844	152,030,844	2,039,935	154,070,779	521,430	1,594,084	28,758,654
500,001 - 1,000,000	--	--	119,450,864	119,450,864	765,831	120,216,695	143,425	914,665	22,909,959
Over \$1,000,000	--	--	665,449,696	665,449,696	750,901	666,200,597	8,068,639	1,946,554	114,668,789
TOTAL	\$10,931,300	\$221,669,100	\$1,176,575,015	\$1,409,195,415	\$15,365,487	\$1,424,560,902	\$22,308,469	\$8,097,737	\$259,477,487

1 Combines Tier One of litter tax, which is paid by all corporations, and Tier Two of litter tax, which is paid only by "litter stream" corporations.
2 Does not reflect nonrefundable credit for taxes paid by qualifying pass-through entities. In addition, refundable tax credits are not subject to the reduction factor.

Table 6

Corporation Franchise Tax Number of Manufacturing Corporations, by Tax Base and Industry: Tax Year 2009				
Number of Corporations by Tax Base				
Industry	Minimum	Net Worth	Income	Total
Food	212	196	176	584
Tobacco Manufactures	2	2	6	10
Apparel and Other Textiles	68	55	34	157
Lumber and Wood Products	115	120	54	289
Paper	72	101	32	205
Printing and Publishing	201	185	108	494
Chemicals	312	289	229	830
Petroleum and Coal	29	48	43	120
Rubber and Plastics	233	276	161	670
Leather Products	7	16	6	29
Stone, Clay & Glass Products	115	146	70	331
Primary Metal	162	149	130	441
Fabricated Metal	724	896	630	2,250
Machinery (non-electrical)	448	379	305	1,132
Electrical Machinery	357	332	278	967
Transportation Equipment	163	153	120	436
Miscellaneous Manufacturing	635	598	461	1,694
TOTAL	3,855	3,941	2,843	10,639

Table 7

Corporation Franchise Tax Number of Manufacturing Corporations, by Tax Base and Tax Liability Class: Tax Year 2009				
Number of Corporations by Tax Base				
Tax Liability Class	Minimum	Net Worth	Net Income	Total
Minimum	3,855	--	--	3,855
\$51 - 1,000	--	1,136	384	1,520
1,001 - 2,000	--	584	292	876
2,001 - 3,000	--	342	194	536
3,001 - 4,000	--	232	109	341
4,001 - 5,000	--	159	100	259
5,001 - 10,000	--	421	300	721
10,001 - 15,000	--	185	209	394
15,001 - 20,000	--	114	139	253
20,001 - 25,000	--	92	98	190
25,001 - 30,000	--	70	65	135
30,001 - 35,000	--	58	67	125
35,001 - 50,000	--	105	159	264
50,001 - 100,000	--	148	247	395
100,001 - 200,000	--	295	158	453
200,001 - 500,000	--	--	180	180
500,001 - 1,000,000	--	--	59	59
Over \$1,000,000	--	--	83	83
TOTAL	3,855	3,941	2,843	10,639

Table 8

**Corporation Franchise Tax
Reported Tax Liability for Manufacturing Corporations:
by Tax Base and Industry Classification:
Tax Year 2009**

Note: House Bill 66 (126th General Assembly) phases out the corporation franchise tax for most taxpayers by 20 percentage-point annual increments over a five-year period beginning in tax year 2006. Except for the last two columns, all amounts shown are prior to the 80% reduction in effect for tax year 2009.

Before 60% Reduction Factor Applicable to Most Taxpayers

After 80% Reduction Factor

Industry	Tax Liability Before Litter Tax and Credits, By Tax Base			Total Non-Refundable and Refundable Tax Credits ²			Total Liability Before Credits and Grant			Tax Liability After Tax Credits and Grant ²		
	Minimum	Net Worth	Income	Total	Litter Tax ¹	Total Liability Before Credits and Grant	Total Non-Refundable Tax Credits ²	Manufacturing Grant	Total Liability After Tax Credits and Grant ²	Total Non-Refundable Tax Credits ²	Manufacturing Grant	Tax Liability After Tax Credits and Grant ²
Food	\$100,850	\$4,371,892	\$30,705,632	\$35,178,374	\$414,845	\$35,593,219	\$668,953	\$1,059,283	\$5,626,863			\$5,626,863
Tobacco Manufacturers	1,050	1,796	12,121,778	12,124,624	27,535	12,152,159	0	9,856	2,422,187			2,422,187
Apparel and Other Textiles	31,900	458,091	1,363,347	1,853,338	36,205	1,889,543	0	1,567	376,315			376,315
Lumber and Wood Products	39,950	1,003,200	5,781,342	6,824,492	53,167	6,877,659	668	168,241	1,239,624			1,239,624
Paper	29,250	2,383,363	3,014,791	5,427,404	97,897	5,525,301	379,717	175,542	570,415			570,415
Printing and Publishing	50,900	1,513,995	4,844,203	6,409,098	106,056	6,515,154	20,424	129,102	1,180,783			1,180,783
Chemicals	150,500	10,503,125	147,278,683	157,932,308	692,462	158,624,770	997,521	388,044	30,489,084			30,489,084
Petroleum and Coal	12,850	1,949,111	11,359,945	13,321,906	115,651	13,437,557	0	265,726	2,434,971			2,434,971
Rubber and Plastics	102,850	5,482,652	8,814,489	14,399,991	313,019	14,713,010	62,556	306,447	2,664,866			2,664,866
Leather Products	2,250	434,493	104,889	541,632	16,387	558,019	0	0	113,375			113,375
Stone, Clay & Glass Products	41,850	3,300,643	3,104,972	6,447,465	142,132	6,589,597	558,423	118,487	674,126			674,126
Primary Metal	66,050	4,000,163	36,580,635	40,646,848	277,555	40,924,403	4,000,906	500,970	3,736,243			3,736,243
Fabricated Metal	206,250	8,322,447	48,401,616	56,930,313	698,172	57,628,485	1,181,857	620,935	9,927,202			9,927,202
Machinery (non-electrical)	207,650	4,770,582	21,181,327	26,159,559	410,061	26,569,620	393,102	245,389	4,826,000			4,826,000
Electrical Machinery	165,100	8,165,098	59,164,693	67,494,891	477,729	67,972,620	257,530	211,801	7,438,407			7,438,407
Transportation Equipment	75,600	6,010,738	18,668,778	24,755,116	359,525	25,114,641	805,294	1,136,227	3,225,509			3,225,509
Miscellaneous Manufacturing	238,850	10,343,430	32,722,271	43,304,551	616,034	43,920,585	279,981	307,277	8,520,975			8,520,975
TOTAL	\$1,523,700	\$73,014,819	\$445,213,391	\$519,751,910	\$4,854,432	\$524,606,342	\$9,606,932	\$5,644,891	\$85,466,945			\$85,466,945

1 Combines Tier One of litter tax, which is paid by all corporations, and Tier Two of litter tax, which is paid only by "litter stream" corporations.
2 Does not reflect nonrefundable credit for taxes paid by qualifying pass-through entities. In addition, refundable tax credits are not subject to the reduction factor.

Table 9

**Corporation Franchise Tax
Reported Tax Liability for Manufacturing Corporations,
by Tax Base and Tax Liability Class:
Tax Year 2009**

Note: House Bill 66 (126th General Assembly) phases out the corporation franchise tax for most taxpayers by 20 percentage-point annual increments over a five-year period beginning in tax year 2006. Except for the last two columns, all amounts shown are prior to the 80% reduction in effect for tax year 2009.

Before 60% Reduction Factor Applicable to Most Taxpayers

After 60% Reduction Factor

Tax Liability Before Litter Tax and Credits, By Tax Base

Total Non-Refundable and Tax Credits²

Total Liability Before Credits and Grant

Litter Tax¹

Total

Net Income

Net Worth

Minimum

Tax Liability Class

	Minimum	Net Worth	Net Income	Total	Litter Tax ¹	Total Liability Before Credits and Grant	Total Non-Refundable and Tax Credits ²	Manufacturing Grant	Tax Liability After Credits and Grant ²
Minimum (\$50 or \$1,000)	\$1,523,700	--	--	\$1,523,700	--	\$1,523,700	\$860,255	--	\$660,103
\$51 - \$1,000	--	\$466,277	\$156,335	622,612	\$21,546	644,158	2,274	\$2,391	141,475
1,001 - 2,000	--	854,953	436,148	1,291,101	38,610	1,329,711	1,686	9,734	283,695
2,001 - 3,000	--	844,627	468,016	1,312,643	38,492	1,351,135	303,383	11,470	-40,280
3,001 - 4,000	--	808,298	374,871	1,183,169	35,420	1,218,589	4,057	12,544	230,474
4,001 - 5,000	--	706,691	447,575	1,154,266	33,799	1,188,065	1,200	12,547	223,113
5,001 - 10,000	--	3,009,561	2,136,315	5,145,876	151,574	5,297,450	133,160	69,919	867,671
10,001 - 15,000	--	2,292,323	2,584,368	4,876,691	149,088	5,025,779	35,161	74,342	948,426
15,001 - 20,000	--	1,985,956	2,430,436	4,416,392	126,586	4,542,978	57,554	41,807	858,221
20,001 - 25,000	--	2,047,645	2,208,471	4,256,116	116,388	4,372,504	145,933	53,215	778,127
25,001 - 30,000	--	1,903,780	1,796,216	3,699,996	112,937	3,812,933	42,202	83,547	670,599
30,001 - 35,000	--	1,878,958	2,163,655	4,042,613	111,082	4,153,695	290,328	55,793	499,066
35,001 - 50,000	--	4,454,856	6,661,076	11,115,932	303,278	11,419,210	213,839	139,330	1,927,540
50,001 - 100,000	--	10,318,538	17,648,913	27,967,451	753,590	28,721,041	284,905	379,301	5,070,184
100,001 - 200,000	--	41,442,356	22,414,533	63,856,889	1,563,720	65,420,609	5,248,932	1,612,825	6,585,117
200,001 - 500,000	--	--	55,495,758	55,495,758	697,997	56,193,755	446,914	1,250,611	9,432,319
500,001 - 1,000,000	--	--	41,351,557	41,351,557	263,298	41,614,855	21,551	771,338	7,530,082
Over \$1,000,000	--	--	286,439,148	286,439,148	337,027	286,776,175	1,513,598	1,064,178	48,801,013
TOTAL	\$1,523,700	\$73,014,819	\$445,213,391	\$519,751,910	\$4,854,432	\$524,606,342	\$9,606,932	\$5,644,891	\$85,466,945

¹ Combines Tier One of litter tax, which is paid by all corporations, and Tier Two of litter tax, which is paid only by "litter stream" corporations.

² Does not reflect nonrefundable credit for taxes paid by qualifying pass-through entities. In addition, refundable tax credits are not subject to the reduction factor.

Table 10

Tax Liability Class	Corporation Franchise Tax Number of Financial Institutions and Reported Tax Liability, by Type of Institution: Tax Year 2009										Tax Liability Before Credits By Type				Refundable & Nonrefundable Tax Credits
	Number of Corporations By Type					Savings & Loans					Savings & Loans				
	Banks	Savings & Loans	Other ¹	Total	Banks	Savings & Loans	Other ¹	Total	Banks	Savings & Loans	Other ¹	Total	Total		
Minimum(\$50 or \$1000)	28	4	20	52	\$18,200	\$100	\$7,550	\$25,850	\$4,109,194						
\$51 - 1,000	2	0	1	3	343	0	244	587	0						
1,001 - 2,000	4	1	0	5	6,734	1,111	0	7,845	0						
2,001 - 3,000	1	1	1	3	2,159	2,495	2,295	6,949	0						
3,001 - 4,000	5	0	2	7	16,923	0	7,239	24,162	0						
4,001 - 5,000	2	0	1	3	8,812	0	4,302	13,114	0						
5,001 - 10,000	3	2	1	6	26,883	13,685	7,574	48,142	10,598						
10,001 - 15,000	7	3	0	10	85,391	34,623	0	120,014	0						
15,001 - 20,000	3	1	1	5	55,151	15,018	17,754	87,923	0						
20,001 - 25,000	13	0	1	14	301,827	0	21,354	323,181	2,945						
25,001 - 30,000	2	2	1	5	56,919	58,413	25,802	141,134	0						
30,001 - 35,000	0	2	1	3	0	62,667	31,252	93,919	3,149						
35,001 - 50,000	10	5	1	16	431,160	224,111	41,655	696,926	24,903						
50,001 - 100,000	44	16	0	60	3,239,447	1,203,462	0	4,442,909	96,731						
100,001 - 200,000	47	24	3	74	6,463,356	3,472,926	455,236	10,391,518	289,849						
200,001 - 500,000	54	19	0	73	16,381,437	6,478,370	0	22,859,807	575,490						
500,001 - 1,000,000	19	6	1	26	12,875,622	4,066,032	718,987	17,660,641	650,748						
Over \$1,000,000	15	6	0	21	86,454,993	12,807,937	0	99,262,930	2,294,780						
TOTAL	259	92	35	386	\$126,425,357	\$28,440,950	\$1,341,244	\$156,207,551	\$8,058,387						

¹ Primarily credit agencies that accept deposits.