Estate Tax

Taxpayer

The estate representative (executor, administrator, trustee, etc.) or person in possession of taxable property.

Tax Base

The net taxable estate equals the value of the gross estate less allowable deductions.

Rates

Net Taxable Estate	Tax Rate
0 - $40,000	2.0% of taxable estate
$40,001 - 100,000	$800 + 3.0% of excess over $40,000
100,001 - 200,000	2,600 + 4.0% of excess over 100,000
200,001 - 300,000	6,600 + 5.0% of excess over 200,000
300,001 - 500,000	11,600 + 6.0% of excess over 300,000
500,001 and over	23,600 + 7.0% of excess over 500,000

Major Exemptions

- *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, but only to the extent that the asset is included in the value of the Ohio gross estate.
- *Other Deductions:*
  Certain items eligible to be deducted from the gross estate prior to calculating tax liability include, but are not limited to: funeral expenses, costs of administering the estate, unpaid debts against the estate, charitable bequests, portions of an annuity or other death benefit plan contributed by an employer, and qualified family-owned business interests.

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Revenue (In Millions)*(1)*

Fiscal Year	Local Governments	General Revenue Fund	Total
2000	$294.7	$140.0	$434.7
2001	285.6	166.0	451.6
2002	259.2	116.3	375.5
2003	256.9	100.8	357.7
2004	226.1	64.2	290.3

Notes: *(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.*

Disposition of Revenue

Estates with dates of death on or after January 1, 2002:

- 80% to the municipal corporation or township of origin;
- 20%, less costs of local administration, to the state General Revenue Fund.

Effective for dates of death on or after June 29, 2004, local governments share in the costs of administering the estate tax in the same 80/20 split as the disposition of estate tax revenue.

Payment Dates

The estate tax return is to be filed within nine months of the decedent's death. However, an automatic six-month extension is granted to all estates. Payment of the estate tax is due at the expiration of nine months from the date of the decedent's death to the treasurer of the county where the estate tax return was filed.

Special Provisions/Credits

For estates with a date of death on or after January 1, 2002, the credit is equal to the lesser of $13,900 or the amount of estate tax owed. This effectively exempts the first $338,333 of the taxable estate from taxation.

Additional Estate Tax:

Tax levied in addition to the basic estate tax, to take advantage of a federal law which allows a credit against federal estate tax liability for state death taxes paid. In general, the amount of additional tax due and payable is the difference between the maximum federal credit allowed prior to the Economic Growth and Tax Relief Reconciliation Act of 2001 minus state death taxes paid to Ohio and other states, U.S. territories, and the District of Columbia.

Generation-Skipping Tax:
Tax levied to take advantage of a federal law allowing a state credit against federal tax liability on generation-skipping transfers of property. Generation-skipping tax is a tax on transfers of property which are made by a transferor to a transferee when said transferee is defined to be more than one generation removed from the transferor. The tax was adopted to ensure the obtaining of at least one transfer tax per generation.

The tax is levied on every generation-skipping transfer of property having a situs in Ohio that occurs at the same time as, and as a result of, the death of an individual. The Ohio tax is levied in an amount equal to the federal credit. The credit shall not exceed 5.0% of the amount of the generation-skipping transfer tax imposed, and applies to taxable distributions and taxable terminations, but not to direct skips. A direct skip occurs where a transfer is made to a party two or more generations removed from the transferor without any intermediate generation having an interest in the funds transferred.

Sections of Ohio Revised Code
Chapter 5731.

Responsibility for Administration
The Tax Commissioner administers the estate tax. The tax is collected locally by the treasurer of the county in which the decedent resided. Tax due for a nonresident decedent owning real property or tangible personal property in Ohio is paid to the county where the return is filed. This is generally the county in which the majority of the real property or tangible personal property is located.

History of Major Changes

1893 • First Ohio death tax enacted – an inheritance tax levied on the succession of property from a decedent's estate.

1968 • Inheritance tax repealed and an estate tax levied on taxable value of the estate.

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1976 • Surviving spouse exemption raised from $20,000 to $30,000.

1979 • Resident decedent estates with gross value under $5,000 exempted from filing returns.

1982 • Resident decedent estates with gross value under $10,000 exempted from filing returns, and all previous general and family exemptions doubled in amount.

1983 • Tax credit and marital deduction adopted, family and general exemptions repealed, and resident decedent estates with gross value under $25,000 exempted from filing returns.

1993 • Unlimited marital deduction became effective July 1, 1993.

1997 • Effective March 7, 1997, excluded from taxable estate that portion of an annuity or other death benefit plan contributed by an employer.

1999 • Increased from $25,000 to $40,000 the amount of property or money that a surviving spouse and/or children of the decedent can claim as an allowance for support.
• Increased from $85,000 to $100,000 the maximum value of a decedent's estate that can be relieved from administration, but only where the surviving spouse is entitled to inherit all assets of the estate.

2000 • Two year phased-in increase of the estate tax credit from $500 to $13,900.
• Two year phased-in increase of the local share of estate tax revenue from 64% to 80%, lowering the state share from 36% to 20%.
• Deduction created for qualifying family-owned business interests.
• A trustee's duty to distribute income at least annually to a surviving spouse from an IRA marital deduction trust is satisfied so long as the language is in place to require that distribution.

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2001 • Adoption of provisions (where certain circumstances apply) increasing from nine months to 13 months the time frame within which an executor or administrator, after the date of their appointment, shall collect decedent's assets and complete the estate administration.

2002 • Provisions adopted that shortened the amount of time that another person must survive a decedent in order to inherit; also expanded the presumptive order of death to include probate and nonprobate transfers.

2003 • Procedures enacted for distribution of a trust estate when a probate court terminates a trust with a fair market value of less than $100,000; also expanded the prohibition against trusts accumulating more than one year of income interest granted to a surviving spouse where that income interest is eligible for a qualified terminable interest property deduction.

2004 • Requirement expanded for sharing of administrative costs of estate tax between local governments and the state in proportion to their respective share of gross estate tax revenues; local governments required to pay 80%, and the state 20%.

Comparisons with Other States (As of 04/05)
Unlike **Ohio,** some states, including **Indiana, Kentucky, New Jersey,** and **Pennsylvania** levy inheritance taxes rather than estate taxes. An inheritance tax is based upon the succession of property transferred to an individual and the relationship of that individual to the decedent, rather than upon the value of the estate itself.

Other states, including **California, Florida, Michigan, Pennsylvania, Texas,** and **West Virginia,** levy a pick-up tax equivalent to the current federal credit.

The following states have de-coupled their estate tax from the federal code: **Illinois, Massachusetts, New Jersey,** and **New York.**