

Dealers in Intangibles Tax

Taxpayer

Firms having an office or other place of business in Ohio and engaged in: lending money; discounting, buying or selling bills of exchange, drafts, acceptances, notes, mortgages, or other evidences of indebtedness; buying or selling bonds, stocks, or other investment securities; or as agent or broker for others with a view to profit or personal earnings.

Tax Base

The tax base for dealers in intangibles is either: shares of stock of incorporated dealers or unincorporated dealers with capital stock divided into shares; or, capital employed by unincorporated dealers with capital stock divided into shares.

Rate

Eight mills (0.8%) of value.

Major Exemptions

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

- institutions used exclusively for charitable purposes;
- insurance companies; and
- financial institutions.

Revenue (In Millions)*

| Fiscal Year | Gen. Rev. Fund | Local Portion | Total |
|-------------|----------------|---------------|--------|
| 2001 | \$9.5 | \$15.4 | \$24.9 |
| 2002 | 7.1 | 11.4 | 18.5 |
| 2003 | 30.0 | 8.7 | 38.7 |
| 2004 | 29.9 | 10.7 | 40.6 |
| 2005 | 25.2 | 11.4 | 36.6 |

Note: *Figures in this table are on a fiscal year basis and from the Office of Budget and Management. These amounts will not match the calendar year tax liability data contained in the Department of Taxation's Annual Report.

Disposition of Revenue

- State General Revenue Fund: three-eighths of taxes.

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- County Undivided Local Government Fund: five-eighths of taxes.
- Effective for tax year 2003, all taxes from qualifying dealers that are members of a qualifying controlled group of which a financial institution or an insurance company is a member are deposited in the state General Revenue Fund.

Payment Dates

Dealers in intangibles must file tax returns by the second Monday in March, and the Tax Commissioner certifies the tax to the Ohio Treasurer of State by the first Monday of May. Within 20 days the Treasurer issues a tax bill with payment 30 days from the date the tax bill is mailed.

Special Provisions/Credits

- The venture capital tax credit is available to qualified dealers in intangibles.
- The eligible employee training cost tax credit is available to dealers in intangibles.

Sections of Ohio Revised Code

Chapters 150, 5707, 5719, and 5725.

Responsibility for Administration

Tax Commissioner.

History of Major Changes

- 1931 • Enacted at 5.0 mills.
- 1971 • One mill increase earmarked for state General Revenue Fund.
- 1987 • Two mill increase for state General Revenue Fund.
• Assessment certification date changed from first Monday in June to first Monday in May.
- 2001 • Effective for tax year 2003, qualifying dealers in intangibles defined to be those dealers that are members of a qualifying controlled group of which a financial institution or insurance company is a member. All revenue generated from such taxpayers is deposited in the state General Revenue Fund.
- 2005 • Effective for 2006, the term “primarily” is used to

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determine who meets the definition of a dealer in intangibles, and the Tax Commissioner is required to adopt a rule defining “primarily” with input from industry representatives.

- Effective for 2006, a Notification Form of Dealer Status is required.
- The venture capital tax credit made available to qualified dealers in intangibles.

Comparisons with Other States (As of 01/06)

No other state has a similar special tax on dealers in intangibles.

