

Dealer in Intangibles Tax Return



2002

Form 980-A
Rev. 9/00

**GENERAL INFORMATION AND INSTRUCTIONS
RELATING TO DEALER IN INTANGIBLES TAX RETURN**

**Definition of a Dealer in Intangibles—
Section 5725.01(B)**

“Dealer in intangibles” includes every person who keeps an office or other place of business in this state and engages at such office or other place in the business of lending money, or discounting, buying, or selling bills of exchange, drafts, acceptances, notes, mortgages, or other evidences of indebtedness, or of buying or selling bonds, stocks or other investment securities, whether on his own account with a view to profit, or as agent or broker for others, with a view to profit or personal earnings. Dealer in intangibles excludes institutions used exclusively for charitable purposes, insurance companies, and financial institutions whether domestic or foreign. Neither causal nor isolated transactions of any of the kinds enumerated in this division of this section, nor the investment of funds as personal accumulations or as business reserves or working capital constitute engaging in business within the meaning of this division of this section; but a person who, having engaged in the business of lending money, or discounting, buying, or selling bills of exchange, drafts, acceptances, notes, mortgages, or other evidences of indebtedness on his own account, remains in business for the purpose of realizing upon the assets of such business is deemed a dealer in intangibles, though not presently engaged in lending money or discounting or buying such securities.

Filing Requirements

All persons, partnerships, associations and corporations engaged in business as a dealer in intangibles at the close of business on December 31 must file a dealer in intangibles tax return. The return must be filed with the Tax Commissioner, Attn: Personal Property Tax, P.O. Box 530, Columbus, OH 43216-0530 no later than the second Monday of March, or as properly extended.

Extension of Time

The Tax Commissioner may, upon verified request and for good cause shown, extend for a period not exceeding thirty days, the period during which a dealer in intangibles shall file their Tax Form 980, Section 5725.10, O.R.C. A written request for extension of time must be received to the address listed above no later than the second Monday in March; be sure to include the proper business name, address, account number and stated cause. If requesting extensions for a consolidated return, each subsidiary with their FEIN number must be listed within the request.

Penalty for Late Filing

As provided by Section 5725.17, Revised Code, a penalty equal to the greater of fifty (50) dollars per month or fraction of a month, not to exceed five hundred dollars (\$500), or five (5) percent per month or fraction of a month, not to exceed fifty (50) percent, of the tax required to be shown on the return for each month or fraction of a month elapsing between the due date and the date on which the return is filed.

Payment of Tax

No payment should be submitted with the return. For timely filed and properly extended returns, a statement of tax due will be issued by the Ohio Treasurer of State in early May.

Balance Sheet

The balance sheet on the reverse side of Form 980 must be completed utilizing a list date of December 31st annually (ORC 5725.14).

Consolidated Returns

An incorporated dealer in intangibles which owns or controls 51% or more of the common stock of another incorporated dealer in intangibles may by application request for the privilege of filing a consolidated return with the Tax Commissioner on or before the second Monday in March. If application is granted all subsidiary dealers in intangibles of 51% or more must be included. When a consolidated return is filed, it must include a list of the subsidiary dealers, FEIN, addresses and a consolidating balance sheet reflecting all subsidiaries and the inter-company eliminations. (Section 5725.14, O.R.C.)

Exhibit “A”

Exhibit “A” is used to adjust the net worth of the corporation to its market/fair value at 12/31. Items such as fixed assets, exchange memberships, stocks, investments, real estate, accounts receivable are examples of items listed on the balance sheet which need to be calculated at their market/fair value at 12/31. These items are netted against their book value and the result placed on line 2. The net addition or reduction is added or deducted from line 1. The result is the fair value which is then carried to the front page of the return in the computation of tax section line 3, rounded to the nearest ten dollars.

Exhibit “B”

In case of a dealer principally engaged in the business of lending money or discounting loans, gross receipts will consist of the aggregate amount of loans effected, discounted and renewed.

Exhibit “B” is used to determine the Ohio percentage of business for dealers in intangibles who generate loan business both in the State of Ohio and everywhere. (Dealers who only operate within the state do not need to complete this section.) The total amount of loan business conducted for the year in Ohio is divided by the total of loan business for the year everywhere. This percentage is then multiplied by the total from line 3 of Exhibit “A.” This value is then forwarded to the front of the return (line 3) to compute the amount of tax due.

Business may not be allocated within and without Ohio unless the dealer maintains separate office locations both within and without Ohio. Independent agents who solicit business out of Ohio and forward it to an Ohio office must allocate that portion to Ohio. Employees of the dealer who solicit business out of state but report to the Ohio office must also allocate all business to Ohio.

Receipts from business originating in one office and consumed at another office shall be divided equitably between such offices and a special memorandum or schedule must be furnished disclosing the amount of such receipts together with the office location.

Exhibit "C"

In the case of a dealer engaged primarily in the business of dealing in securities as principal, broker, or both, gross receipts shall consist of the aggregate amount of commissions charged for business done at each office, plus 1% of all other income earned in Ohio, divided by 100% of commissions charged everywhere plus 1% of all other income everywhere. Line 3, Exhibit A, is then multiplied by the percentage obtained from this calculation.

Exhibit "D"

A dealer in intangibles, who predominately makes loans and carries a reserve on their books for receivables, will use Exhibit "D." It is used to establish a fair value for accounts receivable at 12/31 for those who carry a reserve. The formula develops a uniform amount of reserves taken against the gross accounts receivable balance. The calculation first takes the total amount of bad debts charged off for the preceding five years, less total recoveries for the preceding five years. This total is divided by the total amount of loans effected, discounted and renewed for the preceding five years. To the resulting percentage, add .005% as a correction factor. This total percentage will be applied to the gross amount of accounts and notes receivable listed on the current year's balance sheet. The calculated allowable bad debt reserve is compared to the bad debt reserve taken on the current year's balance sheet and the difference between the two is carried to the summary sheet as an increase or decrease to market/fair value.

Form 937DI

The Tax Commissioner has prescribed composite annual allowances for computing the fair value of various depreciable property. For dealers in intangibles, property such as office furniture and equipment, leaseholds and autos have been designated as class 3 property. Computers and their on-line peripheral equipment have been designated as class 2 property. Tax Form 937DI is used to arrive at the fair value. The rates for class 3 and class 2 are listed below. The increase or decrease from book value to fair value is carried to the summary sheet.

<u>Age</u>	<u>Class 3</u>	<u>Class 2</u>
1	93.2	92.0
2	82.8	76.3
3	72.4	60.6
4	62.0	46.1
5	51.5	37.9
6	42.2	29.8
7	36.3	21.6
8	30.5	20.0
9	24.6	20.0
10 + older	18.8	20.0

Fair Value Claim

In the event the fair value of any item of taxable property is less than the book value as reflected on the balance sheet, a claim in writing must be submitted at the time of filing the tax return. The claim should disclose the reasons and computations for determining the claimed fair value. The burden of substantiating the claimed fair value rests with the taxpayer.

Exchange Memberships

Memberships and stock exchange seats used in business must be returned at their fair value as of December 31st annually. The difference between the book value and the fair value at 12/31 will be carried to the summary sheet.

Unincorporated Dealers in Intangibles

Unincorporated dealers in intangibles may deduct investments exempt under Ohio law from the value of capital employed, provided such investments are held on December 31. Tax exempt investments include: obligations issued and backed by the Federal government, territories or districts; shares of stock in financial institutions, dealers in intangibles, Ohio insurance companies and Ohio credit unions; the following Ohio bonds – Vietnam War Bonus, Turnpike, Major Thoroughfare Construction, Bridge Commission, Highway Improvement construction, Underground Parking, Capital Improvement construction, General Obligation, Public Housing Authority, etc. Municipal bonds are not exempt.

When taxable property has been converted into non-taxable bonds and securities after October 31 and is still held on December 31, the value of the non-taxable bonds and securities as of the date of conversion must be reflected on line 2 of the Computation of Tax on the front page of Form 980.

Form 982

Form 982, Schedule A, is to be submitted by each dealer in intangibles maintaining an office in more than one Ohio county. Taxpayer should list each county it maintains offices in and the total amount of gross receipts for that office.

Form 984

Form 984 is to be submitted with Tax Return Form 980 for those taxpayers who list investments on line 2 of the balance sheet. This form must list the name of the investment, the book value, and the market value of the investment at December 31st. The difference between book and market should be listed on the summary sheet.

Leased Property

Any dealer in intangibles that leases tangible personal property to others or owns such property for the sole purpose of leasing it to others must separately list and return such property under the provisions of Chapter 5711, Revised Code. Form 920-A, prescribed by the Tax Commissioner, set forth the instructions for filing the applicable personal property tax returns.

Information

Any question relative to the filing of dealer in intangibles tax return or the procurement of forms must be addressed to the Department of Taxation, Attn: Personal Property Tax, P.O. Box 530, Columbus, OH 43216-0530 or call 888-644-6778. Visit the Department's home page on the internet at www.state.oh.us/tax/ for additional forms.

Balance Sheet as of December 31, 2001

Line No.	ASSETS	
1.	Cash on Hand and in Banks	\$ _____
2.	Investments (Complete enclosed Form 984)	
	a) Taxable	_____
	b) Nontaxable	_____
3.	Accounts and Notes Receivable	
	a) Accounts Receivable Gross \$ _____	
	Less Allowance for Bad Debts	_____
	b) Installment Loans Gross \$ _____	
	Less Allowance for Bad Debts	_____
	c) Lease Receivables Gross \$ _____	
	Less Allowance for Bad Debts	_____
	d) Real Estate Loans Gross \$ _____	
	Less Allowance for Bad Debts	_____
	e) Other Receivables Gross \$ _____	
	Less Allowance for Bad Debts	_____
4.	Customers Debit Balances	_____
5.	Due from Other Brokers	_____
6.	Real Estate Cost \$ _____	
	Less Accumulated Depreciation	_____
7.	Leasehold Improvements (Enclose Form 937DI) Cost \$ _____	
	Less Accumulated Depreciation	_____
8.	Furniture Fixtures & Equipment (Enclose Form 937DI) Cost \$ _____	
	Less Accumulated Depreciation	_____
9.	Leased Equipment (See Exhibit "E")	_____
10.	Commissions Receivable	_____
11.	Memberships (specify)	_____
12.	Deferred Charges	
	a) Prepaid Expenses	_____
	b) Other	_____
13.	Accrued Earnings	_____
14.	Other Assets (specify)	_____
15.	Total Assets (Lines 1 through 14)	\$ _____

Line No.	LIABILITIES	
16.	Notes and Accounts Payable	\$ _____
17.	Due to Other Brokers	_____
18.	Customers Credit Balances	_____
19.	Commissions Payable	_____
20.	Accrued Expenses	_____
21.	Deferred Credits	_____
22.	Other Liabilities	_____
23.	Total Liabilities (Lines 16 through 22)	\$ _____
	Capital	
24.	Capital Stock (less Treasury Shares)	\$ _____
25.	Capital Investment (if not incorporated)	_____
26.	Surplus and Undivided Profits	_____
27.	Partners Credit Balances	_____
28.	General Reserves (without definite evidence of imminent loss or liability)	_____
29.	Book Value of Shares or Invested Capital (Lines 24 through 28)	_____
	(Carry amount to applicable Exhibit: Exhibit A, Line 1; Exhibit B, Line 3; or Exhibit C, Line 3.)	
30.	Total Liabilities and Capital	\$ _____

**EXHIBIT "A" – RECONCILIATION OF BOOK VALUE TO THE MARKET OF FAIR VALUE OF SHARES OR INVESTED CAPITAL
(SECTION 5725.15, O.R.C.)**

Line No.	ITEM	
1.	Book Value of Shares or Invested Capital (B/S Line 29)	\$ _____
2.	Increase or Decrease to fair or Market Value (from Summary Sheet)	\$ _____
3.	Taxable Value (Carry to Page 1, Line 1, or Line 3, Exhibit "B" or "C" below)	\$ _____

EXHIBIT "B" – OHIO PROPORTION OF TAXABLE VALUE OF SHARES OR INVESTED CAPITAL (FOR DEALERS OTHER THAN BROKERS)

Enter below the total of loans effected, discounted and renewed during the year ended December 31, 2001.

Line No.	ITEM	(1) OHIO	(2) TOTAL
1.	Total of Loans Effected, Discounted and Renewed	\$ _____	\$ _____
2.	Percentage Allocable to Ohio (Col. 1 ÷ Col. 2)%
3.	Taxable Value of Shares or Invested Capital (B/S Line 29 or Line 3 of Exhibit "A")	\$ _____
4.	Ohio Proportion of Taxable Value of Shares or Invested Capital (Line 2 x Line 3. Carry to Pg. 1, Computation of Tax, Line 3)	\$ _____

EXHIBIT "C" – OHIO PROPORTION OF TAXABLE VALUE OF SHARES OR INVESTED CAPITAL (FOR BROKERS ONLY)

Enter below the aggregate amounts of all commissions charged plus one percent of the aggregate of all other receipts during calendar year ending December 31, 2001.

Line No.	ITEM	(1) OHIO	(2) TOTAL
1.	Aggregate Amount of Commissions charged plus One Percent of the Aggregate of All Other Receipts	\$ _____	\$ _____
2.	Percentage Allocable to Ohio (Col. 1 ÷ Col. 2)%
3.	Taxable Value of Shares or Invested Capital (Line 3 of Exhibit "A")	\$ _____
4.	Ohio Proportion of Taxable Value of Shares or Invested Capital (Line 2 x Line 3. Carry to Pg. 1, Computation of Tax, Line 3)	\$ _____

**EXHIBIT "D" – EACH DEALER IN INTANGIBLES, OTHER THAN BROKERS, MUST FURNISH THE FOLLOWING INFORMATION
RELATIVE TO AGGREGATE AMOUNT OF LOANS EFFECTED, DISCOUNTED AND RENEWED.**

CALENDAR YEAR	AGGREGATE AMOUNT OF LOANS EFFECTED, DISCOUNTED & RENEWED	BAD DEBTS CHARGED OFF	RECOVERY OF BAD DEBTS CHARGED OFF	
1997				
1998				
1999				
2000				
2001				
Totals				

Dealers in Intangibles**Summary Worksheet for Exhibit A, Line 2****Instructions**

This worksheet is a tool to be used to capture all adjustments to fair value at December 31st. It is a gathering worksheet to list the financial book value for all accounts that have an adjustment to bring it to its fair value at December 31st. Compare the financial book value to the fair market value and place the increase or decrease in the difference column. This total is the value which is placed on line 2 of Exhibit A, as a company-wide increase or decrease to arrive at a fair value.

ACCOUNT	BALANCE SHEET VALUE	FAIR MARKET VALUE	DIFFERENCE
Investments			
Accounts Receivable			
Real Estate			
Total Fixed Assets			
Memberships			
Net Worth			
Other FMV Adjustments			
Total			

Carry **Total** to Line 2, Exhibit A.

EXHIBIT "E" – LEASED EQUIPMENT

Dealers owning and leasing or holding for lease tangible personal property, shall enter a description of the property, including book value, the name of the lessee and the Ohio county where the property is physically located and used in business on December 31, 2001.

DESCRIPTION	BOOK VALUE	LESSEE	OHIO COUNTY LOCATION

TAXPAYER IDENTIFICATION

Please type or print the name, address and telephone number of the person to be contacted during our examination of this return.

Name _____ Title _____

Address _____

Telephone Number _____

This tax return, and accompanying exhibits, should be received no later than March 11, 2002 by the Department of Taxation. (DO NOT SEND PAYMENT.)

Mail to: Ohio Department of Taxation
Personal Property Tax Division
P.O. Box 530
Columbus, OH 43216-0530

– OR –

Deliver to: Rhodes State Office Tower
30 E. Broad Street
21st Floor
Columbus, OH 43215

TRUE VALUE COMPUTATION – CLASS II

Form 937DI, True Value Computation, provides a consistent method for determining the aggregate fair value for Dealers in Intangibles total depreciable assets, company-wide, inside and outside Ohio.

Costs of depreciable property at the end of the previous year are to be shown by year of acquisition for the entire entity (Col. 2). Additions and disposals occurring during the year are to be entered at cost, across the year in which they were acquired (Col. 3, Col. 4). The resulting costs remaining at year-end are then listed (Col. 5); their total must equal the beginning of the year total plus additions, less disposals. The valuation percentages for the specified class of property are listed in Column 6. Each year-end cost is then multiplied by the corresponding valuation percentage and the product placed in Column 7. Total Column 7 and that will be the fair value of the

depreciable assets. Compare the total fair value of the depreciable assets to the book value of those same assets on the December 31st balance sheet and place the increase or decrease to fair market value on line 2 in Exhibit A on page 3 of Form 980.

For dealers in intangibles, depreciable property under class rate 2 property consists mainly of office computers.

Full costs must be shown. Cost column totals must reconcile with ledger accounts, except that property written off the records but still physically on hand must be included in the computation and properly disposed of but not written off the records should be deducted. These exceptions should be separately identified in the computation.

SAMPLE COMPUTATION FOR 2002 RETURN ILLUSTRATING APPLICATION OF CLASS II PERCENTAGES

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Year Acquired	Cost at End of 12-31-00	Additions	Disposals	Cost at End of 12-31-01	Percent	True Value
						Amount \$
2001		\$641,310		\$ 641,310	92.0%	\$ 590,005
2000	\$ 434,040			434,040	76.3%	331,173
1999	301,032		\$201,032	100,000	60.6%	60,600
1998	277,736			277,736	46.1%	128,036
1997	201,033			201,033	37.9%	76,192
1996	147,001			147,001	29.8%	43,806
1995	421,066			421,066	21.6%	90,950
1994 & Prior	2,393,633		444,943	1,948,690	20.0%	3899,738
Total	\$4,175,541	\$641,310	\$645,975	\$4,170,876	Fair Value =	\$1,710,500

CARRY TOTAL TRUE VALUE TO SUMMARY SHEET.

TRUE VALUE COMPUTATION – CLASS LIFE III

Form 937 DI, True Value Computation, provides a consistent method for determining the aggregate fair value for Dealers in Intangibles total depreciable assets, company-wide, inside and outside Ohio.

Costs of depreciable property at the end of the previous year are to be shown by year of acquisition for the entire entity (Col. 2). Additions and disposals occurring during the year are to be entered at cost, across the year in which they were acquired (Col. 3, Col. 4). The resulting costs remaining at year-end are then listed (Col. 5); their total

must equal the beginning of the year total plus additions, less disposals. The valuation percentages for the specified class of property are listed in Column 6. Each year and cost is then multiplied by the corresponding valuation percentage and the product placed in Column 7. Total Column 7 and that will be the fair value of the depreciable assets. Compare the total fair value of the depreciable assets to the book value of those same assets on the December 31st balance sheet and place the increase or decrease to fair market value on Summary Sheet.

SAMPLE COMPUTATION FOR 2002 RETURN ILLUSTRATING APPLICATION OF CLASS III PERCENTAGES

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Year Acquired	Cost at End of 12-31-00	Additions	Disposals	Cost at End of 12-31-01	Percent	True Value
						Amount \$
2001		\$641,310		\$ 641,310	93.2%	\$ 597,701
2000	\$ 434,040			434,040	82.8%	359,385
1999	301,032		\$201,032	100,000	72.4%	72,400
1998	277,736			277,736	62.0%	172,196
1997	201,033			201,033	51.5%	103,532
1996	147,001			147,001	42.4%	62,034
1995	421,066			309,544	36.3%	112,364
1994	234,175		444,943	234,175	30.5%	71,423
1993	148,622			148,622	24.6%	36,561
1992 & Prior	2,010,836		333,421	1,677,415	18.8%	315,354
Total	\$4,175,541	\$641,310	\$645,975	\$4,170,876	Fair/True Value = \$1,902,950	

CARRY TOTAL FAIR/TRUE VALUE TO SUMMARY SHEET.

SCHEDULE A
RETURN YEAR 2002

Name of Dealer _____

Address _____

This form must be executed by each dealer in intangibles maintaining an office in more than one county in Ohio. For an explanation of gross receipts, see General Information and Instructions.

GROSS RECEIPTS WITHIN THE STATE OF OHIO				
1	Adams		45	Licking
2	Allen		46	Logan
3	Ashland		47	Lorain
4	Ashtabula		48	Lucas
5	Athens		49	Madison
6	Auglaize		50	Mahoning
7	Belmont		51	Marion
8	Brown		52	Medina
9	Butler		53	Meigs
10	Carroll		54	Mercer
11	Champaign		55	Miami
12	Clark		56	Monroe
13	Clermont		57	Montgomery
14	Clinton		58	Morgan
15	Columbiana		59	Morrow
16	Coshocton		60	Muskingum
17	Crawford		61	Noble
18	Cuyahoga		62	Ottawa
19	Darke		63	Paulding
20	Defiance		64	Perry
21	Delaware		65	Pickaway
22	Erie		66	Pike
23	Fairfield		67	Portage
24	Fayette		68	Preble
25	Franklin		69	Putnam
26	Fulton		70	Richland
27	Gallia		71	Ross
28	Geauga		72	Sandusky
29	Green		73	Scioto
30	Guernsey		74	Seneca
31	Hamilton		75	Shelby
32	Hancock		76	Stark
33	Hardin		77	Summit
34	Harrison		78	Trumbull
35	Henry		79	Tuscarawas
36	Highland		80	Union
37	Hocking		81	Van Wert
38	Holmes		82	Vinton
39	Huron		83	Warren
40	Jackson		84	Washington
41	Jefferson		85	Wayne
42	Knox		86	Williams
43	Lake		87	Wood
44	Lawrence		88	Wyandot

Total Receipts in Ohio _____

Total Receipts without Ohio _____

