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**Tables CAT 1&2**  
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## **COMMERCIAL ACTIVITY TAX: Number of Taxpayers and Tax Return Data, Fiscal Year 2007**

The commercial activity tax went into effect on July 1, 2005. It is a privilege tax measured by gross receipts from activities in this state. The tax is a key component of the 2005 tax reform package enacted by Am. Sub. House Bill 66 (126<sup>th</sup> General Assembly). The major business tax components of the tax reform act consist of the phase-out of both the tangible personal property tax and the corporate franchise tax and the phase-in of the commercial activity tax.

The tax is levied and paid on a quarterly or annualized basis. Taxpayers with annual taxable gross receipts above \$1 million must report and pay the tax quarterly. Taxpayers whose annual taxable gross receipts are between \$150,000 and \$1 million are considered annual taxpayers and are subject only to the \$150 minimum tax. Taxpayers with annual gross receipts below \$150,000 are not subject to the commercial activity tax.

The attached CAT-1 and CAT-2 tables reflect information reported on tax returns that were due and filed during fiscal year 2007, specifically on returns that were due and filed in August 2006, November 2006, February 2007 and May 2007. Additional factors affecting the data in these tables are explained below.

- The attached tables reflect the 0.104% tax rate in effect for the April 2006 to March 2007 period. Ohio law phases up the commercial activity tax rate over a five-year period that began in July 2005. The next increase will take effect for the 12-month period beginning April 1, 2007 (impacting fiscal year 2008 tax revenues), and the applicable tax rate during that year will be 0.156%. The fully phased-in 0.26% tax rate is scheduled to take effect on April 1, 2009 (impacting fiscal year 2010 tax revenues).
- Each combined and consolidated taxpayer group is shown as a *single entity* for purposes of these tables. In the CAT-1 table, the combined or consolidated group is reported under the primary filer's industry code. In the CAT-2 table, the entire group's gross receipts determine the size category in which the group is placed.

As shown in these tables, the total reported commercial activity tax liability for fiscal year 2007 was \$563.7 million. Of this amount \$25.7 million was attributable to the minimum tax and \$538.0 million was attributable to the 0.104% tax rate. Taxable gross receipts amounted to \$599.3 billion but the exclusion available on each return reduced taxable receipts by \$82.0 billion, or 24.3%; the resulting net taxable gross receipts amounted to \$517.3 billion.

Table CAT-1 shows tax return information for 19 industrial sectors. The industrial sector data is based on each taxpayer's reported primary industrial code, using the North American Industry Classification System (NAICS). The retail sector comprises the largest group of taxpayers, accounting for 13.0% of all taxpayers. This is followed by unclassified (11.1%) and construction (10.5%) taxpayers. In terms of tax liability, manufacturers account for the largest share at 30.6% of the total. The retail (18.7%) and wholesale sectors (12.4%) account for the next largest shares of total liability.

Table CAT-2 provides tax return information based on the size of each taxpayer's taxable gross receipts (prior to the exclusion). Filers whose fiscal year 2007 taxable gross receipts were \$1 million or below accounted for 75.1% of all returns but only 3.6% of the total liability. Filers with taxable gross receipts above \$100 million comprised only 0.4% of all returns but accounted for 55.2% of total tax liability.

Data contained in these tables is derived from commercial activity tax returns filed by taxpayers with the Ohio Department of Taxation.

**Fiscal Year 2007 Commercial Activity Tax Returns:**  
 Number of Returns and Reported Financial Data, by Industrial Classification (a)  
*Dollar amounts are in thousands*

Industrial Classification	NAICS Code Ranges	Number of Taxpayers	Taxable Gross Receipts	Exclusion (b)	Net Taxable Gross Receipts	Tax at 0.104% Rate	Annual Minimum Tax (c)	Total Tax Due: 0.104% Tax and Minimum Tax
Agriculture, Forestry, and Fishing	111100-115310	5,756	\$4,239,643	\$2,058,153	\$2,181,489	\$2,269	\$863	\$3,131
Mining	211110-213110	760	4,472,586	433,284	4,039,302	4,201	112	4,313
Utilities (excluding telecommunications)	221100-221300	134	16,497,086	74,502	16,422,585	17,079	20	17,100
Construction	236110-238900	18,018	36,662,810	8,940,671	27,722,138	28,831	2,696	31,527
Manufacturing	311110-339900	15,874	173,624,816	10,195,260	163,429,556	169,967	2,366	172,333
Wholesale Trade	423100-425120	9,164	71,436,618	5,629,854	65,806,764	68,439	1,354	69,793
Retail Trade	441110-454390	22,266	107,852,064	11,606,706	96,245,358	100,095	3,327	103,423
Transportation and Warehousing	481000-493100	4,948	14,460,135	2,505,447	11,954,688	12,433	739	13,172
Information (including telecommunications)	511110-519100	1,679	22,211,583	887,795	21,323,788	22,177	250	22,427
Finance and Insurance	522110-525990	6,630	10,006,817	2,105,793	7,901,024	8,217	996	9,213
Real Estate, and Rental & Leasing of Property	531110-533110	14,386	16,139,083	5,831,380	10,307,703	10,720	2,188	12,908
Professional, Scientific and Technical Services	541110-541990	15,314	31,202,437	7,072,588	24,129,848	25,095	2,322	27,417
Management of Companies (Holding Companies)	551111-551112	899	24,736,298	630,037	24,106,261	25,071	130	25,201
Administrative & Support Services, and Waste Management & Remediation Services	561110-562000	4,193	8,423,597	1,892,256	6,531,340	6,793	633	7,426
Education, Health Care and Social Assistance	611000-624410	12,830	20,261,834	7,045,575	13,216,259	13,745	1,946	15,691
Arts, Entertainment, and Recreation	711100-713900	1,699	2,317,938	701,749	1,616,188	1,681	256	1,937
Accommodation and Food Services	721110-722410	8,774	12,520,805	4,115,861	8,404,944	8,741	1,328	10,069
Other Services	811110-812990	8,798	7,122,434	3,639,391	3,483,042	3,622	1,346	4,968
Unclassified	n/a	<u>19,038</u>	<u>15,124,071</u>	<u>6,637,911</u>	<u>8,486,161</u>	<u>8,826</u>	<u>2,822</u>	<u>11,647</u>
<b>TOTAL</b>		<b>171,160</b>	<b>\$599,312,652</b>	<b>\$82,004,215</b>	<b>\$517,308,438</b>	<b>\$538,001</b>	<b>\$25,696</b>	<b>\$563,696</b>

(a) The total tax liability shown in this table does not match actual commercial activity tax revenues in fiscal year 2007. This is because table reflects reported tax liability, not actual payments made. In addition, the table reflects information from tax returns on the computer system as of the dates when the August 2006, November 2006, February 2007 and May 2007 return data was extracted; any subsequently filed tax returns or subsequent corrections made to the tax returns are not reflected in this table.

(b) On a quarterly basis, each taxpayer's first \$250,000 in taxable gross receipts is excluded from the 0.104% tax, resulting in an annual exclusion of \$1 million per taxpayer.

(c) The annual minimum tax is \$150.

**Fiscal Year 2007 Commercial Activity Tax:**  
 Number of Returns and Reported Financial Data, by Size of Taxable Gross Receipts (a)  
*Dollar amounts are in thousands*

Size of FY 2007 Taxable Gross Receipts (b)	Number of Taxpayers	Taxable Gross Receipts	Exclusion (c)	Net Taxable Gross Receipts	Tax at 0.104% Rate	Annual Minimum Tax (d)	Total Tax Due: 0.104% Tax and Minimum Tax
Less than \$1,000,000	128,475	\$42,125,810	\$41,229,660	\$896,151	\$932	\$19,382	\$20,314
\$1,000,000 - \$1,999,999	17,272	24,894,559	16,614,948	8,279,611	8,611	2,573	11,184
\$2,000,000 - \$2,999,999	7,414	18,114,891	7,102,537	11,012,354	11,453	1,102	12,554
\$3,000,000 - \$3,999,999	3,798	13,135,197	3,578,649	9,556,547	9,939	555	10,494
\$4,000,000 - \$4,999,999	2,341	10,444,501	2,205,220	8,239,281	8,569	345	8,914
\$5,000,000 - \$9,999,999	5,424	37,881,044	5,089,840	32,791,204	34,103	795	34,898
\$10,000,000 - \$24,999,999	3,615	55,908,295	3,424,696	52,483,599	54,583	530	55,113
\$25,000,000 - \$49,999,999	1,369	46,836,868	1,298,510	45,538,359	47,360	200	47,560
\$50,000,000 - \$99,999,999	716	50,395,541	687,308	49,708,233	51,697	105	51,802
\$100,000,000 and above	<u>736</u>	<u>299,575,947</u>	<u>772,847</u>	<u>298,803,100</u>	<u>310,755</u>	<u>108</u>	<u>310,863</u>
<b>TOTAL</b>	<b>171,160</b>	<b>\$599,312,652</b>	<b>\$82,004,215</b>	<b>\$517,308,438</b>	<b>\$538,001</b>	<b>\$25,696</b>	<b>\$563,696</b>

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- (b) These categories reflect aggregate taxable gross receipts (before exclusion) as reported by taxpayers on returns that were due and filed during fiscal year 2007. For example, a taxpayer whose taxable gross receipts were \$5 million, \$6 million, \$4 million, and \$7 million, on returns filed in August 2006, November 2006, February 2007 and May 2007, respectively, would have total fiscal year 2007 taxable gross receipts of \$22 million, and thereby be included within the \$10-\$25 million category.
- (c) On a quarterly basis, each taxpayer's first \$250,000 in taxable gross receipts is excluded from the 0.104% tax, resulting in an annual exclusion of \$1 million per taxpayer.
- (d) The minimum tax is \$150 (due in February 2007).