



Tax Analysis Division
30 E Broad St, 22nd Floor
Columbus, Ohio 43215
(614)466-3960 Fax (614)752-0700
<http://tax.ohio.gov>

Table CAT 1&2
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COMMERCIAL ACTIVITY TAX: Number of Taxpayers and Tax Return Data, Fiscal Year 2008

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 (126th 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 2008. For quarterly taxpayers, these returns reflect activity for the April 2007 to March 2008 period; the returns were due and filed in August 2007, November 2007, February 2008 and May 2008. In addition, the data include tax returns filed by annual taxpayers for the calendar year 2008 period; the returns were due in February 2008. Additional factors affecting the data in these tables are explained below.

- The attached tables reflect the 0.156% tax rate in effect for the April 2007 to March 2008 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, 2008 (impacting fiscal year 2009 tax revenues), and the applicable tax rate during that year will be 0.208%. 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 2008 was \$929.7 million. Of this amount \$25.6 million was attributable to the minimum tax and \$904.1 million was attributable to the 0.156% tax rate. Taxable gross receipts amounted to \$665.2 billion but the exclusion available on each return reduced taxable receipts by \$85.7 billion, or 12.9%; the resulting net taxable gross receipts amounted to \$579.5 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 12.8% of all taxpayers. This is followed by unclassified (10.8%) and construction (10.5%) taxpayers. In terms of tax liability, manufacturers account for the largest share at 30.8% of the total. The retail (17.9%) and wholesale sectors (14.6%) 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 2008 taxable gross receipts were \$1 million or below accounted for 72.9% of all returns but only 2.1% of the total liability. Filers with taxable gross receipts above \$1 billion comprised less than 0.1% of all returns but accounted for 26.0% 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 2008 Commercial Activity Tax:
 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 0.156% Rate	Annual Minimum Tax (c)	Total Tax Due: 0.156% Tax and Minimum Tax
Agriculture, Forestry, and Fishing	111100-115310	5,852	\$5,123,897	\$2,376,913	\$2,746,985	\$4,285	\$878	\$5,163
Mining	211110-213110	796	5,043,345	465,972	4,577,372	7,141	119	7,260
Utilities (excluding telecommunications)	221100-221300	133	16,187,316	81,277	16,106,039	25,125	20	25,145
Construction	236110-238900	17,895	37,764,243	9,028,462	28,735,781	44,828	2,684	47,512
Manufacturing	311110-339900	16,323	193,194,879	10,983,868	182,211,011	284,249	2,448	286,698
Wholesale Trade	423100-425120	9,227	92,400,037	6,014,453	86,385,585	134,762	1,384	136,146
Retail Trade	441110-454390	21,818	116,757,288	12,093,433	104,663,855	163,276	3,273	166,548
Transportation and Warehousing	481000-493100	4,960	15,959,986	2,577,565	13,382,421	20,877	744	21,621
Information (including telecommunications)	511110-519100	1,654	22,412,495	900,793	21,511,702	33,558	248	33,806
Finance and Insurance	522110-525990	6,571	9,713,822	2,177,922	7,535,900	11,756	986	12,742
Real Estate, and Rental & Leasing of Property	531110-533110	14,336	16,386,768	5,918,142	10,468,626	16,331	2,150	18,481
Professional, Scientific and Technical Services	541110-541990	15,503	34,037,104	7,436,575	26,600,529	41,497	2,325	43,822
Management of Companies (Holding Companies)	551111-551112	896	28,681,076	653,618	28,027,458	43,723	134	43,857
Administrative & Support Services, and Waste Management & Remediation Services	561110-562000	4,280	9,005,480	2,037,110	6,968,371	10,871	642	11,513
Education, Health Care and Social Assistance	611000-624410	13,027	22,032,797	7,342,404	14,690,393	22,917	1,954	24,871
Arts, Entertainment, and Recreation	711100-713900	1,648	2,391,544	719,482	1,672,062	2,608	247	2,856
Accommodation and Food Services	721110-722410	8,696	13,757,056	4,314,174	9,442,882	14,731	1,304	16,035
Other Services	811110-812990	8,693	7,470,843	3,729,260	3,741,583	5,837	1,304	7,141
Unclassified	n/a	<u>18,444</u>	<u>16,912,465</u>	<u>6,852,254</u>	<u>10,060,212</u>	<u>15,694</u>	<u>2,767</u>	<u>18,461</u>
TOTAL		170,752	\$665,232,442	\$85,703,676	\$579,528,766	\$904,065	\$25,613	\$929,678

- (a) The total tax liability shown in this table does not match actual commercial activity tax revenues in fiscal year 2008. 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 2007, November 2007, February 2008 and May 2008 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 0.156% tax, resulting in an annual exclusion of \$1 million per taxpayer.
- (c) The annual minimum tax is \$150.

Fiscal Year 2008 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 2008 Taxable Gross Receipts (b)	Number of Taxpayers	Taxable Gross Receipts	Exclusion (c)	Net Taxable Gross Receipts	Tax at 0.156% Rate	Annual Minimum Tax (d)	Total Tax Due: 0.156% Tax and Minimum Tax
Less than \$1,000,000	124,557	\$41,352,106	\$40,790,057	\$562,049	\$877	\$18,684	\$19,560
\$1,000,000 - \$2,000,000	18,676	26,795,219	18,178,149	8,617,069	13,443	2,801	16,244
\$2,000,000 - \$3,000,000	7,878	19,268,574	7,683,923	11,584,651	18,072	1,182	19,254
\$3,000,000 - \$4,000,000	4,116	14,216,308	4,001,749	10,214,560	15,935	617	16,552
\$4,000,000 - \$5,000,000	2,662	11,876,351	2,572,229	9,304,122	14,514	399	14,914
\$5,000,000 - \$10,000,000	5,826	40,667,027	5,626,143	35,040,884	54,664	874	55,538
\$10,000,000 - \$25,000,000	3,982	61,238,760	3,859,275	57,379,485	89,512	597	90,109
\$25,000,000 - \$50,000,000	1,467	51,143,482	1,438,887	49,704,594	77,539	220	77,759
\$50,000,000 - \$100,000,000	758	53,110,277	739,026	52,371,251	81,699	114	81,813
\$100,000,000 - \$500,000,000	694	141,612,184	678,096	140,934,088	219,857	104	219,961
\$500,000,000 - \$1 billion	74	48,925,421	73,647	48,851,774	76,209	11	76,220
\$1 billion and above	<u>62</u>	<u>155,026,734</u>	<u>62,496</u>	<u>154,964,238</u>	<u>241,744</u>	<u>9</u>	<u>241,754</u>
TOTAL	170,752	\$665,232,442	\$85,703,676	\$579,528,766	\$904,065	\$25,613	\$929,678

- (a) The total tax liability shown in this table does not match actual commercial activity tax revenues in fiscal year 2008. This is because the 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 2007, November 2007, February 2008 and May 2008 return data was extracted; any subsequently filed tax returns or subsequent corrections made to the tax returns are not reflected in this table.
- (b) These categories reflect aggregate taxable gross receipts (before exclusion) as reported by taxpayers on returns that were due and filed during fiscal year 2008. For example, a taxpayer whose taxable gross receipts were \$5 million, \$6 million, \$4 million, and \$7 million, on returns filed in August 2007, November 2007, February 2008 and May 2008, respectively, would have total fiscal year 2008 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 0.156% tax, resulting in an annual exclusion of \$1 million per taxpayer.
- (d) The minimum tax is \$150 (due in February 2008).