

Pass-Through Entity and Trust Withholding Tax

History of Major Changes

1998 General Assembly enacts tax at a rate of 5% on individual qualifying investors and 8.5 % on non individual qualifying investors.

2002 Ohio decouples from federal accelerated depreciation laws, requiring a 56 add back for bonus depreciation.

2003 House Bill 127 revises Ohio's method of situsing sales in Ohio as part of the sales factor for apportioning corporation and trust income. In determining the situs of sales in Ohio for sales factor apportionment, the "cost of performance" standard is replaced with a "market-theory" approach based on where the taxpayer's customer enjoys the benefit of the taxpayer's sale.

2005 House Bill 66 launches a gradual phase-out of the 8.5% entity withholding tax rate for that portion of adjusted qualifying amounts pertaining to investors subject to the phase-out of the corporation franchise tax. The phase-out is complete in 2009.
