

## Dealers in Intangibles Tax

### Taxpayer

The dealers in intangibles tax applies to businesses 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
- serving as a broker for others in such transactions.

Examples of taxpayers include stockbrokers, factors and lenders not classified as financial institutions, such as mortgage lenders and payday lenders.

### Tax Base

The tax base for dealers in intangibles is either:

- To the extent represented by capital employed in Ohio, shares of the stockholders of incorporated dealers or shares of unincorporated dealers whose capital stock is divided into shares held by the owners;
- Capital employed in Ohio by unincorporated dealers whose capital stock is not divided into shares.

The value of the shares or capital is determined by first calculating the net worth of the dealer. A series of adjustments, unique to this tax, are then made in order to establish the fair value of the shares or capital.

For dealers with offices in more than one state, this value is apportioned to Ohio based on the loans made or discounted in Ohio (in the case of lenders) or commissions charged from Ohio offices (in the case of brokers) when compared to such activity from all offices.

### Rate

The tax rate is 8 mills (0.8 percent) of value.

### Major Exemptions

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

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

### Revenue

(In Millions)

All figures in the following table are on a fiscal year basis, based on data 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.

Fiscal Year	General Revenue Fund	Local Portion	Total
2007	\$18.2	\$13.1	\$31.3
2008	22.3	12.2	34.5
2009	25.1	13.3	38.4
2010	27.2	13.9	41.1
2011	26.0	13.6	39.6

### Disposition of Revenue

All tax paid by dealers in intangibles that are subsidiaries of a financial institution or insurance company ("qualifying dealers") is paid into the state General Revenue Fund.

For non-subsidiary dealers in intangibles, the distribution is as follows:

- Three mills of receipts are credited to the state General Revenue Fund.
- Five mills of receipts are distributed to county undivided local government funds based on where the firm's capital was employed (on the basis of gross receipts).

Beginning in 2012, all dealers in intangibles tax revenue is credited to the General Revenue Fund.

### Payment Dates

Dealers in intangibles must file tax returns by the second Monday in March. The Tax

Commissioner certifies the assessment of the shares or property representing capital to the Ohio Treasurer of State by the first Monday of May. Within 20 days, the Treasurer issues a tax bill with payment due 20 to 30 days from the date the tax bill is mailed.

## Comparisons with Other States

(As of September, 2010)

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

## Special Provisions/Credits

Credits available to dealers in intangibles include the historic preservation tax credit and the venture capital tax credit. For more information on these credits, see the Business Tax Credits chapter of the Department of Taxation's 2010 Annual Report.

## Sections of Ohio Revised Code

Chapters 150, 5707, 5719, and 5725.

## Responsibility for Administration

Tax Commissioner.

## History of Major Changes

- 1931** Tax is enacted at 5 mills.
- 1971** Rate is increased to 6 mills, with the additional mill earmarked for the state General Revenue Fund.
- 1987** Rate is increased by two mills to be dedicated to the state General Revenue Fund. Also, the assessment certification date is changed from the first Monday in June to the first Monday in May.
- 2001** Effective for the 2003 tax year, the Ohio General Assembly broadens the tax to include "qualifying dealers" – generally dealers in intangibles that are subsidiaries of a financial institution or an insurance company. All revenue from such taxpayers is directed to the state General Revenue Fund.
- 2005** The venture capital tax credit is made available to qualified dealers in intangibles. Effective beginning in tax year 2006, the term "primarily" is used to determine who meets the definition of a dealer in intangibles by specifying what business they are mostly engaged in.