



## Estate Tax

The Ohio estate tax was enacted in 1968 to replace a state inheritance tax, but its roots can be traced back to 1893, when the Ohio General Assembly first enacted an inheritance tax during the McKinley administration.

Under current law, the estates of residents with a net taxable value of \$338,333 or less are effectively exempt from the Ohio estate tax through a \$13,900 credit. A 6 percent tax rate applies to any net taxable value above that mark, up to \$500,000. A 7 percent rate applies to any net taxable value over \$500,000.

Ohio's estate tax generated \$374.2 million in revenue for fiscal year 2011. Most of the revenue – about \$302.1 million worth – was distributed to local governments. The balance was distributed to the state General Revenue Fund.

### Repeal of Estate Tax

The Ohio Estate Tax has been repealed for individuals dying on or after January 1, 2013. See House Bill 153, 129th General Assembly. (R.C. 5731.02)

Also, House Bill 153 provides closure of the former Ohio Inheritance Tax, by requiring all claims and inquiries regarding the Inheritance Tax to be submitted to the Department of Taxation prior to January 1, 2013.

### Taxpayer

The tax is paid by the administrator, executor, or other estate representative in possession of the property subject to tax.

### Resident estates

The net taxable estate is the value of a decedent's gross estate, less deductions. In general, the gross estate equals the aggregate market value at time of death (or on the alternate valuation date; see Special Provisions) of all property, wherever situated, held by the decedent. Excepted are real and tangible personal property situated outside of Ohio, and "qualified farm property," which may be valued according to its actual "qualified use."

The "net taxable estate" equals the gross estate less the following deductions:

- marital deduction, where there is a surviving spouse;
- funeral expenses and costs of administering the estate;
- outstanding and unpaid claims against the estate at time of the decedent's death;
- unpaid mortgage or other indebtedness against property where the value of that property is included in the gross estate valuation; and
- charitable contributions.

### Nonresident estates

The base of the nonresident estate tax is real and tangible personal property located or having a situs in Ohio, and intangible personal property used in business within Ohio unless exempt pursuant to R.C. 5731.34.

Tax on nonresident estates is determined by:

- calculating tax which would be due from the estate, at a rate applicable to resident estates, if the decedent had died a resident of Ohio with all property situated or located in Ohio; and
- multiplying the resulting amount by a fraction representing the ratio of gross estate value attributable in Ohio to gross estate value wherever situated.

### Tax Rates and Credit

(Ohio Revised Code 5731.02)

Rates are tiered in the brackets shown below. Estates with a net taxable value of \$338,333 or less are effectively exempt from the tax because of the availability of a nonrefundable estate credit of up to \$13,900. The effect of this credit, which applies to dates of death on or after Jan. 1, 2002, and before January 1, 2013 is also shown in the table below.

| Net taxable estate     | Tax before credit                         | Tax after credit                         |
|------------------------|---|--|
| \$0 to \$40,000        | 2% of the net taxable estate              | No tax                                   |
| \$40,000 to \$100,000  | \$800 plus 3% of excess over \$40,000     | No tax                                   |
| \$100,000 to \$200,000 | \$2,600 plus 4% of excess over \$100,000  | No tax                                   |
| \$200,000 to \$300,000 | \$6,600 plus 5% of excess over \$200,000  | No tax                                   |
| \$300,000 to \$500,000 | \$11,600 plus 6% of excess over \$300,000 | 6% of excess over \$338,333              |
| Over \$500,000         | \$23,600 plus 7% of excess over \$500,000 | \$9,700 plus 7% of excess over \$500,000 |

## Filing Requirements

(R.C. 5731.21)

For dates of death on or after Jan. 1, 2002 and before January 1, 2013, estates with gross values over \$338,333 are required to file an estate tax return. As the Ohio estate tax has been repealed for dates of death on or after January 1, 2013, no return shall be filed for estates of decedents dying on or after January 1, 2013.

## Deductions and credits

### Marital deduction

A marital deduction is allowed in an amount equal to the net value of any asset passing from the decedent to the surviving spouse to the extent that the asset is included in the value of the gross estate (R.C. 5731.15).

### Other deductions

Other expenses that may be deducted from a gross estate in order to arrive at a "net taxable estate" include funeral expenses and costs of administering the estate; outstanding and unpaid claims against the estate at time of the decedent's death; unpaid mortgage or other indebtedness against property where the value of that property is included in the gross estate valuation; and charitable contributions.

## Special Provisions

### Alternate valuation date

An alternate valuation date (R.C. 5731.01) may be elected. The alternate valuation date is the date six months after the decedent's death, or, in the case of the property's earlier disposition, on such dates of disposition. Alternate valuations must be elected within one year of the deadline for filing the return.

### Farm property valuation

A qualified farm property valuation and recapture provision (R.C. 5731.011) applies to some estates. Under certain conditions, an estate may elect to have farm property that passes to a qualified heir valued at its agricultural use value. A prospective supplemental tax lien remains on the property for four years when this election is used. The lien is equal to the tax savings realized due to the election and becomes effective if the farm property is disposed of (other than to another qualified heir), or ceases to be devoted exclusively to agricultural use within the four-year limitation.

## Filing and Payment Dates

Tax returns are to be filed within nine months of the decedent's death with the probate court of the county in which

the estate is administered, unless an extension is granted. However, an automatic six-month extension is granted to all estates (R.C. 5731.21).

Tax payments are due within nine months of the decedent's death, regardless of any extension of time to file, to the treasurer of the county in which the decedent resided (R.C. 5731.23).

Under certain conditions, an extension of time to pay Ohio estate tax because of undue hardship (R.C. 5731.25) applies. An estate may receive an extension of the time to pay the estate tax, not to exceed one year beyond the time the tax would otherwise be due, if conditions exist as defined in R.C. 5731.25. In the case of continuing undue hardship, the estate may apply for additional extensions. The total of all extensions granted may not exceed 14 years.

## Disposition of Revenue

(R.C. 5731.48-5731.51)

For estates with dates of death on or after Jan. 1, 2002, 80 percent of gross estate tax revenues is distributed to the municipal corporations or townships in which the tax originates and 20 percent, less costs of administration, is distributed to the state General Revenue Fund.

For dates of death on or after June 29, 2004, local governments share in the costs of administering the estate tax in an 80/20 split that matches the disposition of revenue.

In general, for revenue distribution purposes, the tax on the transfer of real and tangible personal property located within Ohio originates in the municipal corporation(s) or township(s) in which such property is physically located. In the case of a resident decedent's intangible or tangible personal property located outside of Ohio, the domicile of the decedent is determinative. In the case of intangibles of a nonresident decedent, origin is derived from Ohio domicile, location or place of business or custody of the person, bank, institution, or other entity having such property in possession or custody.

## Administration

(R.C. 5731.44, 5731.45, 5731.46)

The Tax Commissioner is responsible for administration of the estate tax. The tax is collected locally by the treasurer of the county in which the decedent was a resident.

## Ohio Revised Code Citations

Chapter 5731.

**Table 1**

| <b>Estate Tax Collections and Distributions,<br/>Fiscal Years 2007 - 2011</b><br>(figures in millions)   |                          |  |                                      |
|--|--------------------------|--|--------------------------------------|
| State General Revenue Fund figures are based on actual receipts reported by the Office of Budget and Management. Local government figures represent the total tax collected from estates as recorded in each year's two semi-annual settlements, net of the state's share of those collections. Local government figures also include county auditor and treasurer administrative fees. Effective Jan. 1, 2002, the state share is 20% and the local share is 80%. |                          |  |                                      |
| <b>Fiscal Year</b>   | <b>Total Collections</b> | <b>State General Revenue<sup>1</sup></b> | <b>Local Governments<sup>1</sup></b> |
| 2007   | 359.4                    | 72.1                                     | 287.3                                |
| 2008   | 317.1                    | 61.4                                     | 255.7                                |
| 2009   | 333.8                    | 64.4                                     | 269.4                                |
| 2010   | 285.8                    | 55.0                                     | 230.8                                |
| 2011   | 374.2                    | 72.1                                     | 302.1                                |

**Table 2**

| <b>Distribution of Taxable Estates, Gross and Net Values, and Tax Liability<br/>by Net Taxable Value Brackets, Fiscal Year 2011</b><br>(resident estates only)   |                          |                              |                                    |                                |  |
|--|--------------------------|------------------------------|------------------------------------|--------------------------------|--|
| Data shown here are summarized from returns finalized by the Estate Tax Division in fiscal year 2011. This data differs from Table 3 due to 11 estates, which have a combined tax liability of \$275,745, that are not assigned to a particular county and are missing from Table 3. |                          |                              |                                    |                                |  |
| <b>Net Taxable Value</b>   | <b>Number of Estates</b> | <b>Aggregate Gross Value</b> | <b>Aggregate Net Taxable Value</b> | <b>Aggregate Tax Liability</b> |  |
| \$338,333 and under  | 40                       | \$3,984,031                  | \$3,175,690                        | \$69,570                       |  |
| 338,334 - 400,000  | 1,036                    | 475,437,700                  | 381,097,754                        | 1,848,465                      |  |
| 400,001 - 500,000  | 1,293                    | 701,646,146                  | 578,880,982                        | 8,484,959                      |  |
| 500,001 - 700,000  | 1,651                    | 1,098,018,130                | 973,524,827                        | 26,403,238                     |  |
| 700,001 - 1,000,000  | 1,199                    | 1,263,870,515                | 990,590,062                        | 39,006,604                     |  |
| 1,000,001 - 3,000,000  | 1,393                    | 2,821,583,923                | 2,153,578,834                      | 115,507,612                    |  |
| 3,000,001 and over   | 253                      | 3,365,582,222                | 2,262,685,870                      | 152,034,612                    |  |
| <b>Total</b>   | <b>6,865</b>             | <b>\$9,730,122,667</b>       | <b>\$7,343,534,019</b>             | <b>\$343,355,060</b>           |  |

<sup>1</sup> State General Revenue Fund figures are based on actual receipts reported by the Office of Budget and Management. Local government figures represent a liability because they are based on the certification of the local share (including fees) from the semi-annual settlements that occur each year. Effective January 1, 2002, the state share is 20% and the local share is 80%.

Table 3

| Number of Estates, Aggregate Gross and Net Taxable Values, and Tax Liability,<br>by County of Probate,<br>Fiscal Year 2011<br>(resident estates only)   |                   |                    |                   |               |              |                   |                        |                        |                      |
|---|-------------------|--------------------|-------------------|---------------|--------------|-------------------|------------------------|------------------------|----------------------|
| Data shown here are summarized from returns finalized by the Estate Tax Division in fiscal year 2011. This data differs from Table 2 due to 11 estates, which have a combined tax liability of \$275,745, that are not assigned to a particular county and are missing from this table. |                   |                    |                   |               |              |                   |                        |                        |                      |
| County  | Number of Estates | Gross Estate Value | Net Taxable Value | Tax Liability | County       | Number of Estates | Gross Estate Value     | Net Taxable Value      | Tax Liability        |
| Adams   | 5                 | \$4,533,678        | \$4,330,811       | \$178,080     | Logan        | 20                | \$24,200,988           | \$20,680,558           | \$947,413            |
| Allen   | 59                | 102,304,448        | 91,802,736        | 4,953,139     | Lorain       | 152               | 180,064,421            | 144,684,568            | 6,344,440            |
| Ashland   | 33                | 30,303,470         | 24,427,642        | 885,560       | Lucas        | 229               | 295,705,755            | 238,257,721            | 10,984,171           |
| Ashtabula   | 29                | 31,549,912         | 28,318,948        | 1,258,336     | Madison      | 28                | 25,676,082             | 21,562,763             | 810,369              |
| Athens  | 17                | 21,097,775         | 18,916,017        | 898,856       | Mahoning     | 140               | 134,893,184            | 110,645,876            | 4,243,786            |
| Auglaize  | 43                | 41,876,681         | 38,050,488        | 1,593,601     | Marion       | 40                | 33,457,673             | 29,251,164             | 1,049,216            |
| Belmont   | 44                | 44,031,488         | 37,260,306        | 1,557,201     | Medina       | 69                | 82,385,076             | 75,464,567             | 3,560,440            |
| Brown   | 17                | 11,663,234         | 10,937,002        | 344,813       | Meigs        | 7                 | 5,531,281              | 5,337,524              | 199,950              |
| Butler  | 191               | 200,181,669        | 184,045,545       | 8,104,447     | Mercer       | 39                | 43,753,556             | 36,329,189             | 1,568,771            |
| Carroll   | 7                 | 5,835,932          | 5,567,300         | 233,725       | Miami        | 67                | 96,518,148             | 81,674,900             | 4,055,814            |
| Champaign   | 26                | 22,026,611         | 20,176,790        | 762,554       | Monroe       | 2                 | 1,217,220              | 1,180,923              | 33,211               |
| Clark   | 80                | 109,543,434        | 82,340,396        | 3,818,436     | Montgomery   | 369               | 486,470,160            | 378,522,242            | 17,305,813           |
| Clermont  | 92                | 95,977,011         | 88,660,626        | 3,911,383     | Morgan       | 2                 | 6,340,834              | 1,433,161              | 49,814               |
| Clinton   | 31                | 24,796,482         | 21,484,257        | 728,425       | Morrow       | 8                 | 7,406,570              | 6,735,629              | 273,249              |
| Columbiana  | 38                | 30,880,943         | 28,280,777        | 1,026,678     | Muskingum    | 45                | 55,600,786             | 39,364,109             | 1,631,112            |
| Coshocton   | 22                | 22,028,381         | 18,496,024        | 747,552       | Noble        | 4                 | 2,476,862              | 2,255,157              | 57,596               |
| Crawford  | 30                | 24,708,426         | 19,686,747        | 628,016       | Ottawa       | 59                | 46,891,167             | 40,771,891             | 1,385,145            |
| Cuyahoga  | 887               | 1,892,128,703      | 1,467,325,721     | 80,581,881    | Paulding     | 13                | 15,329,389             | 9,215,183              | 319,213              |
| Darke   | 44                | 36,549,339         | 31,854,814        | 1,131,036     | Perry        | 11                | 9,549,213              | 9,276,172              | 372,284              |
| Defiance  | 32                | 28,998,717         | 27,380,688        | 1,131,425     | Pickaway     | 32                | 46,200,783             | 42,576,531             | 2,177,286            |
| Delaware  | 74                | 108,523,294        | 71,434,952        | 3,143,256     | Pike         | 7                 | 7,370,681              | 7,168,332              | 326,723              |
| Erie  | 50                | 53,426,380         | 47,297,164        | 2,079,453     | Portage      | 79                | 79,800,518             | 68,188,213             | 2,840,129            |
| Fairfield   | 68                | 64,074,058         | 54,573,583        | 2,126,348     | Preble       | 29                | 37,059,717             | 34,879,681             | 1,712,432            |
| Fayette   | 16                | 23,435,889         | 20,508,858        | 1,033,272     | Putnam       | 27                | 35,330,822             | 32,027,192             | 1,572,702            |
| Franklin  | 597               | 800,678,569        | 608,306,727       | 27,738,171    | Richland     | 52                | 48,989,220             | 44,550,336             | 1,817,874            |
| Fulton  | 32                | 29,114,243         | 24,859,328        | 939,149       | Ross         | 33                | 32,185,824             | 29,703,433             | 1,257,822            |
| Gallia  | 16                | 294,458,972        | 17,400,232        | 818,450       | Sandusky     | 54                | 45,222,492             | 42,976,703             | 1,660,567            |
| Geauga  | 75                | 84,173,606         | 67,711,656        | 2,879,390     | Scioto       | 25                | 22,544,264             | 17,909,873             | 631,662              |
| Greene  | 97                | 139,325,091        | 104,791,599       | 4,951,272     | Seneca       | 40                | 31,806,453             | 29,576,419             | 1,074,573            |
| Guernsey  | 16                | 13,037,038         | 12,093,177        | 464,853       | Shelby       | 34                | 31,087,013             | 25,377,463             | 930,081              |
| Hamilton  | 733               | 1,743,147,449      | 1,073,478,133     | 56,917,065    | Stark        | 216               | 236,188,150            | 197,727,935            | 8,480,514            |
| Hancock   | 69                | 66,417,817         | 55,111,786        | 2,130,544     | Summit       | 370               | 343,403,392            | 311,212,159            | 12,608,960           |
| Hardin  | 26                | 24,656,009         | 21,576,889        | 861,764       | Trumbull     | 86                | 75,306,703             | 65,724,979             | 2,456,843            |
| Harrison  | 2                 | 1,006,750          | 731,395           | 3,284         | Tuscarawas   | 50                | 47,184,740             | 42,299,381             | 1,709,270            |
| Henry   | 24                | 15,971,107         | 14,101,567        | 391,691       | Union        | 23                | 20,020,507             | 16,467,457             | 578,709              |
| Highland  | 20                | 16,446,173         | 13,125,950        | 419,813       | Van Wert     | 30                | 25,746,618             | 24,085,394             | 935,466              |
| Hocking   | 14                | 8,699,633          | 8,331,568         | 234,961       | Vinton       | 2                 | 2,008,488              | 1,875,317              | 80,672               |
| Holmes  | 16                | 16,472,350         | 14,026,081        | 579,566       | Warren       | 97                | 99,509,980             | 82,303,335             | 3,341,090            |
| Huron   | 36                | 35,452,405         | 28,889,075        | 1,124,522     | Washington   | 36                | 38,584,279             | 30,302,033             | 1,220,658            |
| Jackson   | 7                 | 6,047,593          | 5,212,872         | 189,932       | Wayne        | 67                | 73,178,063             | 60,974,792             | 2,592,420            |
| Jefferson   | 31                | 26,333,545         | 23,803,098        | 890,984       | Williams     | 28                | 36,783,281             | 22,116,723             | 848,923              |
| Knox  | 34                | 25,050,530         | 23,345,599        | 784,500       | Wood         | 89                | 82,944,194             | 73,002,857             | 2,885,618            |
| Lake  | 143               | 159,898,810        | 120,975,182       | 4,926,841     | Wyandot      | 20                | 19,658,312             | 18,543,679             | 800,276              |
| Lawrence  | 11                | 7,790,705          | 7,222,350         | 251,417       |              |                   |                        |                        |                      |
| Licking   | 90                | 102,130,883        | 74,829,680        | 2,990,594     | <b>Total</b> | <b>6,854</b>      | <b>\$9,718,368,094</b> | <b>\$7,337,295,648</b> | <b>\$343,079,314</b> |