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THE WOB INSIDER

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OHIO CAT INFORMATION

The CAT is an annual tax imposed on the privilege of doing business in Ohio, measured by taxable gross receipts from most business activities. Most receipts generated in the ordinary course of business are subject to the CAT. The CAT only applies to those gross receipts that are sitused (sourced) to Ohio. Non-profit organizations are not subject to the CAT.

Filing Frequency and Claiming the $1 Million Annual Exclusion

Quarterly—Calendar year taxable gross receipts exceed $1 million
Returns Due: May 10, Aug 10, Nov 10, Feb 10
The annual exclusion is applied to the first calendar quarter return and any unused exclusion is carried forward to following quarters within the same calendar year.

Annual—Calendar year taxable gross receipts less than $1 million
Return Due: May 10
Annual filers report taxable receipts for the prior year, and pre-pay the annual minimum tax for the current year.
The $1 million annual exclusion is taken on the annual return.

Businesses with gross receipts less than $150,000 are not subject to tax and are not required to file the annual return.

Where to File Return

CAT returns are filed on the Ohio Business Gateway.

Taxable Gross Receipts Defined

Taxable gross receipts is broadly defined to include most business types of receipts from the sale of property or realized in the performance of a service. The following are examples of receipts that are not subject to the CAT: interest (other than from credit/installment sales), dividends, capital gains, wages reported on a W-2, or gifts. In general, for the sale of property, such receipt is only considered a taxable gross receipt if the property is delivered to a location in this state. For services, the receipt is sitused (sourced) to Ohio in the proportion that the purchaser's benefit in this state bears to the purchaser's benefit everywhere. The physical location where the purchaser ultimately uses or receives the benefit of what was purchased is paramount in making this determination. In other words, receipts from sales to out-of-state purchasers or the proportion of the services where the benefit is primarily received outside of this state are not subject to the CAT.

Annual Minimum Tax

Taxable Gross Receipts in Prior Calendar Year	Minimum Tax
Between $150,000 and $1 million	$150
Between $1 million and $2 million	$800
Between $2 million and $4 million	$2,100
More than $4 million	$2,600

Businesses with annual taxable gross receipts in excess of $1 million pay the annual minimum tax plus 0.26% of taxable gross receipts in excess of $1 million

Consolidated Taxpayer Groups

Taxpayers can elect to consolidate **all entities** that have 50%/80% or more common ownership, even if nexus in Ohio does not exist. Consolidated groups can exclude receipts received between members of the group. This election is binding for 8 calendar quarters, and will automatically renew at the end of 8 calendar quarters.

Combined Taxpayer Groups

If the election to consolidate is not made, taxpayers with common ownership of 50% or more must file as a combined taxpayer group. Combined taxpayer groups may not exclude receipts between members of the group; however the groups need only to include those members that have nexus with Ohio.

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