



Ohio Revised Code

Section 5747.02 Tax rates.

Effective: November 15, 2015

Legislation: Senate Bill 208 - 131st General Assembly

(A) For the purpose of providing revenue for the support of schools and local government functions, to provide relief to property taxpayers, to provide revenue for the general revenue fund, and to meet the expenses of administering the tax levied by this chapter, there is hereby levied on every individual, trust, and estate residing in or earning or receiving income in this state, on every individual, trust, and estate earning or receiving lottery winnings, prizes, or awards pursuant to Chapter 3770. of the Revised Code, on every individual, trust, and estate earning or receiving winnings on casino gaming, and on every individual, trust, and estate otherwise having nexus with or in this state under the Constitution of the United States, an annual tax measured as prescribed in divisions (A)(1) to (4) of this section.

(1) In the case of trusts, the tax imposed by this section shall be measured by modified Ohio taxable income under division (D) of this section and levied at the same rates prescribed in division (A)(3) of this section for individuals.

(2) In the case of estates, the tax imposed by this section shall be measured by Ohio taxable income and levied at the same rates prescribed in division (A)(3) of this section for individuals.

(3) In the case of individuals, for taxable years beginning in 2015 or thereafter, the tax imposed by this section on income other than taxable business income shall be measured by Ohio adjusted gross income, less taxable business income and less an exemption for the taxpayer, the taxpayer's spouse, and each dependent as provided in section 5747.025 of the Revised Code. The tax imposed on the balance thus obtained is hereby levied as follows:

OHIO ADJUSTED GROSS INCOME LESS TAXABLE BUSINESS INCOME AND EXEMPTIONS (INDIVIDUALS) OR MODIFIED OHIO TAXABLE INCOME (TRUSTS) OR OHIO TAXABLE INCOME (ESTATES)	TAX
\$5,000 or less	.495%



AUTHENTICATED,
OHIO LEGISLATIVE SERVICE
COMMISSION
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More than \$5,000 but not more than \$10,000	\$24.75 plus .990% of the amount in excess of \$5,000
More than \$10,000 but not more than \$15,000	\$74.25 plus 1.980% of the amount in excess of \$10,000
More than \$15,000 but not more than \$20,000	\$173.25 plus 2.476% of the amount in excess of \$15,000
More than \$20,000 but not more than \$40,000	\$297.05 plus 2.969% of the amount in excess of \$20,000
More than \$40,000 but not more than \$80,000	\$890.85 plus 3.465% of the amount in excess of \$40,000
More than \$80,000 but not more than \$100,000	\$2,276.85 plus 3.960% of the amount in excess of \$80,000
More than \$100,000 but not more than \$200,000	\$3,068.85 plus 4.597% of the amount in excess of \$100,000
More than \$200,000	\$7,665.85 plus 4.997% of the amount in excess of \$200,000

(4)(a) In the case of individuals, for taxable years beginning in 2015, the tax imposed by this section on taxable business income shall be measured by taxable business income less any amount allowed under division (A)(4)(c) of this section. The tax imposed on the balance thus obtained is hereby levied as follows:

TAXABLE BUSINESS INCOME LESS ALLOWED EXEMPTION AMOUNT	TAX
\$5,000 or less	.495%
More than \$5,000 but not more than \$10,000	\$24.75 plus .990% of the amount in excess of \$5,000
More than \$10,000 but not more than \$15,000	\$74.25 plus 1.980% of the amount in excess of \$10,000
More than \$15,000 but not more than \$20,000	\$173.25 plus 2.476% of the amount in excess of \$15,000
More than \$20,000 but not more than \$40,000	\$297.05 plus 2.969% of the amount in excess of \$20,000
More than \$40,000	\$890.85 plus 3% of the amount in excess of \$40,000

(b) In the case of individuals, for taxable years beginning in 2016 or thereafter, the tax imposed by this section on taxable business income shall equal three per cent of the result obtained by subtracting any amount allowed under division (A)(4)(c) of this section from the individual's taxable business income.



(c) If the exemptions allowed to an individual under division (A)(3) of this section exceed the taxpayer's Ohio adjusted gross income less taxable business income, the excess shall be deducted from taxable business income before computing the tax under division (A)(4)(a) or (b) of this section.

Except as otherwise provided in this division, in August of each year, the tax commissioner shall make a new adjustment to the income amounts prescribed in division (A)(3) of this section by multiplying the percentage increase in the gross domestic product deflator computed that year under section 5747.025 of the Revised Code by each of the income amounts resulting from the adjustment under this division in the preceding year, adding the resulting product to the corresponding income amount resulting from the adjustment in the preceding year, and rounding the resulting sum to the nearest multiple of fifty dollars. The tax commissioner also shall recompute each of the tax dollar amounts to the extent necessary to reflect the new adjustment of the income amounts. The rates of taxation shall not be adjusted.

The adjusted amounts apply to taxable years beginning in the calendar year in which the adjustments are made and to taxable years beginning in each ensuing calendar year until a calendar year in which a new adjustment is made pursuant to this division. The tax commissioner shall not make a new adjustment in any year in which the amount resulting from the adjustment would be less than the amount resulting from the adjustment in the preceding year. The commissioner shall not make a new adjustment for taxable years beginning in 2013, 2014, or 2015.

(B) If the director of budget and management makes a certification to the tax commissioner under division (B) of section 131.44 of the Revised Code, the amount of tax as determined under divisions (A)(1) to (3) of this section shall be reduced by the percentage prescribed in that certification for taxable years beginning in the calendar year in which that certification is made.

(C) The levy of this tax on income does not prevent a municipal corporation, a joint economic development zone created under section 715.691, or a joint economic development district created under section 715.70 or 715.71 or sections 715.72 to 715.81 of the Revised Code from levying a tax on income.



(D) This division applies only to taxable years of a trust beginning in 2002 or thereafter.

(1) The tax imposed by this section on a trust shall be computed by multiplying the Ohio modified taxable income of the trust by the rates prescribed by division (A) of this section.

(2) A resident trust may claim a credit against the tax computed under division (D) of this section equal to the lesser of (1) the tax paid to another state or the District of Columbia on the resident trust's modified nonbusiness income, other than the portion of the resident trust's nonbusiness income that is qualifying investment income as defined in section 5747.012 of the Revised Code, or (2) the effective tax rate, based on modified Ohio taxable income, multiplied by the resident trust's modified nonbusiness income other than the portion of the resident trust's nonbusiness income that is qualifying investment income. The credit applies before any other applicable credits.

(3) The credits enumerated in divisions (A)(1) to (10) and (A)(19) to (21) of section 5747.98 of the Revised Code do not apply to a trust subject to division (D) of this section. Any credits enumerated in other divisions of section 5747.98 of the Revised Code apply to a trust subject to division (D) of this section. To the extent that the trust distributes income for the taxable year for which a credit is available to the trust, the credit shall be shared by the trust and its beneficiaries. The tax commissioner and the trust shall be guided by applicable regulations of the United States treasury regarding the sharing of credits.

(E) For the purposes of this section, "trust" means any trust described in Subchapter J of Chapter 1 of the Internal Revenue Code, excluding trusts that are not irrevocable as defined in division (I)(3)(b) of section 5747.01 of the Revised Code and that have no modified Ohio taxable income for the taxable year, charitable remainder trusts, qualified funeral trusts and preneed funeral contract trusts established pursuant to sections 4717.31 to 4717.38 of the Revised Code that are not qualified funeral trusts, endowment and perpetual care trusts, qualified settlement trusts and funds, designated settlement trusts and funds, and trusts exempted from taxation under section 501(a) of the Internal Revenue Code.