

Severance Tax FAQ's

What is a Natural Resource?

Natural resource includes all forms of coal, salt, limestone, dolomite, sand, gravel, clay, sandstone, conglomerate, shale, gypsum, quartzite, natural gas and oil.

What is severance tax?

The severance tax is paid by a person, as defined in R.C. 5749.01(E), that extracts or severs natural resources from the soil or waters of Ohio. The severance tax is levied upon the extraction of natural resources and not upon the sale of natural resources.

Who is a Severer?

A severer is any person who actually removes the natural resources from the soil or water in this state.

Who is considered the owner of an oil/gas well?

The owner of an oil/gas well is the person who has the right to extract oil or gas from the well. This person is required to hold a permit to drill with the Ohio Department of Natural Resources.

How do I obtain a severance tax account number?

Electronic registration is available online through the Ohio Business Gateway ("OBG") at business.ohio.gov. Paper registration forms are available at tax.ohio.gov or can be requested by calling (855) 466-3921, option 5.

I am new to the OBG. How do I obtain a user name?

A person can obtain a user name for OBG at business.ohio.gov. Self-help tutorials for navigating OBG are available at: http://www.tax.ohio.gov/self_help/self_help_obg.aspx

How do I obtain a license to sever in Ohio?

Anyone who wishes to sever natural resources in Ohio should contact the Ohio Department of Natural Resources for more information on permitting and bonding. For questions pertaining to oil and gas, call (614) 265-6922. For all other minerals, call (614) 265-6633.

When are severance tax returns and payments due?

Periods	Period Dates	Return and Payment Due Dates
First Quarter	January 1 – March 31	May 15
Second Quarter	April 1 – June 30	August 14
Third Quarter	July 1 – September 30	November 14
Fourth Quarter	October 1 – December 31	February 14
Annual Filers	January 1 – December 31	February 14

What minerals are taxable and what are the tax rates?

Mineral	Tax Rate
Clay	1 cent per ton
Sandstone	1 cent per ton
Shale	1 cent per ton
Conglomerate	1 cent per ton
Gypsum	1 cent per ton
Quartzite	1 cent per ton

Dolomite	2 cents per ton
Gravel	2 cents per ton
Sand	2 cents per ton
Limestone	2 cents per ton
Natural Gas	2.5 cent per Mcf
Oil	10 cents per barrel
Salt	4 cents per ton
Coal	10 cents per ton
Coal – Surface Mining	1.2 cents per ton
Coal – Reclamation Fund	12 cents per ton for 2014

Are there any exemptions from paying the severance tax?

An annual exemption applies to natural resources used on the land from which they are taken by the severer as part of the improvement of or use in the severer's homestead. The exemption is limited to resources with a yearly cumulative market value of \$1,000 or less. Amounts exceeding the \$1,000 exemption are subject to severance tax.

How do I file and remit severance taxes?

R.C. 5749.06(G)(1) and O.A.C. 5703-35-01 require that all severance returns be filed and paid electronically. Returns must be filed via the Ohio Business Gateway at business.ohio.gov. Taxpayers may make electronic payments either through the OBG or with the Treasurer of State's Office (TOS). The TOS's website is tos.ohio.gov

A person may apply to be excused from the requirement to file and pay electronically by completing Form SV FBP, Request to File By Paper. Upon receiving the SV FBP, the Excise & Energy Tax Division will determine whether the person has established good cause and will notify the person in writing of the Tax Commissioner's decision.

Do I need to file Form SV-3 and pay the Oil and Natural Gas Regulatory Cost Recovery Fee?

Anyone owning an oil or gas well in Ohio must file and pay the Oil and Natural Gas Regulatory Cost Recovery Fee each quarter. An owner may designate a severer to pay the owner's assessment on behalf of the owner on the return that the severer is required to file. Exempt Domestic well owners whose wells were designated as exempt domestic wells prior to June 30, 2010 are exempt from filing and paying the Regulatory Cost Recovery Fee.

Should flare gas be included in production for tax purposes?

Any mineral that is severed from Ohio soil and waters should be included on the Severance Tax Return (SV-3) regardless of how the mineral is used. Any gas that is severed in Ohio should be included on the severance tax return, regardless if used for flaring.

Do I need to report wet and dry gases on the Severance Tax Return (SV-3)?

All gases that are extracted from each well need to be reported on the Severance Tax Return (SV-3). The production reported on the SV-3 should agree with the amount reported from the meter or run ticket at the well. The severance of natural resources is taxed in the period the natural resources were severed and not the period in which the resources were sold. All gases, wet and dry, need to be reported on the Severance Tax Return.