



COMMERCIAL ACTIVITY TAX UPDATES



**Department of
Taxation**

Tax.Ohio.gov

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Please contact the Department directly with any questions.



Individual Income Tax - (800) 282-1780

Commercial Activity Tax - (888) 722-8829

Topics

1. What is the Commercial Activity Tax?
2. Filing Requirements
3. Frequently Asked Questions



WHAT IS THE COMMERCIAL ACTIVITY TAX?

What is the Commercial Activity Tax (CAT)?



Doing Business in Ohio

The CAT is an annual tax imposed on the privilege of doing business in Ohio, measured by taxable gross receipts from most business activities.



Applies to

The CAT applies to gross receipts that are situated (sourced) to Ohio.



Taxable Gross Receipts

Taxpayers with taxable gross receipts of more than **\$3,000,000** in the calendar year are subject to the CAT.



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Periods prior to 2024:

Taxpayers with taxable gross receipts of more than **\$150,000** in the calendar year were subject to the CAT.



Taxable Gross Receipts

Taxpayers with taxable gross receipts of more than **\$3,000,000** in the calendar year are subject to the CAT.

Effective 2025:

Taxpayers with taxable gross receipts of more than **\$6,000,000** in the calendar year are subject to the CAT.

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Doing Business in Ohio

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Taxable Gross Receipts

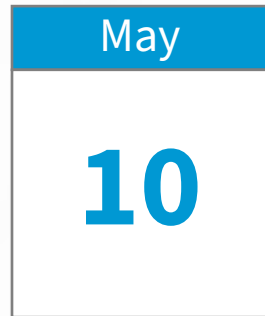
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FILING REQUIREMENT

Tax Due Dates

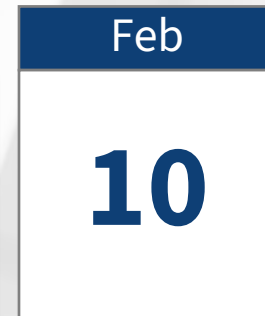
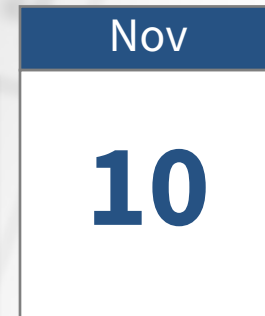
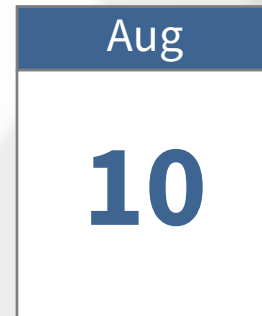
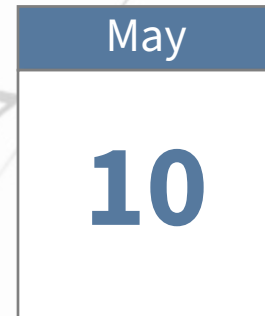
When are returns and payments due for tax periods after 2023?

Annual Taxpayers



The last annual return will be due on 5/10/2024

Quarterly Taxpayers



All taxpayers will be required to file quarterly.

Annual Minimum Tax (AMT)

Tax periods beginning 1/1/2014 – 12/31/2023

- All CAT taxpayers pay an AMT

The taxpayer will utilize its previous calendar year's taxable gross receipts to determine the current year's AMT.

- Receipts \leq \$1,000,000: **\$150**
- \$1 million and \leq \$2 million: **\$800**
- \$2 million and \leq \$4 million: **\$2,100**
- Receipts $>$ \$4 million: **\$2,600**

Effective 1/1/2024

- AMT eliminated

1/1/2024 – The CAT tax rate (.0026) will be charged as tax due on receipts exceeding \$3,000,000 taxable gross receipts in a calendar year.

1/1/2025 and thereafter – ...exceeding \$6,000,000 taxable gross receipts in a calendar year.

What Happens Now?

2024

2025

Taxpayers with taxable gross receipts not exceeding **\$3 million:**

- Generally, taxpayers will cancel their CAT account effective 12/31/2023.
- File a final return for 2023:
 - For annual filers, the deadline is 5/10/2024.
 - For quarterly filers, the deadline was 2/12/2024.

What Happens Now?

2024

2025

Taxpayers with taxable gross receipts not exceeding **\$6 million:**

- Generally, will cancel their CAT account effective 12/31/2024.
 - File a final return for 4th quarter of 2024:
 - For quarterly filers, the deadline to file is 2/10/2025.

FREQUENTLY ASKED QUESTIONS

Frequently Asked Questions

What should I do now if I will not have more than **\$3 million** in taxable gross receipts in 2024?

- If you anticipate that you will have \$3 million or less in taxable gross receipts in 2024, you may **cancel your account** now with an effective date of **December 31, 2023**.
- Please note, the final return for 2023 is due in 2024. For annual taxpayers, the final return for 2023 is the annual CAT 12 return due on or before **May 10, 2024**.
- For quarterly taxpayers, the final return for 2023 is the 4th quarter return was due on or before **February 12, 2024**.



Frequently Asked Questions

Who must file CAT?

Who Must File the Commercial Activity Tax	
Calendar Year	Taxpayer's Taxable Gross Receipts (TGR)
2005 Through 2023	TGR > \$150,00 (with bright-line presence)
2024	TGR > \$3,000,000
2025 and thereafter	TGR > \$6,000,000



Frequently Asked Questions

Do these changes impact periods prior to 2024?

The CAT imposed for tax periods prior to 2024 did not change. See [CAT Information Release 2013-05](#) for more information.



Frequently Asked Questions

If I am no longer subject to the CAT in 2024, do I still have to file a CAT return for 2023?

Yes, taxpayers subject to the CAT must file the 2023 return(s). Annual taxpayers must file the 2023 return by **May 10, 2024**. Quarterly taxpayers must file returns for all four quarters of 2023. The final quarterly return for taxpayers with **\$3 million or less** in taxable gross receipts was due **February 12, 2024**.



Frequently Asked Questions

As an annual filer, will I owe tax for 2023?

As the annual minimum tax for 2023 was prepaid with the 2022 return, no tax will be due with the final return unless taxable gross receipts exceeded **\$1 million in 2023**.



Frequently Asked Questions

What happens if I have taxable gross receipts that are slightly below the new exclusion amount and will likely increase in the next few years?

- If you anticipate **exceeding \$3 million** in taxable gross receipts in 2024, it is recommended you continue filing quarterly returns.
- No tax will be due until you **exceed \$3 million** in taxable gross receipts. Alternatively, you may cancel the account and reactivate the account when you exceed the new exclusion amount.
- Taxpayers are required to register and pay the tax within **thirty days** of exceeding the exclusion amount.



Frequently Asked Questions

I have a new business that exceeded \$150,000 in taxable gross receipts in May 2023. Will I still need to register for the CAT if I will not exceed \$3 million in 2024?

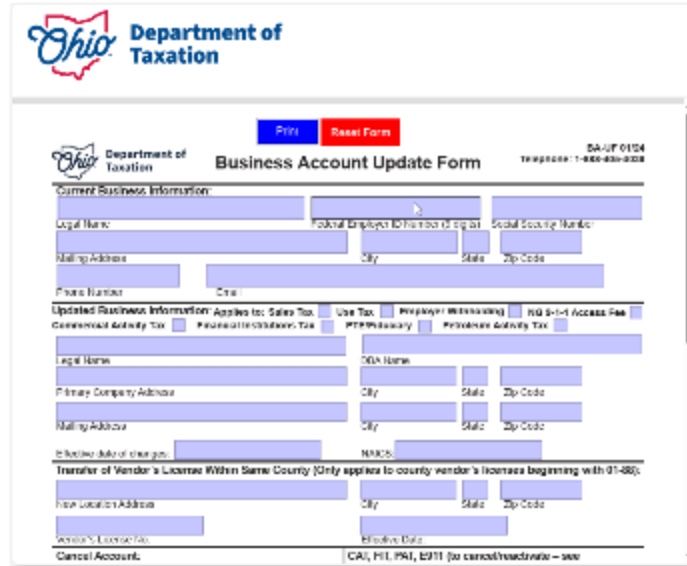
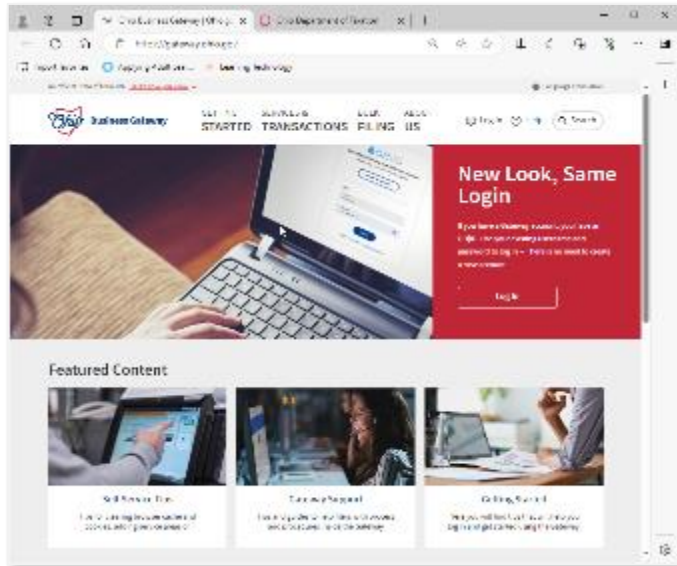
- The CAT in calendar year 2023 applies to a taxpayer with **\$150,000** in taxable gross receipts. If you became subject to the CAT for 2023, you must register, file, and pay any tax due for calendar year 2023.
- Once the 2023 return has been filed, you may cancel your CAT account with an effective date of **December 31, 2023**.



Frequently Asked Questions

How do I cancel my CAT account?

Accounts may be cancelled on the [Gateway](#) by using the CAT Cancel Account transaction (preferred method). Alternatively, accounts may also be cancelled by submitting form [Business Account Updated Form \(BAUF\)](#).



Frequently Asked Questions

What if I do not cancel my account?

- All registered CAT taxpayers with active accounts are required to file returns, even if they do not meet the taxable gross receipts threshold.
- If a taxpayer does not cancel its CAT account and fails to file required returns, the taxpayer may receive delinquency notices and assessments.
- Please note that beginning **January 1, 2024**, annual filing is eliminated, and all remaining taxpayers must file on a quarterly basis.



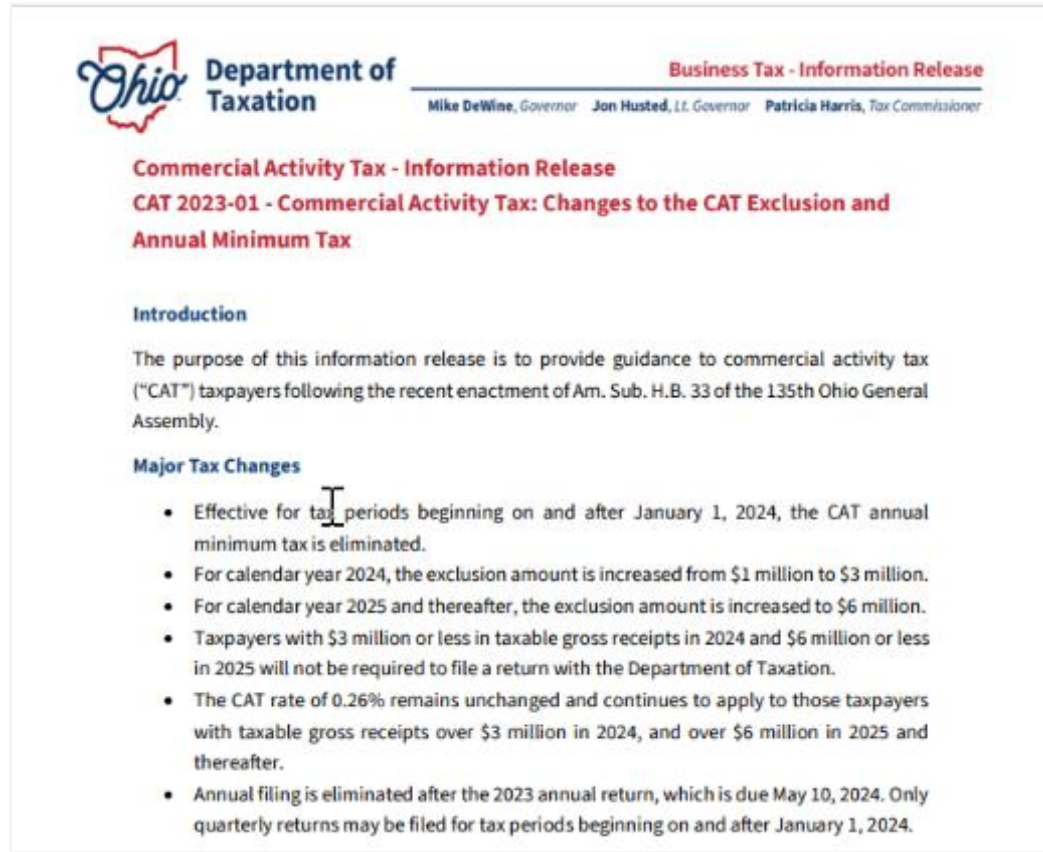
Frequently Asked Questions

I am a combined or consolidated elected taxpayer. Does each member of the group account need to reach the new exclusion amount to remain subject to the CAT?

No, the exclusion amount applies to the total taxable gross receipts for the group. Combined and consolidated elected taxpayer groups must consider the taxable gross receipts of all members of the group in determining whether the taxpayer group will exceed the exclusion amount of **\$3 million in 2024** and **\$6 million in 2025** and thereafter.



Visit tax.ohio.gov for more information



Ohio Department of Taxation Business Tax - Information Release
Mike DeWine, Governor Jon Husted, Lt. Governor Patricia Harris, Tax Commissioner

Commercial Activity Tax - Information Release

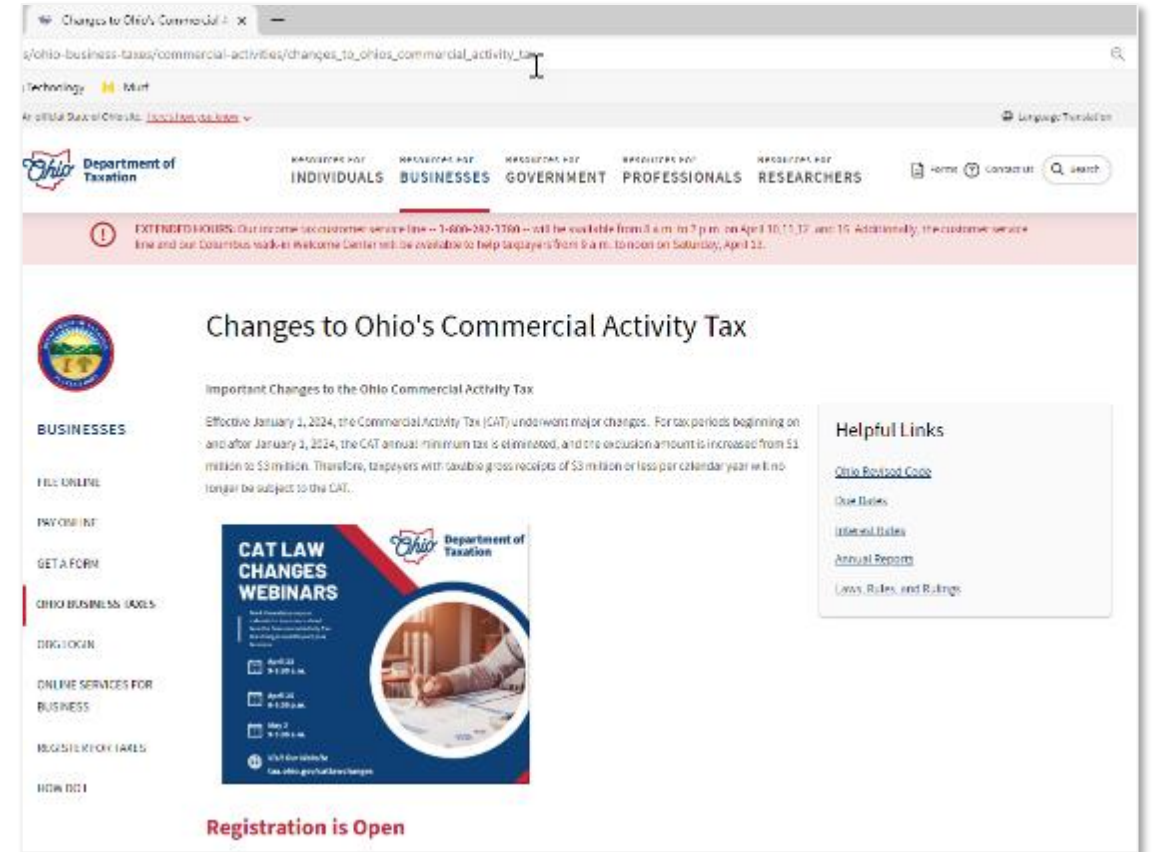
CAT 2023-01 - Commercial Activity Tax: Changes to the CAT Exclusion and Annual Minimum Tax

Introduction

The purpose of this information release is to provide guidance to commercial activity tax ("CAT") taxpayers following the recent enactment of Am. Sub. H.B. 33 of the 135th Ohio General Assembly.

Major Tax Changes

- Effective for tax periods beginning on and after January 1, 2024, the CAT annual minimum tax is eliminated.
- For calendar year 2024, the exclusion amount is increased from \$1 million to \$3 million.
- For calendar year 2025 and thereafter, the exclusion amount is increased to \$6 million.
- Taxpayers with \$3 million or less in taxable gross receipts in 2024 and \$6 million or less in 2025 will not be required to file a return with the Department of Taxation.
- The CAT rate of 0.26% remains unchanged and continues to apply to those taxpayers with taxable gross receipts over \$3 million in 2024, and over \$6 million in 2025 and thereafter.
- Annual filing is eliminated after the 2023 annual return, which is due May 10, 2024. Only quarterly returns may be filed for tax periods beginning on and after January 1, 2024.



Changes to Ohio's Commercial Activity Tax

Important Changes to the Ohio Commercial Activity Tax

Effective January 1, 2024, the Commercial Activity Tax (CAT) underwent major changes. For tax periods beginning on and after January 1, 2024, the CAT annual minimum tax is eliminated, and the exclusion amount is increased from \$1 million to \$3 million. Therefore, taxpayers with taxable gross receipts of \$3 million or less per calendar year will no longer be subject to the CAT.

Helpful Links

- [Ohio Revised Code](#)
- [Due Dates](#)
- [Interest Rates](#)
- [Annual Reports](#)
- [Laws, Rules, and Ratings](#)

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Department of
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4485 Northland Ridge Blvd. Columbus, Ohio 43229



888.722.8829



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