

1. What is the Commercial Activity Tax ("CAT")?

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 sourced (sourced) to Ohio (i.e., taxable gross receipts - see FAQ's #23 through #25).

2. When did the CAT start?

The start date for the CAT was July 1, 2005.

3. How can I contact the Department of Taxation with questions about the CAT?

By Internet: tax.ohio.gov, then under the Contact menu, click on Email Contacts to e-mail your question

By telephone: 1-888-722-8829

By fax: 1-614-644-9641

By mail: P.O. Box 16158 Columbus, Ohio 43216-6158

4. Who is subject to the CAT?

The CAT applies to most businesses including but not limited to retail, wholesale, service, manufacturing and other general businesses regardless of the type of business organization such business operates. For example, sole proprietorships, partnerships, LLC's, S corporations, corporations, disregarded entities (SMLLC, QSSS, etc.), trusts, and all other type of associations with taxable gross receipts of more than \$150,000 in the calendar year are subject to the CAT.

5. Who is not subject to the CAT?

Excluded from the CAT are:

- Non-profit organizations,
- Most governmental entities,
- Some public utilities (telegraph company, natural gas company, pipe-line company, water-works company, heating company, combined company [excludes electric]),
- Dealers in intangibles that pay the Ohio dealers in intangibles tax,
- Financial institutions that pay the corporation franchise tax,
- Insurance companies that pay the insurance premiums tax,
- Certain affiliates of financial institutions, and
- Businesses with less than \$150,000 of taxable gross receipts (unless they are part of a "consolidated elected taxpayer" or "combined taxpayer").

Beginning in 2014, excluded from the CAT are:

- Non-profit organizations,
- Most governmental entities,
- Some public utilities (telegraph company, natural gas company, pipe-line company, water-works company, heating company, combined company [excludes electric]),
- Financial institutions that pay the financial institution tax,
- Insurance companies that pay the insurance premiums tax,
- Certain affiliates of financial institutions, and
- Businesses with less than \$150,000 of taxable gross receipts (unless they are part of a "consolidated elected taxpayer" or "combined taxpayer").

6. Why was a “dealers in intangibles that pays the Ohio dealers in intangibles tax” removed from the list of excluded persons?

The dealers in intangibles tax is eliminated beginning in 2014. As such, the previously termed dealers in intangibles will be subject to the commercial activity tax unless such entity meets the definition of an excluded person. One common way a dealer in intangibles would meet this definition is if it is an affiliate of a financial institution that is paying the financial institution’s tax.

7. How do I register?

Electronic registration is available online through the Ohio Business Gateway. Paper registration forms can be downloaded at Tax Forms or requested by calling 1-800-282-1782.

8. Is there a penalty if I do not register timely?

Yes. If your registration is not received timely, a penalty may be imposed up to \$100 per month, not to exceed \$1,000.

9. What identification number do I use if I do not have a FEIN or a SSN?

You must have a FEIN or SSN to register for the CAT. If you do not have either, please contact the CAT division.

10. Is there an annual renewal fee for my CAT account?

No. There is not an annual renewal fee.

11. What is a Consolidated Elected Taxpayer?

A consolidated elected taxpayer is a group of entities owned by a common owner. Consolidated elected taxpayers must meet and agree to all of the following requirements:

- This group elects to include all members of the group having at least 80%, or all members having at least 50%, of the value of their ownership interest owned by common owners during all or any portion of the tax period.
- Additionally, at the election of the group, all entities that are not incorporated or formed under the laws of a state or of the United States and that meet the elected ownership test, shall either be included in the group or all shall be excluded from the group meeting the selected ownership test (80% or 50%). Please see the cautionary note on the next FAQ before making an 80% or exclusion of all entities that are not incorporated or formed under the laws of a state or of the United States election.

Under this election, the group must agree to file as a single taxpayer for at least the next eight calendar quarters (two years) following the election as long as two or more of the members meet the requirements. Such election also requires entities in the group that may not have enough contacts (nexus) to also be included as part of the elected consolidated taxpayer group.

A major benefit of this election is that for most taxpayers, taxable gross receipts between members of the group are not subject to the CAT. (See Information Release CAT 2005-05, Application of Common Owners and Joint Ventures and Information Release CAT 2005-16, Examples of "Common Owners" and Joint Ventures).

12. What is a Combined Taxpayer?

A group of entities, having more than 50% owned or controlled by a common owner, that chooses not to be a consolidated elected taxpayer must register as a combined taxpayer. A major difference between a consolidated elected taxpayer and a combined taxpayer is that a combined taxpayer only has to register all members that have the required contacts (nexus) to be required to be a taxpayer for this tax in Ohio.

Cautionary note: A combined taxpayer cannot exclude taxable gross receipts between its members nor exclude taxable gross receipts from others that are not members. A consolidated election must be made to obtain that exclusion. In addition, if the 80% common ownership test or election to exclude all entities that are not incorporated or formed under the laws of a state or of the United States election is made under the consolidated provision, such taxpayers with more than 50% ownership that have the requisite contacts (nexus) are required to register as a combined taxpayer or single entity taxpayer.

Similar to a consolidated elected taxpayer, a combined taxpayer must register, file returns, and pay the CAT as a single taxpayer.

13. What out-of-state persons are required to register and remit this tax?

An out-of-state person is only required to register and pay the CAT if that person has bright-line presence in Ohio. A person has bright-line presence if any one (1) of the following applies at any time during the calendar year:

- i. Property in this state is at least \$50,000; or
- ii. Payroll in this state is at least \$50,000; or
- iii. Taxable gross receipts situated to Ohio are at least \$500,000; or
- iv. 25% of total property or total payroll or total gross receipts is within this state; or
- v. The person is domiciled in this state.

Note: An out-of-state person meeting one of the above criteria must also have at least \$150,000 in taxable gross receipts situated to Ohio during the calendar year to be subject to the CAT.

Examples:

- If a person has at least \$500,000 in taxable gross receipts situated to Ohio and no property or payroll in this state, that person is subject to the CAT;
- If a person has \$1 million in total gross receipts, of which only \$200,000 (20%) are taxable gross receipts situated to Ohio, and such person has no property or payroll in this state, that person is not required to register and remit the CAT;
- If a person has only \$500,000 in gross receipts of which \$250,000 (50%) are taxable gross receipts situated to Ohio, then that person is required to register and pay the CAT;
- If a person has \$1 million in gross receipts, of which only \$200,000 (20%) are taxable gross receipts situated to Ohio, but has no property or payroll in this state, the person is not required to register and pay the CAT. However, if that person is domiciled in Ohio, then the person is required to register and remit the CAT. Please contact the CAT Division if you have any questions or refer to Information Release CAT 2005-02-Commercial Activity Tax: Nexus Standards for more details.

14. How often am I required to file?

Taxpayers with taxable gross receipts in excess of \$1 million during the calendar year must file quarterly. Taxpayers with \$1 million or less in taxable gross receipts will be calendar year taxpayers.

15. What are the tax rates for the CAT?

For calendar years 2006 and thereafter, the first \$1 million in taxable gross receipts are taxed at \$150. Receipts above \$1 million are taxed at the following rates:

Tax Period	Base Tax Rate	Phase-in Percentage	Effective Rate*
July 1, 2005 to December 31, 2005	0.06%	N/A	0.0600%
January 1, 2006 to March 31, 2006	0.26%	23%	0.0598%
April 1, 2006 to March 31, 2007	0.26%	40%	0.1040%
April 1, 2007 to March 31, 2008	0.26%	60%	0.1560%

April 1, 2008 to March 31, 2009	0.26%	80%	0.2080%
After March 31, 2009	0.26%	100%	0.2600%

16. When are the tax returns and minimum tax due?

Quarterly Taxpayers. Returns are due the tenth (10th) day of the second month following each tax period (1st quarter - May 10, 2nd quarter - Aug. 10, 3rd quarter - Nov. 10, 4th quarter - Feb. 10). Beginning in 2010, the annual minimum tax is paid with the 1st quarter return. For the 2006 calendar year, the minimum tax was due May 10, 2006. For 2007 - 2009, the annual minimum tax for those years was due by Feb. 9 of that year as part of the prior year's 4th quarter return. Beginning in calendar year 2010, the annual minimum tax is due May 10 of each year with the 1st quarter return.

Annual Taxpayers. Beginning in 2010, annual returns and the annual minimum tax are due in May of each calendar year (i.e., May 10). For the 2006 calendar year, the minimum tax for that year was due May 10, 2006. For the 2007 and subsequent years, the minimum tax for that year is paid on the prior year's annual return. For 2007 - 2009, the annual minimum tax was due on Feb. 9, but in 2010, the due date moved to May 10.

17. How much do I owe for the annual minimum tax?

For tax periods prior to December 31, 2013, the annual minimum tax (AMT) is \$150. For tax periods beginning on January 1, 2014 and thereafter, the AMT will become a tiered structure, and taxpayers will pay an amount that corresponds with their overall commercial activity. The taxpayer will utilize its previous calendar year's taxable gross receipts to determine the current year's AMT. Please refer to the chart below.

Taxable Gross Receipts	Annual Minimum Tax	CAT
\$1 Million or less	\$150.00	No Additional Tax
More than \$1 Million but less than or equal to \$2 Million	\$800.00	0.26% x (Taxable Gross Receipts - \$1 Million)
More than \$2 Million but less than or equal to \$4 Million	\$2,100.00	0.26% x (Taxable Gross Receipts - \$1 Million)
More than \$4 Million	\$2,600.00	0.26% x (Taxable Gross Receipts - \$1 Million)

For more information, please refer to information release CAT 2013-05 - Commercial Activity Tax: Annual Minimum Tax Tiered Structure- Issued October, 2013.

18. How do I claim the annual \$1 million exclusion?

Quarterly Taxpayers. Beginning in calendar year 2013, each taxpayer may exclude the first \$1 million dollars of taxable gross receipts for a calendar year. Calendar quarter taxpayers shall apply the full exclusion amount to the first calendar quarter return for that calendar year and may carry forward and apply any unused exclusion amount to subsequent calendar quarters within that same calendar year.

For calendar year 2012 and prior, the \$1 million exclusion will be taken in increments of \$250,000 quarterly. Any unused portion of the quarterly \$250,000 exclusion can be carried forward for up to three consecutive quarters (which can extend past the calendar year). If a taxpayer becomes subject to and registers for the CAT after the first quarter return is due, the taxpayer will claim all taxable gross receipts for that calendar year in the subsequent quarter. That taxpayer will take the total amount of the exclusion that would have been accrued to date on that quarterly return.

Annual Taxpayers. The \$1 million exclusion is taken on the annual return.

19. What happens if I fail to file my return or pay the tax?

There are penalties for failing to timely file and pay the tax, including proceedings to revoke a person's privilege or franchise to conduct business in this state. For example, a late filed return is subject to a penalty of up to 10% of the tax due or \$50, whichever is greater.

20. If I register to file a tax return quarterly, but do not have any tax liability for that period, must I still file the return?

Yes. You are still responsible to file a quarterly tax return even if you have no tax liability

21. I am registered as a CAT taxpayer and my taxable gross receipts will be below \$150,000 for the calendar year. Do I have to pay the minimum tax for that calendar year?

Businesses that will have less than \$150,000 in taxable gross receipts for the calendar year are not subject to the tax. However, you must cancel your registration by May 10 of that year to not be subject to the minimum tax.

22. What do I need to do to make a correction to a tax return that has been filed?

You will need to file an amended return. Quarterly taxpayers will be required to file an amended return via the Ohio Business Gateway (business.ohio.gov). Annual taxpayers will be required to file electronically as well beginning January 1, 2014. Annual filers may file an amended return via the Ohio Business Gateway (business.ohio.gov). Alternatively, annual filers may file an amended return via TeleFile beginning in April 2014. You should select the annual return that corresponds to the tax year that you wish to amend.

23. Can I pass the CAT on to my customers?

The CAT is not a transaction tax like the sales and use tax. Instead, the CAT is a tax that is considered a cost of doing business in this state, and you may include it like other overhead costs (e.g., employee wages) in the part of the total price you charge your customers. Because the CAT is not a transactional tax imposed on your customers, the CAT is not part of the sales and use tax base. In addition, the law does not permit the CAT to be separately billed or invoiced to another person, except in the case where a lessor may invoice the CAT based on an estimate of the total tax costs during the tax period, and such invoice must be done pursuant to a written lease agreement.

24. Is any of my taxpayer information available to the public?

For compliance purposes, a limited amount of information such as your name and account number is available to the public. However, the amount of tax that you paid and information such as your social security number will not be available to the public.

25. Are "gross receipts" and "taxable gross receipts" the same?

No. "Gross receipts" reflect the total amount realized, without deduction for the cost of goods sold or other expenses incurred, in a transaction or transactions that contribute to the production of gross income including the fair market value of any property and any services received, and any debt transferred or forgiven. Gross receipts include, but are not limited to:

- All amounts received from the sale, exchange, or disposition of property to or with another;
- All amounts received from the performance of a service;
- All amounts received from rents or another's use or possession of property or capital; or
- Any combination of the above.

"Taxable gross receipts" means gross receipts situated (sourced) to Ohio, based on the following:

- Gross rents and royalties from real property located in Ohio;

- Gross rents and royalties from personal property in Ohio to the extent the personal property is located or used in Ohio;
- Gross receipts from the sale of electricity and electric transmission and distribution services in the manner provided under section 5733.059 of the Revised Code;
- Gross receipts from the sale of real property located in Ohio;
- Gross receipts from the sale of personal property if the property is received in Ohio by the purchaser. In the case of delivery of personal property, the place at which such property is ultimately received after all transportation has been completed shall be considered the place where the purchaser receives the property. Direct delivery in this state, other than for purposes of transportation, to a person or firm designated by a purchaser constitutes delivery to the purchaser in this state, and direct delivery outside this state to a person or firm designated by a purchaser does not constitute delivery to the purchaser in this state, regardless of where title passes or other conditions of sale;
- Gross receipts from the sale, exchange, disposition, or other grant of the right to use trademarks, trade names, patents, copyrights, and similar intellectual property to the extent that the receipts are based on the amount of use of the property in this state;
- Gross receipts from the sale of transportation services by a motor carrier in proportion to the mileage traveled by the carrier during the tax period in this state to the mileage traveled by the carrier everywhere;
- Gross receipts from the sale of all other services, and all other gross receipts not otherwise addressed in the proportion that the purchaser's benefit in this state with respect to what was purchased bears to the purchaser's benefit everywhere with respect to what was purchased.

If the siting provisions do not fairly represent the extent of a person's activity in this state, the person may request, or the tax commissioner may require or permit, an alternative method. Such request by a person must be made within the applicable statute of limitations set forth in this chapter. (See Information Release CAT 2005-17, "Taxable Gross Receipt" Defined).

Cautionary note: Gross receipts received from sales to nonprofit organizations in this state or from this state, its agencies, its instrumentalities, and its political subdivisions are taxable gross receipts.

26. What receipts are excluded from gross receipts?

- Interest income except interest on credit sales;
- Dividends and distributions from corporations, and distributive or proportionate shares of receipts and income from a pass-through entity as defined under section 5733.04 of the Revised Code;
- Receipts from the sale, exchange, or other disposition of an asset described in section 1221 or 1231 of the Internal Revenue Code, without regard to the length of time the person held the asset;
- Proceeds received attributable to the repayment, maturity, or redemption of the principal of a loan, bond, mutual fund, certificate of deposit, or marketable instrument;
- The principal amount received under a repurchase agreement or on account of any transaction properly characterized as a loan;
- Contributions received by a trust, plan, or other arrangement, any of which is described in section 501(a) of the Internal Revenue Code, or to which Title 26, Subtitle A, Chapter 1, Subchapter (D) of the Internal Revenue Code applies;
- Compensation received or to be received for services rendered for an employer, including health insurance premiums, reimbursements for medical or education expenses, or on account of a dependent care spending account, legal services plan, or any similar employee reimbursement;
- Proceeds received from the issuance of the taxpayer's own stock, options, warrants, puts, or calls, or from the sale of the taxpayer's treasury stock;
- Proceeds received on the account of payments from insurance policies, except for proceeds from business interruption insurance;

- Gifts or charitable contributions received, membership dues received by trade, professional, homeowners', or condominium associations; and payments received for educational courses, meetings, meals, or similar payments to a trade, professional, or other similar association; fundraising receipts received by any person when any excess receipts are donated or used exclusively for charitable purposes;
- Damages received as the result of litigation in excess of amounts that, if received without litigation, would be gross receipts;
- Property, money, and other amounts received or acquired by an agent on behalf of another in excess of the agent's commission fee, or other remuneration;
- Tax refunds and other tax benefit recoveries; any CAT reimbursements received by a member of a combined taxpayer group or a consolidated elected taxpayer group from either:
 - Other members of the same group; or
 - Non-members that do not meet the ownership test.
 - This does not apply to unrelated third parties.
- Pension reversions;
- Contributions to capital;
- Sales or use taxes collected as a vendor on behalf of the taxing jurisdiction from a consumer; and any taxes that are required to be collected by a taxpayer and remitted to a third party taxing jurisdiction on behalf of the customer;
- Federal and state excise taxes on cigarettes, other tobacco products, motor fuel, beer, wine or other intoxicating liquor;
- Receipts realized by a motor vehicle dealer from the sale or other transfer of a motor vehicle to another motor vehicle dealer (transferee) for the purpose of resale but only if the sale or other transfer was based upon the transferee's need to meet a transferee's specific customer's preference for a motor vehicle;
- Receipts from a financial institution for services provided to the financial institution in connection with loans or credit accounts, if such financial institution and the recipient of such receipts have at least fifty per cent of their ownership by common owners;
- Receipts realized from administering anti-neoplastic drugs and other cancer chemotherapy, biologicals, therapeutic agents, and supportive drugs in a physician's office to patients with cancer;
- Funds received or used by a mortgage broker that is not a dealer in intangibles, other than fees or other consideration, pursuant to a table-funding mortgage loan or warehouse-lending mortgage loan;
- Property, money, and other amounts received by a professional employer organization, as defined in section 4125.01 of the Revised Code, from a client employer, as defined in that section, in excess of the administrative fee charged by the professional employer organization to the client employer;
- In the case of amounts retained as commissions by a horse racing permit holder under Chapter 3769 of the Revised Code, an amount equal to the amounts specified under that chapter that must be paid to or collected by the tax commissioner as a tax and the amounts specified under that chapter to be used as purse money;
- Qualifying distribution center receipts (See Information Release CAT 2006-07, Qualified Distribution Centers);
- Receipts of an employer from payroll deductions relating to the reimbursement of the employer for advancing monies to an unrelated third party on an employee's behalf;
- Cash discounts allowed and taken;
- Returns and allowances;
- Bad debts from receipts upon which the tax imposed by this chapter. Bad debts mean any debts that have become worthless or uncollectible, have been uncollected for at least six months, and may be claimed as a deduction under the Internal Revenue Code or that could be claimed as such if the taxpayer

keeps its accounts on the accrual basis. "Bad debts" does not include uncollectible amounts on property that remains in the possession of the taxpayer until the full purchase price is paid, expenses in attempting to collect any account receivable or for any portion of the debt recovered, and repossessed property;

- Any amount realized from the sale of an account receivable to the extent the receipts from the underlying transaction giving rise to the account receivable were included in the gross receipts of the taxpayer;
- Any receipts directly attributed to providing public services pursuant to sections 126.60 to 126.605 of the Revised Code, or any receipts directly attributed to a transfer agreement or to the enterprise transferred under that agreement under section 4313.02 of the Revised Code;
- Any person that owns, leases, or operates real or tangible personal property constituting or located within a uranium enrichment zone may apply to the tax commissioner to have the uranium enrichment zone certified for the purpose of excluding qualified uranium receipts under division 5751.01(F)(2)(gg) of the Revised Code;
- Amounts realized by licensed motor fuel dealers or licensed permissive motor fuel dealers from the exchange of petroleum products, including motor fuel, between such dealers, provided that delivery of the petroleum products occurs at a refinery, terminal, pipeline, or marine vessel and that the exchanging dealers agree neither dealer shall require monetary compensation from the other for the value of the exchanged petroleum products other than such compensation for differences in product location or grade. Division 5751.01(F) (2)(hh) of the Revised Code does not apply to amounts realized as a result of differences in location or grade of exchanged petroleum products or from handling, lubricity, dye, or other additive injections fees, pipeline security fees, or similar fees. As used in this division, "motor fuel," "licensed motor fuel dealer," "licensed permissive motor fuel dealer," and "terminal" have the same meanings as in section 5735.01 of the Revised Code;
- In the case of amounts collected by a licensed casino operator from casino gaming, amounts in excess of the casino operator's gross casino revenue. In this division, "casino operator" and "casino gaming" have the meanings defined in section 3772.01 of the Revised Code, and "gross casino revenue" has the meaning defined in section 5753.01 of the Revised Code;
- Effective January 1, 2014, receipts realized from the sale of agricultural commodities by an agricultural commodity handler, both as defined in section 926.01 of the Revised Code, that is licensed by the director of agriculture to handle agricultural commodities in this state;
- Any receipts for which the tax imposed by this chapter is prohibited by the Constitution or laws of the United States or the Constitution of Ohio;
- Real estate broker's gross receipts includes only the portion of any fee for the service of a real estate broker, that is retained by the broker and not paid to an associated real estate salesperson or another real estate broker.
- Temporary exclusions:
 - Receipts from the sale of fuel by a refinery to a terminal that is intended to be used as motor fuel; (expired June 30, 2007).
 - Receipts from the sale of motor fuel from a terminal to a motor fuel dealer, excluding motor fuel that is not subject to taxation under Chapter 5735 of the Revised Code; (expired June 30, 2007).
 - Receipts from the sale of motor fuel upon which the tax under Chapter 5735 of the Revised Code has been imposed; (expired June 30, 2007).
 - Amounts received from the sale of property delivered into or shipped from a qualified foreign trade zone area. (expired Dec. 31, 2006).

(See Information Release CAT 2005-17, "Taxable Gross Receipt" Defined).

27. At what time is it determined that I have a taxable gross receipt to report?

Taxpayers must file and pay any liability due not later than 30 days from the point that person has more than \$150,000 in taxable gross receipts in a calendar year.

28. If I go out of business or need to cancel my account, what are my requirements?

A final tax return, along with payment for any tax liability due, must be filed within 45 days upon the sale or closure of a business.

Any person acquiring a business, that was subject to the CAT, is liable for the liability of the previous owner, unless the previous owner receives a receipt or certificate from the tax commissioner, indicating that the taxes have been paid or no taxes are due. If you purchase a trade or business with tax liability, you are responsible for withholding a sufficient amount of money to cover the amount due from the former owner. If you fail to withhold the amount due, the successor may be liable for the unpaid liability incurred by the former owner.

29. How long must I maintain my tax records before they can be destroyed?

Under most circumstances, you are required to keep records for four years from the date that the tax is due or the date that the taxes were filed, whichever is later. (See Information Release CAT 2006-09, Records Retention Requirements).

30. I am unable to determine actual taxable gross receipts in order to timely file my returns. May I make estimated quarterly payments?

The tax commissioner may grant written approval for a calendar quarter taxpayer to use an alternative reporting schedule or estimate the amount of tax due for a calendar quarter if the taxpayer demonstrates to the commissioner the need for such a deviation.

In addition, taxpayers who report between 95% and 105% of the actual taxable gross receipts for the calendar quarter are deemed to not have incorrectly reported taxable gross receipts. However, taxpayers using this option will be required to file a comprehensive reconciliation schedule with the 4th quarter return and pay any additional tax owed at the 4th quarter rate. Taxpayers unable to make actual payment of the tax are advised to seek approval from the tax commissioner as described in the preceding paragraph.

The tax commissioner has promulgated a rule allowing for quarterly taxpayers to estimate their taxable gross receipts. This procedure requires taxpayers to reconcile by the end of the following quarter. It provides guidelines and a safe harbor from penalties and interest if the procedure is followed. (See Information Release CAT 2005-13, Estimated Payments for Calendar Quarter Taxpayers.)

31. I registered as an annual taxpayer and my receipts for the calendar year now exceed the \$1 million threshold. When and how do I become a quarterly taxpayer?

A calendar year taxpayer that will have over \$1 million in taxable gross receipts for a calendar year is required to switch to a quarterly taxpayer in the subsequent year and, if it elects to, can switch to a quarterly taxpayer at any time during the current calendar year.

Beginning in calendar year 2013, a taxpayer switching from a calendar year tax period to a calendar quarter tax period may, for the first quarter of the change, apply the full \$1 million exclusion amount to the first calendar quarter return the taxpayer files that calendar year. Such taxpayers may carry forward and apply any unused exclusion amount to subsequent calendar quarters within that same calendar year. The tax rate shall be based on the rate imposed that calendar quarter when the taxpayer switches from a calendar year to a calendar quarter tax period.

For calendar year 2012 and prior, a taxpayer switching from a calendar year tax period to a calendar quarter tax period may, for the first quarter of the change, apply the prior calendar quarter exclusion amounts to the first

calendar quarter return the taxpayer files that calendar year. The tax rate shall be based on the rate imposed that calendar quarter when the taxpayer switches from a calendar year to a calendar quarter tax period.

32. Do I need to pay CAT on those gross receipts received from sales to customers where the tangible personal property was shipped outside Ohio?

No. Taxable gross receipts only include gross receipts situated (sourced) to Ohio. Sales of tangible personal property that was shipped outside Ohio are not subject to the CAT because such gross receipts would be situated (sourced) outside Ohio.

33. Does the Ohio Department of Taxation (ODT) offer a voluntary disclosure program for the CAT?

Yes. By voluntarily disclosing their liabilities, taxpayers may avoid penalties for failing to file returns and for failing to pay liabilities timely. A taxpayer is eligible for the CAT voluntary disclosure program if the taxpayer enters into and executes the CAT voluntary disclosure agreement (VDA) prior to any contact from ODT through any audit, compliance, or criminal investigation programs. (See Information Release CAT 2008-01, Commercial Activity Tax: Voluntary Disclosure Agreements.)