

## Gross Receipts:

### Ohio: Information Release Addresses Recently Enacted Changes to CAT Exclusion and Annual Minimum Tax

*CAT 2023-01 – Commercial Activity Tax: Changes to the CAT Exclusion and Annual Minimum Tax*, Ohio Dept. of Tax. (8/21/23). The Ohio Department of Taxation (Department) issued an information release summarizing and explaining recently enacted operating budget legislation [see H.B. 33 (2023) and previously issued Multistate Tax Alert for more details on this legislation] that removes Ohio’s commercial activity tax (CAT) minimum tax and increases the taxable gross receipts exclusion from the current first \$1 million to the first \$3 million beginning in 2024 and to the first \$6 million beginning in 2025. According to the release, the “major tax changes” include:

**URL:** [https://tax.ohio.gov/static/commercial\\_activities/information\\_releases/CAT\\_2023-01\\_info\\_release.pdf](https://tax.ohio.gov/static/commercial_activities/information_releases/CAT_2023-01_info_release.pdf)

**URL:** <https://www.legislature.ohio.gov/legislation/135/hb33>

**URL:** <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-multistate-tax-alert-ohio-passes-fy2024-fy2025-operating-budget-enacting-various-tax-changes.pdf>

- Effective for tax periods beginning on and after January 1, 2024, the CAT annual minimum tax is eliminated;
- For calendar year 2024, the CAT exclusion amount is increased from \$1 million to \$3 million;
- For calendar year 2025 and thereafter, the CAT 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 CAT return with the Department;
- 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 CAT filing is eliminated after the 2023 annual CAT return, which is due May 10, 2024; and
- Only quarterly CAT returns may be filed for tax periods beginning on and after January 1, 2024.

The Department also notes that the CAT for periods prior to 2024 remains unchanged and references “Information Release CAT 2013-05” for more information regarding the CAT annual minimum tax, exclusion, and rate for periods prior to 2024. Please contact us with any questions.

**URL:** <https://tax.ohio.gov/business/ohio-business-taxes/commercial-activities/information-releases/index-cat/cat-2013-05>

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