

# MAJOR CHANGES TO COMMERCIAL ACTIVITY TAX IN THE 2024-25 BUDGET



## Changes to Commercial Activity Tax (CAT) liability

Taxable gross receipts	Old CAT liability	New CAT liability
\$150,000 or less	\$0	\$0
\$150,001 - \$1,000,000	\$150	\$0
\$1,000,001 - \$2,000,000	$\$800 + .26\% * (\text{Receipts} - \$1 \text{ Million})$	\$0
\$2,000,001 - \$4,000,000	$\$2,100 + .26\% * (\text{Receipts} - \$1 \text{ Million})$	\$0
\$4,000,001 - \$6,000,000	$\$2,600 + .26\% * (\text{Receipts} - \$1 \text{ Million})$	\$0
Above \$6,000,000	$\$2,600 + .26\% * (\text{Receipts} - \$1 \text{ Million})$	$.26\% * (\text{Receipts} - \$6 \text{ Million})$

Table: Policy Matters Ohio • Created with Datawrapper

- The new Commercial Activity Tax (CAT) structure does away with annual minimums and excludes a corporation's first \$3 million in receipts starting in Fiscal Year 2024 and \$6 million in FY 2025.
- Reduces CAT revenue by about \$238 million in FY 2024 and \$460 million in FY 2025, according to the LSC.

- Businesses that have less than \$150,000 in Ohio receipts do not pay the CAT and will see no liability change.
- More than 100,000 CAT filers (62% of total filers) with receipts between \$150,000 and \$1 million will save \$150.
- Corporations with receipts over \$6 million will see the largest tax savings \$15,600 per company.

## Big breaks for big corporations

Annual commercial activity tax savings by corporate taxable receipts

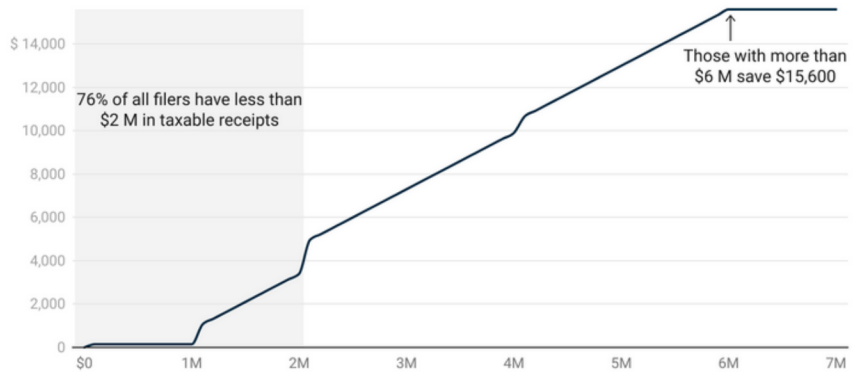
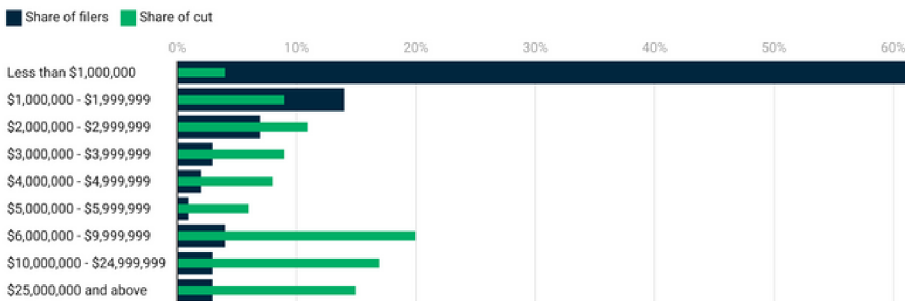


Chart: Policy Matters Ohio • Created with Datawrapper

## Large corporations will benefit most from cut

Distribution of savings on Commercial Activity Tax liability (before credits) and filers by taxable gross receipts.



Data from Ohio Department of Taxation (ODT) for Fiscal Year 2022. Figures for filers in ranges between \$5 - 6 million and \$6 - 10 million were estimated by taking 20% and 80% of ODT's \$5 - 10 million range, respectively.  
Chart: Policy Matters Ohio • Source: ODT • Created with Datawrapper

- Large corporations with over \$6 million in receipts will receive an estimated 53% of the value of the cut but they make up only about 10% of total filers.
- The bottom 62% of filers making less than \$1 million in receipts will get only about 4% of the cut.

**\$500M**

ongoing per year  
reduction in CAT revenue

**53%**

of cuts will go to  
the top 10% of filers

**\$15,600**

in savings for corporations with  
more than \$6M in receipts