



Ohio

Overall Rank	Corporate Tax Rank	Individual Income Tax Rank	Sales Tax Rank	Property Tax Rank	Unemployment Insurance Tax Rank
35	45	25	43	6	14

Ohio is an outlier in its reliance on a gross receipts tax, the Commercial Activity Tax (CAT), as its primary business tax. Gross receipts taxes are generally more economically harmful than corporate income taxes because they apply to firms regardless of whether they earn a profit in a given year, and they cause harmful tax pyramiding, where the same final good or service is taxed at multiple points along the production process.

Notably, however, Ohio’s CAT is imposed at a low 0.26 percent rate and was adopted as a replacement for a corporate income tax, a capital stock tax, and the tangible personal property tax, so despite its structural shortcomings, its adoption represented a meaningful tax cut for many businesses. Ohio ranks in the top 10 states on the property tax component, bolstered by its uniform assessment of different classes of property, its lack of tangible personal property taxes, and its lack of an estate or inheritance tax.

Ohio’s low top marginal state individual income tax rate bolsters its individual tax component score, but income taxes levied at the local level increase tax and compliance burdens for residents and nonresidents, especially since nonresident filing and withholding are required for many individuals who work even a single day in the state.