

5703-29-11

**Commercial activity tax credit for unused franchise tax net operating losses.**

(A) A qualifying taxpayer intending to claim the commercial activity tax credit for unused franchise tax net operating losses must file a report with the tax commissioner no later than June 30, 2006. The report shall be filed on a form prescribed by the commissioner for such purpose and shall include, but is not limited to, the following information:

(1) If the qualifying taxpayer was not a member of a combined franchise tax report for tax year 2005, such report shall include the following information:

(a) The taxpayer's name, address, federal employer identification number, Ohio charter or license number, Ohio commercial activity tax account number;

(b) The taxpayer's Ohio net operating loss carryforward that would have been available for use on the taxpayer's 2006 franchise tax report had the taxpayer not elected to claim this credit;

(c) A schedule detailing the computation of the Ohio net operating loss carryforward amount reflected in paragraph (b) above that includes the information set out in the instructions for the report; and

(d) The amortizable amount computed in accordance with section 5751.53 of the Revised Code.

(2) If the qualifying taxpayers filing the report were members of a combined franchise tax report for tax year 2005, then for each member of the 2005 combined franchise return for which an amortizable amount is computed, such report shall include the following information:

(a) The taxpayer's name;

(b) Ohio commercial activity tax account number;

(c) Ohio net operating loss carryforward that would have been available for use on the taxpayer's 2006 Ohio franchise return had the taxpayers not elected to claim this credit;

(d) A schedule detailing the computation of the Ohio net operating loss carryforward amount reflected in paragraph (A)(1)(c) that includes the information set out in the instructions for the report;

(e) The qualifying amount; and

(f) The amortizable amount computed in accordance with section 5751.53 of the Revised Code.

- (3) Upon written request or upon audit, the commissioner may require a taxpayer to provide additional documentation to support the credit provided for under section 5751.53 of the Revised Code, including substantiation of any information supplied with the report required under paragraph (A) of this rule, that the deferred tax asset amounts were booked on the taxpayer's financial statements.
- (B) Subject to audit by the commissioner, a taxpayer that files such report may claim ten per cent of the amortizable amount as a nonrefundable credit against the commercial activity tax in each of the calendar years 2010 through 2019. For each year in which the taxpayer claims the nonrefundable credit, the taxpayer may apply the credit against only one-half of its commercial activity tax liability remaining after the liability is first reduced by the nonrefundable credits that precede this credit in the order set out in section 5751.98 of the Revised Code. Any portion of the ten per cent amortizable amount not used in the year that it otherwise could have been claimed may be carried forward and claimed in the following year or years through 2029. Any portion of the nonrefundable credit not claimed by 2029 may be claimed as a refundable credit against the commercial activity tax in calendar year 2030, pursuant to divisions (B) and (C) of section 5751.53 of the Revised Code.

Effective:

R.C. 119.032 review dates: Exempt

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Certification

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Date

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