

InvestOhio Tax Credit

A new tax credit program, InvestOhio, encourages new investment in qualifying Ohio businesses by providing a nonrefundable income tax credit for eligible investors.

The credit is 10 percent of total qualifying investments. An investor is limited to \$10 million of total qualifying investments during a two-year period, resulting in a maximum credit of \$1 million. Note that total credits issued by the state cannot exceed \$100 million every two years.

Eligible investors

Investors who qualify include individuals subject to Ohio income tax and pass-through entities in which such an individual holds a direct or indirect equity interest. Eligible investors who acquire an equity interest in a "qualifying business" after July 1, 2011, but before July 1, 2013, must hold the investment for at least two years. For investments made after June 30, 2013, the holding period increases to at least five years.

Qualifying businesses

A small business must meet all of the following criteria to be a qualifying business:

1. Have assets of \$50 million or less or annual sales of \$10 million or less at the time of the investment.
2. Employ at least 50 employees in Ohio or have a majority of its work force in Ohio.
3. Within six months of receiving the funds, the business must invest or incur costs in an amount equal to the qualifying investment in any of the following:
 - o Tangible personal property, other than motor vehicles, used in business and located in Ohio
 - o Motor vehicles purchased, registered, and used primarily for business purposes in Ohio
 - o Real property located and used in business in Ohio
 - o Intangible personal property used in business primarily in Ohio
 - o Compensation for newly-hired or retained employees (excluding increased compensation for owners, officers, or managers) for whom the enterprise is required to withhold Ohio income tax.

Investors may apply for a small business investment certificate, issued on a first come first serve basis, at the time of the investment. After the end of the applicable holding period, investors can then dispose of the qualifying investment and receive the nonrefundable tax credit. Unused credits can be carried forward for seven years.

Please call our office at (513) 563-0598 or e-mail chuck@cpvcpa.com for more information.