Ohio Administrative Code

Rule 5703-33-02 Captive finance companies.

Effective: June 9, 2020

(A) Regarding the computation provided for in division (D) of section 5726.01 of the Revised Code, a captive finance company must derive at least seventy-five per cent of its gross income from the transactions listed in division (D) of section 5726.01 of the Revised Code for a three-year rolling average of the current taxable year and the two taxable years preceding the current taxable year. If for any taxable year, the company does not derive at least seventy-five per cent of its gross income from the transactions listed in division (D) of section 5726.01 of the Revised Code for a three-year rolling average of the current taxable year and the two taxable years preceding the current taxable year, then for that taxable year it is not a captive finance company.

(1) For example, a taxpayer that for its current year has eighty per cent of its gross income derived from the transactions listed in division (D) of section 5726.01 of the Revised Code, and seventy-six per cent for the immediately preceding year, but only sixty per cent for the year immediately preceding that, would not qualify as a captive finance company, because the three year rolling average ((80 + 76 + 60) / 3 = 72 per cent) is below the seventy-five per cent threshold to be a captive finance company.

(2) For example, a taxpayer for its current year that has eighty-nine per cent of its gross income derived from the transactions listed in division (D) of section 5726.01 of the Revised Code, and seventy-eight per cent for the immediately preceding year, and sixty-seven per cent for the year immediately preceding that, would qualify as a captive finance company, because the three-year rolling average ((89 + 78 + 67) / 3 = 78 per cent) equals or exceeds the seventy-five per cent threshold.