

5703-9-17

Conditional sales.

- (A) A "conditional sale" is a transaction in which the vendor retains a security interest in the tangible personal property sold to insure fulfillment of one or more conditions before full ownership is granted to the consumer. A "layaway sale" is a conditional sale in which the vendor transfers title but retains possession of the property sold. An "approval sale" is a conditional sale in which the vendor transfers possession but retains title to the property sold. A lease under the terms of which the lessee is obligated to accept ownership and to pay for tangible personal property at a future time is a conditional sale. A lease which does not so obligate the lessee is not a conditional sale and tax must be collected either at the time the lease is consummated or on periodic billings as specified in divisions (H)(1) and (H)(4) of section 5739.01 of the Revised Code and divisions (G)(1) and (G)(4) of section 5741.01 of the Revised Code.
- (B) A conditional sale is effected at the time and place of acceptance of the purchase offer by the vendor. The sales tax must be charged on the full agreed price at that time and reported on the vendor's return for the period in which the sale is effected.
- (C) In the event the consumer fails to fulfill the conditions of the sale so that title and possession revert to the vendor, the vendor may treat the transaction as one involving returned merchandise in accordance with rule 5703-9-11 of the Administrative Code if it is shown that the vendor refunded the full amount of all payments made by the consumer, including the sales or use tax paid. The transaction may otherwise be treated as a bad debt in accordance with section 5739.121 of the Revised Code and rule 5703-9-44 of the Administrative Code.