

Ohio Use Tax

Use tax is a complementary tax to the sales tax. In general, use tax is owed by a purchaser on a transaction when the vendor does not collect sales tax (assuming the item or service being purchased is taxable). The use tax must be paid by the purchaser directly to the State of Ohio through a consumer's use tax return.

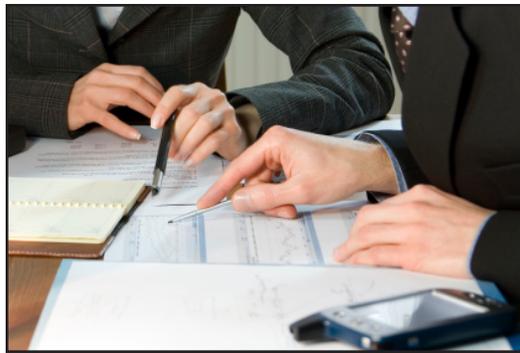
For example, Ohio Business Co., located in Cleveland, needs to purchase a desk. and has two choices: an in-state vendor and an out-of-state vendor.

Description	ABC Co. – Buffalo, NY	XYZ Co. – Columbus, OH
Executive Desk	\$2,600.00	\$2,600.00
Freight	250.00	200.00
Ohio Sales Tax	0.00	189.00
Total	\$2,850.00	\$2,989.00

Do you owe Ohio's use tax on the purchases you make?

If you answer, "no", or "I don't know", you are not alone. Based on the Department's experience, many taxpayers are unaware that the answer may be "yes".

Our experience also indicates that even those taxpayers who are remitting the use tax are not aware of the full extent to which use tax applies to their purchases. Our audit statistics show that many of our purchase audits result in taxpayers owing use tax.



Ohio Business Co. would owe Ohio use tax of \$220.88 on the \$2,850.00 transaction if it purchases the desk from ABC Co. and Ohio Business Co. would need to remit the use tax directly to the Ohio Department of Taxation.

Why would I not pay my supplier Ohio sales tax?

The Department has heard numerous times from businesses: "We pay our suppliers the sales tax, so we don't have any use tax liabilities," and "Our suppliers know the laws, we rely on them to do it right." There are many reasons why your supplier would not charge Ohio sales tax. One major reason is your supplier may not be required by law to collect Ohio sales tax. With today's global economy, we have found that many companies are purchasing items from out-of-state suppliers. There are many mail order and Internet-based suppliers that do not have to collect Ohio sales tax.

Another reason is miscommunication between the supplier and the purchaser. Taxpayers sometimes think the supplier is charging the tax, but they aren't. Still another reason is taxpayers are unaware that transactions between related companies are generally subject to sales tax. For example, if a subsidiary leases tangible personal property from the parent company, the subsidiary is responsible for paying the use tax.

Is the use tax a new tax recently enacted by the legislature?

No. Since 1936, Ohio has had a use tax on the storage, use or other consumption of tangible personal property and certain taxable services in Ohio. The tax is a complement to the Ohio sales tax. In general, if you have paid Ohio sales tax on an item, then you do not owe Ohio use tax. If you have not paid Ohio sales tax, then you have a responsibility to remit applicable use tax directly to the State.

The purpose for enacting the use tax was to keep an equal playing field for in-state and out-of-state vendors. If there was no use tax and an out-of-state supplier did not have to charge Ohio sales tax, then it would be cheaper to buy items from the out-of-state vendor since the in-state vendor would have to charge sales tax.

What is subject to use tax?

Ohio law provides that all tangible personal property stored, used or otherwise consumed in Ohio, along with certain taxable services used in Ohio, are subject to use tax unless: (1) Ohio sales tax has been paid or (2) there is an exception or exemption that applies to the transaction.

In general, the following are examples of tangible personal property subject to use tax:

Office Equipment:	Computers, monitors, printers, scanners, fax machines, staplers
Office Supplies:	Paper, tape, business cards, calendars, envelopes, folders
Furniture:	Desks, chairs, tables, lamps, televisions, DVD players
Cleaning Supplies:	Mops, brooms, cleaners, paper towels, gloves, buckets

In general, the following are examples of services subject to use tax:

Installation	Snow removal
Repair	Janitorial and maintenance
Employment (temporary labor)	Storage
Lawn care and landscaping	Maintenance contracts
Exterminating	Employment placement
Automatic data processing	Motor vehicle towing

The lists above are not all-inclusive and provide only a basic knowledge of what items are subject to use tax. Depending on your business, various other purchases of tangible personal property and services may also be subject to use tax.

What are the use tax rates?

To view a map listing use tax rates by county, [click here](#). The use tax rates are the same as the sales tax rates. You can look up rates in each county by using [The Finder](#) on the Department's website.

How do I remit use tax directly to Ohio?

A taxpayer would need to register for a Consumer's Use Tax account to begin remitting use tax directly to the Ohio Department of Taxation. Taxpayers who meet certain requirements may also register for Direct Payment Authority [see [Information Release 2003-01](#), as revised 12/4/2004].

If I have unremitted use tax for past years, how can I resolve that liability?

Businesses that have not received a consumer's use tax assessment for any period can participate in the Special Consumer's Use Tax Amnesty (which runs from October 1, 2011 through May 1, 2013). The liability is limited to use tax owed on purchases made on or after January 1, 2009. Detailed information about the use tax amnesty program is available on the Department's website.

Businesses that have received a consumer's use tax assessment are not eligible for amnesty but may qualify for the Department's Voluntary Disclosure program. Voluntary Disclosure generally limits the look-back period to the last three years. Please see the Department's website for details on the [Voluntary Disclosure program](#).

To register to pay the Use Tax, phone **(888) 405-4089**.

For general questions regarding Use Tax, phone **(888) 405-4039**

For questions regarding Use Tax Amnesty, phone **(800) 304-3211**.



Department of
Taxation