

# Use Tax and Contractors



**C**ontractors like all other taxpayers, owe use tax on their untaxed purchases of tangible personal property used in Ohio (see Table 1). Contractors also owe use tax on untaxed purchases of certain taxable services provided to the contractor in Ohio (see Table 2). In addition, contractors have an added responsibility of paying tax on the purchases used to fulfill their real property contracts (see Table 3).

Ohio law provides that contractors are consumers of the tangible personal property that they install into real property. As the consumer, the contractor is responsible for paying sales or use tax on the purchase of the tangible personal property to be installed. If a contractor does not pay Ohio sales tax on the tangible personal property to its supplier, then it generally owes use tax when it uses that tangible personal property in Ohio. The use tax will need to be remitted directly to Ohio by the contractor.

If a contractor is installing tangible personal property as part of a contract and that property remains tangible personal property after installation, then the contractor is not the consumer of the tangible personal property. In this situation, the contractor is selling tangible personal property and should charge sales tax unless the customer is an exempt entity or provides a fully-completed exemption certificate. The contractor may purchase the tangible personal property exempt from sales tax in this situation as a sale for resale.

## What is subject to Use Tax?

The lists below are not all-inclusive and provide only a basic knowledge of what items are subject to use tax.

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

Table 1

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

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

Table 2

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

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

**Table 3**

<b>Construction materials:</b>	<b>Asphalt for permanent roads, steel for bridges, plumbing for building, electrical wiring for building</b>
<b>Construction Equipment:</b>	<b>Cranes, bulldozers, front-end loaders</b>
<b>Tools:</b>	<b>Hammers, wrenches, drills, air guns</b>
<b>Supplies:</b>	<b>Framing lumber, concrete dividers, nails</b>
<b>Temporary Items:</b>	<b>Roads, electricity, fences, lighting</b>

There are specific exemptions for contractors who are installing tangible personal property into real property for non-profits, out-of-state customers, the U.S. government, the State of Ohio (and political subdivisions) and charitable organizations. Please see Ohio Administrative Code 5703-9-14 for more details and a complete list of exempt customers.

## **Special Circumstances**

The sale and installation of carpeting is never a construction contract and the installer must collect sales tax from its customer (unless the customer is an exempt entity or provides a fully-completed exemption certificate).

The provision of landscaping and lawn care services are never a construction contract and the service provider must collect sales tax from its customer (unless the customer is an exempt entity or provides a fully-completed exemption certificate).



For more information on Use Tax visit our website at [tax.ohio.gov](http://tax.ohio.gov)

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

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