

Use Tax and Service Providers



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Service providers like all other taxpayers, owe use tax on their untaxed purchases of tangible personal property used in Ohio (see Table 1). Service providers also owe use tax on their untaxed purchases of certain taxable services provided to them in Ohio (see Table 2). In addition, service providers have an added responsibility of paying tax on certain purchases used in providing their service (see Table 3).

Ohio law provides that a service provider is a consumer of the tangible personal property that it uses in providing its own service. As the consumer, the service provider is responsible for paying sales or use tax on

the purchase of the tangible personal property. If a service provider does not pay Ohio sales tax to its supplier on the tangible personal property, then it generally owes use tax when it uses that tangible personal property. The use tax will need to be remitted directly to Ohio by the service provider.

If a service provider transfers tangible personal property to its customer when providing its own taxable service, then the service provider can purchase that tangible personal property exempt from sales and use tax as a sale for resale. However, the service provider is required to collect sales tax on the sale of its service to its customer.

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

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, cleansers, paper towels, gloves, buckets

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

Table 2

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

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

Table 3

Doctor/Hospital/Dentist/ Nursing home:	Medical equipment, gloves, masks, scrubs, tongue depressors, cotton balls, cotton swabs, bandages
Veterinarian:	Medical equipment, gloves, masks, scrubs, cotton balls, cotton swabs, bandages, administered drugs
Building maintenance/ Janitorial:	Vacuum cleaners, floor polishers, tools, mops, brooms, cleansers, paper towels, gloves, buckets
Landscaping:	Trimmers, mowers, blowers, saws, trailers, pruners
Physical fitness:	Weights, treadmills, towels, tanning beds,
Personal care:	Tanning beds, scissors, razors, shavers, hair coloring, massage tables

There are specific exemptions for certain service providers. Please see the Ohio Revised Code, the Ohio Administrative Code and the Department's website (tax.ohio.gov) for a list of Information Releases that discuss service providers in more detail.



For more information on Use Tax visit our website at tax.ohio.gov

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

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