

Use Tax and Manufacturers



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Manufacturers like all other taxpayers owe use tax on their untaxed purchases of tangible personal property used in Ohio (see Table 1). Manufacturers also owe use tax on untaxed purchases of certain taxable services provided to the manufacturer in Ohio (see Table 2). In addition, manufacturers have an added responsibility of paying tax on certain purchases used in their manufacturing operation (see Table 3).

Ohio law provides that a manufacturer is a consumer of the tangible personal property that it does not use primarily in its manufacturing operation. As the consumer, the manufacturer is responsible for paying sales or use tax on the purchase of the tangible personal property. If a manufacturer 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 manufacturer.

If a manufacturer uses tangible personal property primarily in its manufacturing, the tangible personal property is exempt from sales and use tax.

Manufacturers are also responsible for paying sales and use tax on the taxable services used in its business. **Note:** if repair and installation services relate to exempt tangible personal property, then the services are exempt too.

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 manufacturers:

Table 3

Storage equipment:	Equipment used to store certain raw materials and completed product, fuels, acids, solvents, water, etc.
Waste Equipment:	Equipment used to handle or store certain waste/scrap
Real Property:	Purchased items that are to be incorporated into real property
Environmental:	Certain items used to ventilate, collect dust, or similar environmental control
Protection:	Certain items used as protection for employees e.g. safety shoes, gloves, hard hats, respirators
Research:	Certain items used in research and development¹
Cleaning/Repair:	Certain items used to clean and repair things in the facility e.g. tools and cleaning supplies
Motor vehicles:	Motor vehicles licensed to operate over the roads

There are specific exemptions for manufacturers. Please see the Ohio Revised Code and Ohio Administrative Code 5703-9-21 for more details and a more comprehensive list of taxable and exempt items.



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.