

Use Tax Education Program



In an effort to inform Ohio businesses of their responsibility to remit use tax on untaxed purchases, the Ohio Department of Taxation has established the Use Tax Education Program (UTEP). The goal of UTEP is to help businesses understand what use tax is and when businesses must remit it directly to Ohio. Additionally, UTEP will help businesses clear up any past unpaid use tax liabilities.

What is Use Tax?

Use tax is a 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 Ohio use tax directly to the State.

For example, an Ohio company located in Cleveland needs to purchase a desk. The Ohio company has two choices – an in-state vendor or an out-of-state vendor.

Description	ABC Co. – Buffalo, NY	XYZ Co. – Columbus, OH
Executive Desk	\$2,600	\$2,600
Freight	250	200
Ohio Sales Tax	0	189
Total	2,850	2,989

The Ohio company would owe Ohio use tax on the \$2,850.00 transaction if it purchases the desk from ABC Co. in Buffalo, NY. and would need to remit the use tax directly to Ohio.

Please refer to our Use Tax brochure for more information on what is subject to use tax or go to our website at tax.ohio.gov.

How will UTEP be rolled out?

In the first half of 2011, the Department will be providing educational opportunities to Ohio businesses through various presentations, including business association meetings, seminars and workshops.

In the second half of 2011, the Department will analyze its current systems and other available information to: (1) identify businesses that are registered for a tax other than use tax, but are not registered for use tax and (2) identify businesses that are not registered for another tax, but should be registered for use tax. The Department will contact these businesses informing them of their responsibility to be remitting use tax. The businesses will be able (through UTEP) to register and begin remitting use tax on future purchases.

The businesses will also be able to enter into a UTEP agreement to clear up the past unpaid use tax liability. In general, the terms of the agreement will include:

- Business agrees to register and remit use tax prospectively;
- Business agrees to pay use tax (plus applicable interest) on untaxed purchases for the last four (4) years (or less depending on when the business started);

Note: By law, the business could owe use tax for up to 10 years. The Department's general practice is to audit for the last seven years.

- The Department agrees, in the absence of fraud, to waive the use tax liability for all years beyond the look back period; and
- The Department agrees not to apply the 15% penalty applicable for the unpaid use tax.

If a business does not take advantage of the voluntary disclosure opportunity, the Department may audit and/or assess the business based on Department practice.

If a business is unregistered, can a business enter a voluntary disclosure agreement prior to being contacted by the Department through UTEP?

Yes. The Department will accept a request for voluntary disclosure prior to the contact through UTEP. Once the Department has contacted a business through UTEP, the business will be required to conduct an agreement under the terms allowed by UTEP.



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

For general questions regarding UTEP,
phone 614-466-7351.