

Ohio Use Tax Amnesty Program

The Ohio use tax amnesty program offers qualifying businesses an opportunity to significantly reduce their exposure for use tax, interest and penalties. The program primarily benefits businesses that did not register for use tax before June 1, 2011 and offers limited benefits to businesses that registered for use tax before June 1, 2011. The program begins on October 1, 2011 and runs through May 1, 2013.

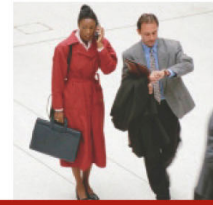
Ohio use tax is assessed on all taxable purchases of tangible personal property or services by businesses in Ohio, unless sales tax is paid on the purchase to Ohio or another state. Use tax is similar to Ohio sales tax in its application, and generally is imposed on the same property and services that are subject to sales tax. The use tax rate equals the sales tax rate in effect in the county where the property is used or the benefit of the service is received by the purchaser. Typically, businesses are exposed to use tax liability when they purchase taxable goods or services from a direct vendor (Internet sales) or from an out-of-state source.

The amnesty program requires that businesses pay use tax due on purchases made on or after January 1, 2009, and register for Ohio use tax on a “going forward” basis. In return, the Tax Commissioner will waive any prior use tax liability together with all interest and penalties. This offers a substantial benefit to Ohio businesses. Note that businesses registered for Ohio use tax as of June 1, 2011 will be required to pay interest on any accrued but unpaid use tax.

An interest-free installment payment plan is available to businesses owing more than \$1,000 that were not registered for use tax as of June 1, 2011. To apply for the payment plan, the business must register for use tax on a going forward basis, complete the amnesty return, provide a payment guarantee from an owner/officer of the company and stay current on all Ohio tax obligations.

The Tax Commissioner is issuing notices regarding the amnesty program to hundreds of thousands of Ohio businesses in an effort to spur participation in this program.

The Ohio use tax amnesty program is limited to businesses that have never received an assessment for use tax and that are not currently under an Ohio use tax examination. Taxpayers not eligible for the amnesty program may still qualify for the Ohio Department of Taxation’s Voluntary Disclosure Program.



FOR MORE INFORMATION

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