

EXAMPLES OF PURCHASES SUBJECT TO USE TAX

This list is not all-inclusive. See the Retailers' Information Guide (REV-717) for a detailed list of taxable items.

- antiques, paintings
- appliances
- boats
- books and stationery
- cigarettes
- computers
- exercise and sports equipment
- formal clothing
- furniture and furnishings
- jewelry
- luggage and handbags
- motor vehicles
- musical instruments
- souvenirs
- televisions, radios and stereo equipment
- video and camera equipment

EXAMPLES OF SERVICES SUBJECT TO USE TAX

- lawn care
- pest control
- self-storage
- building cleaning and maintenance services
- housekeeping services

FOR GENERAL TAX QUESTIONS:

CONTACT INFORMATION

For additional information about use tax, visit www.revenue.pa.gov/usetax or call 717-214-7287.

Online Customer Service Center
www.revenue.pa.gov

Taxpayer Service & Information Center
Personal Taxes: 717-787-8201
Business Taxes: 717-787-1064
e-Business Center: 717-783-6277

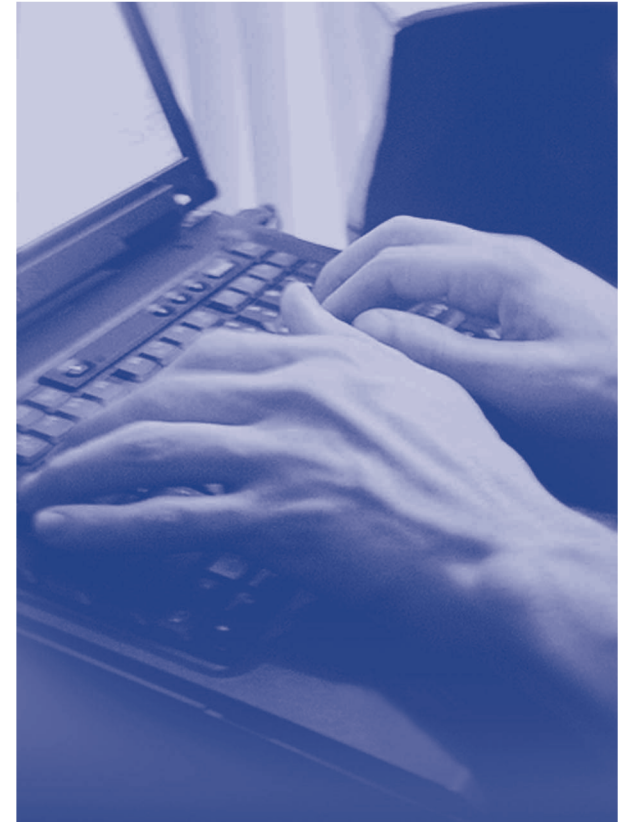
1-888-PATAxes (728-2937)
Touch-tone service is required for this automated 24-hour toll-free line. Call to order forms or check the status of a personal income tax account or property tax/rent rebate.

Automated Forms Ordering Service
1-800-362-2050

Services for Taxpayers with Special Hearing and/or Speaking Needs
1-800-447-3020

Call or visit the Revenue district office nearest you, listed in the government pages of your local phone directory.

USE TAX FOR INDIVIDUALS



Use tax is the counterpart of sales tax and applies to purchases made over the Internet, through toll-free numbers (800, 888 and 877), from mail order catalogs and from out-of-state locations when sales tax was not charged and collected by the seller.



If you purchase items or services subject to sales tax for which the seller does not charge and collect sales tax on the invoice or receipt, you are personally responsible for remitting the use tax directly to the PA Department of Revenue.

Use tax is often due when sales tax was underpaid or not paid on purchases made over the Internet, through toll-free numbers (800, 888, 866 and 877), from mail order catalogs and from out-of-state locations. Use tax also applies to purchases of taxable items and services in Pennsylvania when sales tax was not paid. The use tax rate is the same as the sales tax rate: 6 percent state, with an additional 1 percent local tax for items purchased or used in Allegheny County. Two percent local tax applies to items purchased or used in Philadelphia. Prior to Oct. 8, 2009, the Philadelphia local tax was 1 percent.

Is use tax new?

No. Pennsylvania first imposed use tax in 1953. All states that impose sales tax also impose use tax.

Why is use tax important?

Use tax is an important source of revenue for the Pennsylvania General Fund. Every dollar collected is a dollar available for government and public services. Equally as important, uniform collection and enforcement of use tax provides for fair competition between out-of-state and Pennsylvania-based businesses.

Are individuals liable for use tax?

Yes. Individuals who purchase taxable products or services from out-of-state locations or buy within Pennsylvania but pay no sales tax to the seller are responsible for paying use tax. Individuals' use tax liabilities for most items can be reported annually on the PA Personal Income Tax Return (PA-40). Visit www.revenue.pa.gov/usetax for more information on use tax reporting responsibilities and options.

How do I know what is taxable?

The sales and use tax is imposed on the retail sale, consumption, rental or use of tangible personal property in Pennsylvania. The tax is also imposed on certain services relating to such property and on the charge for specific business services. Major items exempt from the tax include food (not ready-to-eat); candy and gum; most clothing; textbooks; computer services; pharmaceutical drugs; sales for resale; and residential heating fuels such as oil, electricity, gas, coal and firewood. See the back of this brochure and Retailers' Information Guide (REV-717) for examples of taxable items.

Don't all companies automatically add tax to Internet, mail order and out-of-state purchases?

No. Some charge tax because they are required by law to do so and others do as a customer service. If the vendor does not charge sales tax, the Pennsylvania resident -- whether an individual or a business -- is required to remit use tax directly to the PA Department of Revenue.

Are purchases I make online taxable?

Yes. If you purchase taxable merchandise over the Internet and it is used or consumed in Pennsylvania, it is taxable at the full sales price, including shipping and handling fees.

What about aircraft, boats and motor vehicles bought in other states?

Proof of payment of tax is required on all motor vehicles, watercraft and aircraft before those vehicles may be registered (as required) in Pennsylvania. If proof of sales tax payment cannot be provided, use tax must be paid. However, the sale at retail of helicopters and similar rotorcraft are excluded from sales and use tax. In addition, repairs to and the sale of replacement parts for helicopters and similar rotorcraft are exempt from sales and use tax.

Is there a credit for tax paid on an item in another state?

Yes. Pennsylvania grants a credit for sales tax paid to another state, provided the tax is legally due and paid and that state grants tax reciprocity to Pennsylvania residents. For example, if a Pennsylvania resident purchases and takes delivery of a taxable item in another state and pays a 5 percent sales tax there, the purchaser is responsible for reporting and remitting the 1 percent difference (use tax), due to Pennsylvania. Credit against use tax is not granted for value-added taxes or sales taxes paid to foreign countries. Also, taxes paid to the federal government, such as customs duties, cannot be claimed as a credit against use tax.

How do I report and pay use tax?

Beginning with tax year 2011, individuals' use tax liabilities may be reported annually on the PA Personal Income Tax Return (PA-40). Visit www.revenue.pa.gov/usetax for more information on use tax reporting responsibilities and options.

Individuals with frequent or recurring use tax liabilities may report them using the Use Tax Return (PA-1). If using the PA-1, the return and full remittance is due on or before the 20th day of the month after the month in which the purchase was made. PA-1 forms are available on the department's website and by calling the department's Forms Ordering Service, toll-free, at 1-800-362-2050.

What if use tax is not paid?

The department identifies taxpayers that owe use tax through routine audits, self-assessment programs, complaints, investigations and lists of out-of-state purchases from vendors and other states. Underreporting of use tax can trigger an audit by the department. The PA Department of Revenue may issue an assessment for a use tax liability, on which both penalty and interest charges may be imposed. These additional charges can exceed 30 percent of the tax amount.

EXAMPLES OF PURCHASES SUBJECT TO USE TAX

All examples presume no sales tax was paid at purchase and the item will be used within Pennsylvania.

Example 1:

A Pittsburgh resident purchases \$200 worth of books from an Internet bookseller on Nov. 1. Shipping and handling charges were \$12. A use tax payment of \$14.84 (\$212 X 7 percent), which includes 1 percent local use tax, is due on or before Dec. 20.

Example 2:

A resident of Reading orders \$50 worth of flower bulbs from an out-of-state catalog company on Feb. 1. The company charges \$3 shipping and handling. A use tax payment of \$3.18 (\$53 X 6 percent) is due by March 20.

Example 3:

A resident of Harrisburg drives to a neighboring state, purchases a \$500 television on April 30 and takes the television back to Pennsylvania in his own vehicle. A use tax payment of \$30 (\$500 X 6 percent) is due by May 20.