

EXAMPLES OF TAXABLE PURCHASES SUBJECT TO USE TAX

All examples presume no Sales Tax was paid at the time of purchase, and the item will be used within Pennsylvania.

Example 1:

A Pittsburgh resident purchases \$200 worth of books from an Internet bookseller on November 1. Shipping and handling charges were \$12. A Use Tax payment in the amount of \$14.84 ($\$212 \times 7\%$) would be due on December 20.

Example 2:

A resident of Reading orders \$50 worth of flower bulbs from an out-of-state catalog company on February 1. The company charges \$3 shipping and handling. A Use Tax payment in the amount of \$3.18 ($\$53 \times 6\%$) would be 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 purchase back to PA in his own vehicle. A Use Tax payment in the amount of \$30 ($\$500 \times 6\%$) would be due by May 20.

Example 4:

A Minnesota corporation orders office supplies from a Texas distributor on December 17, and has them shipped direct to a sales office in Pittsburgh. The supplies cost \$5,000 and shipping and handling charges were \$100. A Use Tax payment in the amount of \$357 ($\$5,100 \times 7\%$) would be due by January 20.

EXAMPLES OF TAXABLE ITEMS OR SERVICES

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

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

FOR MORE INFORMATION:

Online Customer Service Center
www.revenue.state.pa.us

24-hour FACT & Information Line
1-888-PATAxes (1-888-728-2937)
Touch-tone service is required.

This automated service allows you to:

- Check on the progress of your Personal Income Tax return, payment or refund, and your Property Tax/Rent Rebate claim.
- Order a form, which can be either faxed or mailed to you.
- Obtain answers to the most commonly asked questions for personal and business taxes.

Forms Ordering Message Service
1-800-362-2050

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

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

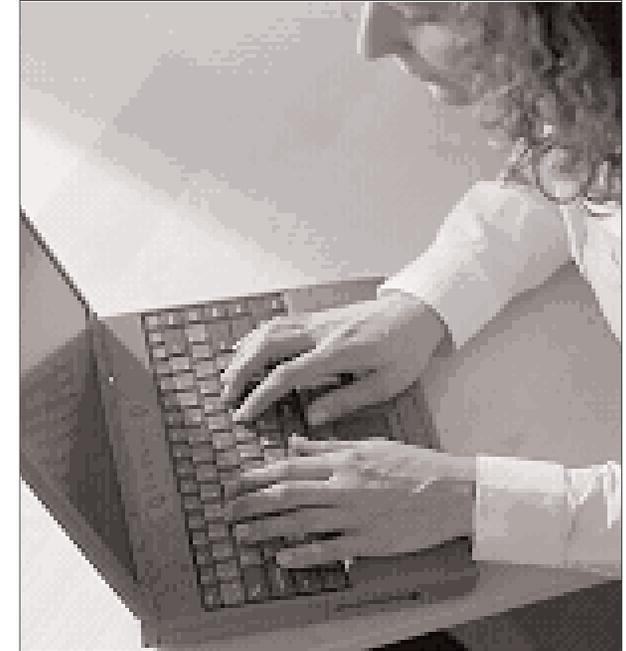
Call or visit your local
Department of Revenue district office.



PENNSYLVANIA

USE TAX

Use Tax is the counterpart of Sales Tax and applies to Internet, mail order, out-of-state, toll-free "800" numbers, and other purchases of taxable items when PA Sales Tax has not been paid.



SALES AND USE TAX

If you buy items that are subject to Sales Tax for which the seller does not charge and collect the tax on the invoice (or receipt), you are personally responsible for remitting the tax directly to the PA Department of Revenue. This tax is called Use Tax.

Purchases made over the Internet, through toll-free numbers (800,888 and 877), from mail order catalogs or from an out-of-state location are examples of purchases that would be subject to Use Tax. The tax rate is the same as the Sales Tax, 6 percent state, and 1 percent local tax, if the purchaser is located in Philadelphia or Allegheny County.

Is Use Tax new?

No. Taxpayers are less familiar with Use Tax than the Sales Tax. When states first imposed Sales Taxes in the 1930's, many imposed a Use Tax out of concern for the potential loss of revenue from interstate transactions. Pennsylvania first imposed the Use Tax in 1953. All states which impose a Sales Tax also impose Use Tax.

Why is Use Tax important?

Use Tax is an important source of revenue for Pennsylvania. Every dollar collected is a dollar available for services. Equally as important, uniform collection and enforcement of Use Tax is vital to 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 an out-of-state location, foreign country, or within the state where no tax was paid, are responsible to pay Use Tax on the purchase if no tax was paid to the vendor. Allegheny and Philadelphia local Use Tax would also be due if the purchases are used in those counties. Use Tax liabilities can be reported on a Use Tax Return (PA-1) form.

How do I know what is taxable?

All purchases or leases of tangible personal property and services of items are taxable unless the item qualifies for exemption from tax. Generally, purchases of food from grocery stores, medications, and clothing for everyday wear qualify for exemption from tax. See Retailers' Information Guide (REV-717) for examples of taxable items. If in doubt, contact the Taxpayer Service and Information Center at (717) 787-1064.

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, and others do so as a customer service. If the vendor does not charge the tax, the Pennsylvania resident, whether an individual or a business, is required to remit the tax directly to the PA Department of Revenue.

Are the purchases I make over the Internet taxable?

Yes. If you purchase merchandise over the Internet and it is used or consumed in Pennsylvania, it would be taxable at the full amount of the sale, including shipping and handling fees.

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

To be registered in Pennsylvania, proof of payment of tax is required on all motor vehicles, watercraft, and aircraft. If proof cannot be provided, Use Tax must be paid.

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

Yes. Pennsylvania grants a credit for tax paid to another state, provided the tax is legally due and paid. For example, if a Pennsylvania resident purchases and takes delivery of a taxable item in Maryland and pays a 5 percent tax there, the purchaser would be liable for reporting and remitting

the 1 percent difference (Use Tax) which is due to Pennsylvania upon the use of the property in 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.

The Department of Revenue exchanges information with the U.S. Customs Agency.

How do I report and pay Use Tax?

Use Tax liabilities can be reported on a PA-1 Form. The Use Tax Return (PA-1) 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 may be ordered from the Department's 24-hour toll-free FACT & Information Line at 1-888-PATAxes (728-2937); within the local Harrisburg area call (717) 772-9739; download the form from the Internet at www.revenue.state.pa.us; or contact the Taxpayer Service and Information Center at (717) 787-1064.

Businesses or individuals who incur Use Tax liabilities on a regular basis must register for a Use Tax account number by completing the PA Enterprise Registration Form (PA-100). The liabilities are reported using one of the Department's paperless filing options. Visit the Department's e-Services Center at www.revenue.state.pa.us to register and learn more about filing and making payments electronically.

What if Use Tax is not paid?

The Department can identify those who owe Use Tax by various methods. These include routine audits, self-assessment programs, complaints, investigations, and by obtaining lists of out-of-state purchases through the cooperation of vendors and other states.

The PA Department of Revenue may issue an assessment for a Use Tax liability. Both penalty and interest charges shall be imposed.