

Services Subject to Sales Tax in Ohio

Services covered by a county vendor's license:

- Automatic data-processing, computer and electronic-information services provided for use in business.
- Building maintenance and janitorial services (if annual sales equal or exceed \$5,000).
- Landscaping and lawn-care service (if annual sales equal or exceed \$5,000).
- Provision of employment placement service.
- Provision of employment service.
- Provision of exterminating service.
- Provision of information service (1-900 telephone calls).
- Provision of private investigation or security service.
- Satellite-broadcasting service, both audio and video.
- Snow-removal service provided by any mechanized means, excluding provision of such service by a person that has less than \$5,000 in sales of such service in a calendar year.
- Taxable telecommunication services.
- Cleaning towels, linen or clothing used in a trade or business.
- Installation of tangible personal property (except installation of property exempt from sales tax).
- Laundry and dry-cleaning service, excluding sales made through self-service facilities.
- Personal-care service, including skin care, application of cosmetics, manicures, pedicures, hair removal, tattoos, body piercing, tanning, massage and other similar services. It does not include the cutting, coloring or styling of an individual's hair, or service provided by or on the order of a licensed physician or licensed chiropractor.
- Provision of physical-fitness facility service.
- Provision of recreation and sport-club service.
- Rental of hotel rooms or similar sleeping accommodations for less than 30 consecutive days by establishments with five or more sleeping rooms.
- Repair of tangible personal property (except repair of property that is exempt from sales tax).
- Storage service for tangible personal property, except such property that the consumer of the storage holds for sale in the regular course of business.
- Towing service for motor vehicles.
- Transportation of persons by motor vehicle or aircraft within Ohio, except by public transit systems, ambulance or commercial airlines.
- Washing (except coin-operated), cleaning, waxing, polishing or painting of motor vehicles.

Sales Exempted or Excepted From Sales and Use Tax (With Ohio Revised Code References)

- Tangible personal property to be resold in the form received. [5739.01(E)]
- Material incorporated as a part of tangible personal property produced for sale by manufacturing, assembling, processing or refining. [5739.02(B)(43)(a)]
- Tangible personal property used or consumed primarily in a manufacturing operation for sale. [5739.02(B)(43)(g)]
- To use tangible personal property to perform a service listed in division (B)(3) of this section, if the property is or is to be permanently transferred to the consumer of the service as an integral part of the performance of the service. [5739.02(B)(42)(a)]
- “Direct use” exemptions:
 - Material used or consumed directly in mining, farming, agriculture, horticulture, floriculture or used in the production of and exploration for crude oil and natural gas. [5739.02(B)(42)(g)]
 - Tangible personal property used directly in rendering a public utility service. [5739.02(B)(42)(a)]
 - Tangible personal property used or consumed in the preparation for sale of printed material. [5739.02(B)(42)(f)]
- Copyrighted motion picture films for exhibition purposes unless solely used for advertising. (The rental or sale of films or tapes to individuals is taxable.) [5739.01(B)(7)]
- Food for human consumption off the premises where sold. [5739.02(B)(2)]
- Food sold to students in a dormitory, school cafeteria, fraternity or sorority house. [5739.02(B)(3)]
- Food served without charge to employees as part of their compensation. [5739.02(B)(5)]
- Items purchased with food stamps. [5739.02(B)(16)]
- Newspapers. [5739.02(B)(4)]
- Magazine subscriptions sent by second class mail (subject to sales tax Jan. 1, 2014). [5739.02(B)(4)]
- Sales by churches and nonprofit charitable organizations (excluding sales of motor vehicles and house trailers) not exceeding six days in any calendar year. [5739.02(B)(9)]
- Sales of personal computers, computer monitors, computer keyboards, modems and other peripheral computer equipment to an individual who is licensed or certified to teach in an elementary or a secondary school in this state for use by that individual in preparation for teaching elementary or secondary school students. [5739.02(B)(37)]
- Sales to a professional racing team of any of the following:
 - Motor racing vehicles.
 - Repair services for motor racing vehicles.
- Items of property that are attached to or incorporated in motor racing vehicles, including engines, chassis and all other components of the vehicles, and all spare, replacement and rebuilt parts or components of the vehicles; except not including tires, consumable fluids, paint and accessories consisting of instrumentation sensors and related items added to the vehicle to collect and transmit data by means of telemetry and other forms of communication. [5739.02(B)(38)]
- Sales to nonprofit organizations operated exclusively in Ohio for certain charitable purposes as defined in sales tax law. [5739.02(B)(12)]

- Sales to churches. [5739.02(B)(12)]
- Sales to organizations exempt from taxation under Section 501(c)3 of the Internal Revenue Code of 1986. [5739.02(B)(12)]
- Sales to veterans' organization state headquarters. [5739.02(B)(33)]
- Sales to a telecommunications service vendor, mobile telecommunications service vendor or satellite-broadcasting service vendor of tangible personal property and services used directly and primarily in transmitting, receiving, switching or recording any interactive, one- or two-way electromagnetic communications, including voice, image, data and information, through the use of any medium, including, but not limited to, poles, wires, cables, switching equipment, computers and record-storage devices and media, and component parts for the tangible personal property. The exemption provided in this division shall be in lieu of all other exemptions under division (B)(43)(a) of this section to which the vendor may otherwise be entitled, based upon the use of the thing purchased in providing the telecommunications, mobile telecommunications or satellite-broadcasting service. [5739.02(B)(34)]
- Drugs that are or are intended to be distributed free of charge to a practitioner licensed to prescribe, dispense and administer drugs to a human being in the course of a professional practice and that by law may be dispensed only by or upon the order of such a practitioner. [5741.02(C)(7)] (NOTE: This use tax exemption will be effective on or after July 1, 2001. Prior to July 1, 2001, drugs distributed free of charge are subject to use tax.)
- Sales of animals by nonprofit animal shelters and county humane societies. [5739.02(B)(28)]
- Sales to U.S. government agencies. [5739.02(B)(10)]
- Sales to the state of Ohio or any of its political subdivisions. [5739.02(B)(1)]
- Casual sales except sales of motor vehicles, boat and outboard motors that are required to be titled, snowmobiles, documented boats and all-purpose vehicles. [5739.02(B)(8)]
- Motor vehicles sold in Ohio to nonresidents for immediate removal and titling outside the state. [5739.02(B)(23)]
- Motor vehicle fuel subject to the state motor fuel tax. [5739.02(B)(6)]
- Motor vehicles and parts used for transporting tangible personal property by persons engaged in high-way transportation for hire. [5739.02(B)(32)]
- Emergency and fire-protection vehicles and equipment used by nonprofit organizations in providing emergency and fire-protection services for political subdivisions. [5739.02(B)(20)]
- The transfer of a used manufactured home or used mobile home, as defined in R.C. 5739.021, made on or after Jan. 1, 2000. [5741.02(C)(6)]
- Sales of drugs for a human being, dispensed pursuant to a prescription; insulin as recognized in the official United States pharmacopoeia; urine and blood-testing materials when used by diabetics or persons with hypoglycemia to test for glucose or acetone; hypodermic syringes and needles when used by diabetics for insulin injections; epoetin alfa when purchased for use in the treatment of persons with medical disease; hospital beds when purchased for use by persons with medical problems for medical purposes; and medical oxygen and medical oxygen-dispensing equipment when purchased for use by persons with medical problems for medical purposes;
- Sales of prosthetic devices, durable medical equipment for home use or mobility-enhancing equipment when made pursuant to a prescription and when such devices or equipment are for use by a human being. [5739.02(B)(18)&(19)]
- Tangible personal property used in air, noise or water pollution-control facilities by holders of pollution control certificates. [5709.25 & 6111.31]
- Tangible personal property used or consumed in commercial fishing. [5739.01(E)(6)]

- Gas, water, steam and electricity delivered through pipes, conduits or wires and sold by a public utility. [5739.02(B)(7)]
- Bulk water for residential use. This does not include bottled water, mineral water, carbonated water or ice. [5739.02(B)(25)(a)]
- Sales of water by a nonprofit corporation engaged exclusively in the treatment, distribution and sale of water to consumers, if such water is delivered to consumers through pipes or tubing. [5739.02(B)(25)(b)]
- Tangible personal property incorporated into an energy-conversion facility, solid waste energy-conversion facility or a thermal-efficiency improvement facility by holders of the appropriate certificate. [5709.50]
- Sales of property for use directly in agricultural production. [5739.02(B)(17)]
- Sales of services provided by the state or any of its political subdivisions, agencies, instrumentalities, institutions or authorities. [5739.02(B)(22)]
- Property used in the preparation of eggs for sale. [5739.02(B)(24)]
- Sales and installation of agricultural land title. [5739.02(B)(30)]
- Sales and construction of portable grain bins to farmers. [5739.02(B)(31)]
- Sales to persons licensed to conduct a food-service operation pursuant to R.C. section 3732.03; of tangible personal property primarily used directly: (a) to prepare food for human consumption for sale; (b) to preserve food that has been or will be prepared for human consumption for sale by the food service operation, not including tangible personal property used to display food for selection by the consumer; and (c) to clean tangible personal property used to prepare or serve food for human consumption for sale. [5739.02(B)(27)]
- Ships or vessels or rail rolling stock used for interstate or foreign commerce and material used for repairing, altering or propelling them. [5739.02(B)(14)]
- Material, machinery, equipment and other items used in packaging property for sale by a manufacturer or retailer. [5739.02(B)(15)]
- Building and construction material sold to contractors for incorporation into real property of federal, state of Ohio or any of its political subdivisions, or religious and charitable institutions, organizations exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986 when the building is to be used exclusively for the organization's exempt purposes, or original construction of a sports facility under R.C. section 307.696. [5739.02(B)(13)]
- Building and construction materials and services sold to contractors for incorporation into exempt real property located in another state. [5739.02(B)(13)]
- Building and construction materials sold to construction contractors or persons engaged in the business of horticulture or producing livestock for incorporation into a horticulture or livestock structure. [5739.02(B)(13)&(36)]
- Property manufactured in Ohio and immediately shipped outside the state for use in retail business, if sold by the manufacturer to the retailer and shipped in vehicles owned by the retailer. [5739.02(B)(21)]
- To use the thing transferred as qualified research and development equipment. [5739.02(B)(42)(i)]
- Motor vehicle inspection or reinspection fees under R.C. section 3704.14. [5739.02(B)(26)]
- Sales where the purpose of the consumer is to use or consume the things transferred in making retail sales and consisting of newspaper inserts, catalogues, coupons, fliers, gift certificates or other advertising material that prices and describes tangible personal property offered for retail sale. [5739.02(B)(35)(a)]

- Sales to direct marketing vendors or preliminary materials such as photographs, artwork and typesetting that will be used in printing advertising material; of printed matter that offers free merchandise or chances to win sweepstakes prizes and that is mailed to potential customers with advertising material described in division (B)(35)(a) of this section; and of equipment such as telephones, computers, facsimile machines and similar tangible personal property primarily used to accept orders for direct marketing retail sales. [5739.02(B)(35)(b)]

NOTE: For purposes of 5739.02(B)(35)(b), “direct marketing” means the method of selling where consumers order tangible personal property by United States mail, delivery service or telecommunication and the vendor delivers or ships the tangible personal property sold to the consumer from a warehouse, catalogue distribution center or similar fulfillment facility by means of the United States mail, delivery service or common carrier.

- Sales of automatic food-vending machines that preserve food with a shelf life of 45 days or less by refrigeration and dispense it to the customer. [5739.02(B)(36)(d)]
- Sales to a person engaged in the business of horticulture or producing livestock of materials to be incorporated into a horticulture structure or livestock structure. [5739.02(B)(36)]
- Things that are used or consumed in fulfillment of warranties. [5739.01(B)(7)]
- Repairs to tangible personal property, the purchase of which would be exempt from the tax imposed by R.C. section 5739.02. [5739.01(B)(3)(a)]
- Sales of used manufactured homes and used mobile homes, as defined in R.C. section 5739.0210, made on or after Jan. 1, 2000. [5739.02(B)(39)]
- Sales of tangible personal property and services to a provider of electricity used or consumed directly and primarily in generating, transmitting or distributing electricity for use by others, including property that is or is to be incorporated into and will become a part of the consumer’s production, transmission or distribution system and that retains its classification as tangible personal property after incorporation; fuel or power used in the production, transmission or distribution of electricity; and tangible personal property and services used in the repair and maintenance of the production, transmission or distribution system, including only those motor vehicles as are specially designed and equipped for such use. The exemption provided in this division shall be in lieu of all other exceptions in division (E)(2) of R.C. section 5739.01 to which a provider of electricity may otherwise be entitled based on the use of tangible personal property or service purchased in generating, transmitting or distributing electricity. [5739.02(B)(40)]
- Coin-operated car wash. [5739.02(B)(43)]
- Parts and services used in repairing and maintaining aircraft with fractional share ownership (private aircraft whose ownership is shared by a group of people). [5739.02(B)(44)]
- Sales of telecommunications service that is used directly and primarily to perform the functions of a call center. [5739.02(B)(45)]

For the purpose of the proper administration of this chapter, and to prevent the evasion of the tax, it is presumed that all sales made in this state are subject to the tax until the contrary is established.

NOTE: This list of exemptions is merely an abbreviation of the law. The statutes and rules concerning sales tax exemptions are very long and complicated. Also, there are hundreds of court decisions that affect the application of these exemptions.

If you have any questions regarding a particular situation, please contact the Ohio Department of Taxation by calling 1-888-405-4039.