

To: All Pennsylvania Businesses and Individuals

Re: Use Tax Letter

To All:

I receive at least one call a week about a notice that the State of Pennsylvania has sent out. For some reason, the notice is so incomprehensible that even the most intelligent of my clients do not understand it. Even I don't understand it if I read the words!

It is very simple but they don't know how to explain it in English. If you are a Pennsylvania resident, you buy something online or out-of-state and don't pay sales tax on it, and then you bring it back into the state to use it, you are supposed to pay Use Tax on it, which is the equivalent of Sales Tax. That's how simple it is to explain.

The form that they are sending you requests information regarding any purchases that you may have made and not paid Sales Tax and should pay Use Tax on. So, the first thing is to pay attention to whom the letter is addressed. If it addressed to a company, then the information must be completed for the company. If it is addressed to you, then the information must be completed for you personally.

At the bottom of the form, it asks if you made any purchases that would be subject to Use Tax. That's simple – if you bought a computer on-line and didn't pay Sales Tax, then you must pay Use Tax on it. If you went to Delaware and the company bought something at BJ's or Staples (or another Delaware store), and the company didn't pay Sales Tax on it, then the company must pay Use Tax on it.

Remember, the information to be completed is only for the entity to whom the letter is addressed. So don't get mixed up. If you went to BJ's and bought something for your home, that doesn't go on the company Use Tax form. It might go on your personal tax return next year when we complete it and you can give it to us at that time – but it does not go on the business Use Tax form.

The most frequent thing that we run into are computers or other equipment that may have been bought on-line and shipped directly to you for which no Sales Tax is paid.

So just complete the total sales, whether it's \$100.00, \$1,000.00 or \$10,000.00. Multiply that by 6 percent and that's the Use Tax that you must send in.

If there is none, and therefore the answer would be zero, fill that in and sign it. The ID number they are asking for is the number to whom the letter is addressed. If the letter is addressed to a company, don't fill in your social security number – fill in the company's ID number. If the letter is addressed to you, fill in your social security number and not the company's ID number.

No matter what the amount is, you should complete the form and send a check with it if something is due. Even if the amount is zero, complete the form and send it back.

Respectfully,

Donald J. Weiss, Esquire