

## Sales/Use/Indirect:

### Ohio: New Rule Explains Oil and Gas Production Exemption on Purchased Tangible Personal Property

*Ohio Admin. Code, Chapter 5703-9, new Rule 5703-9-63: Crude oil and natural gas production*, Ohio Dep. of Tax. (eff. 2/10/22). The Ohio Department of Taxation adopted a new administrative rule reflecting that otherwise taxable purchases of tangible personal property are exempt from Ohio sales and use taxation if the consumer's purpose is to use or consume "the thing transferred" directly in the production of crude oil and natural gas for sale. In this respect, the new rule explains that a person who buys tangible personal property and directly uses or consumes it in the production of crude oil and natural gas for sale "does not have to pay sales or use tax on the thing purchased." Moreover, the rule provides that "persons engaged in rendering the exploration or production services can take advantage of this exemption if the person directly uses or consumes the item in the production of crude oil and natural gas for sale." The rule includes a series of relevant definitions, as well as some examples intended to illustrate different scenarios and underlying analysis for determining exemption eligibility. Please contact us with any questions.

**URL:** [https://www.registerofohio.state.oh.us/pdfs/5703/0/9/5703-9-63\\_FF\\_N\\_RU\\_20220131\\_0812.pdf](https://www.registerofohio.state.oh.us/pdfs/5703/0/9/5703-9-63_FF_N_RU_20220131_0812.pdf)

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