

Sales/Use/Indirect:

Ohio: Resale Exemption Does Not Apply to Property Substantially Enhanced After Original Purchase

Case No. 2020-1124, Ohio BTA (7/25/23). In a case involving a business that purchased three automobiles and substantially enhanced them before reselling them, the Ohio Board of Tax Appeals (BTA) held that the business owed Ohio use tax on the three purchases and that Ohio's resale exemption did not apply because, under the facts, the automobiles were fundamentally altered before resale. In doing so, the BTA explained that under state law, when the "purchaser's intent in buying goods or services is to resell them to yet another purchaser without changing the goods or services in any way, the original purchase is not considered a 'retail sale' and is therefore not subject to the sales tax on retail sales." Under the facts, the business owner testified that he substantially changed the automobiles before they were resold, and that the whole purpose of his business was to buy vehicles, pay for performance enhancements to be done, and then resell the cars to customers. Please contact us with any questions.

URL: <https://ohio-bta.modria.com/download?BID=1207325>

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