

Safety First

Don't Let State & Local Tax Concerns Fracture Your Company's Foundation



Invoices can be traps for the unwary.

(easy way to generate free sales tax cash for the state at your expense)

Did you know that the way you invoice can impact who has to collect sales tax or pay use tax?

- This is true regardless of the actual relationship of the parties (supplier, subcontractor, general contractor, or client)!
- The party who is the last to own the property before it's consumed to become part of real property is considered the "end user."
- Tax liability is determined by invoicing. The party that sold the property to the end user is responsible for charging the end user sales tax.

Muni tax centralized filing ... is it a gift or a trap?

Did you know that for tax year 2018 you can file and pay your Ohio city tax returns through Ohio Business Gateway (OBG)? (This includes net profits tax.)

- Filing through the OBG can save you time and money ... but it comes with a few little "catches."
- Instead of many smaller cities (with their small audit departments), Ohio can audit all your cities at once utilizing their greater access to IRS, payroll and CAT data to catch noncompliance.
- Cities are actively fighting this, you may still get city tax notices if you file on OBG - it's too soon to tell!
- Some cities, including Columbus, have attempted to cut incentive funding for companies that file via OBG.



It's real property. ... Isn't it?

In many states, the rule is that once materials are attached to real property, the material becomes real property as well.

- This is not the rule in Ohio! Something can look and seem like it's real property, but it may not be for sales tax purposes.
- Attachment is the first step. Then you have to test the item to see if it's a "business fixture." Some examples of business fixtures are silos, signage and receiving docks.
- Business fixtures are treated like TV installs – contractor buys exempt and charges tax on the TV and installation costs.

Together We Can Build Something Great

We know how hard it can be to manage a successful business today, and managing a successful construction company presents a slew of very specific challenges. That's why, with Rea & Associates, you can rest easy knowing that your team of financial experts and business advisors are also construction industry specialists.

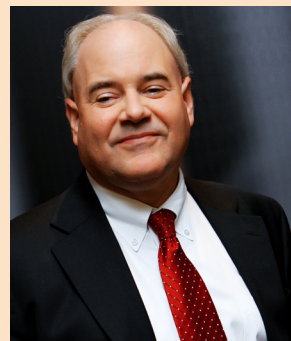
We've worked with hundreds of companies across the State of Ohio and throughout all segments of the construction industry. In doing so, our firm's construction services team is acutely aware of the challenges you're facing every day. We've spent years immersing ourselves in the industry, so you can trust us when we say that we know how to deliver the results you and your employees depend on for many years to come.

To maintain current industry insight and expertise, Rea's construction services team members have received certifications in this area of practice. Moreover, the team regularly participates in the Construction Financial Management Association, Associated Builders and Contractors Association, American Subcontractors Association and the Builders Exchange of Central Ohio.



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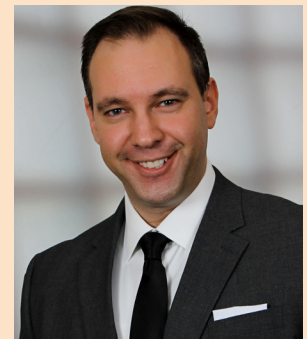
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Let Our State and Local Tax Team Help Protect Your Company

Never underestimate the impact state and local tax law can have on your company's bottom line. We don't.

Rea's team of state and local tax (SALT) experts are committed to revealing and addressing issues that may have been overlooked in the past, identifying current savings

opportunities and counseling businesses on existing and future SALT matters and incentives based projects.

The experienced professionals who make up our SALT team are ready to provide you with the innovative solutions you depend on to protect and grow your company.



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