

NEBRASKA

Good Life. Great Service.

DEPARTMENT OF REVENUE



Pete Ricketts, Governor

FOR IMMEDIATE RELEASE

FOR INFORMATION, CONTACT:
Tony Fulton, Tax Commissioner
402-471-5604

Save Receipts From Online Purchases

Nebraska and Local Use Tax May Be Owed on Purchases from Out-of-State Retailers

NOVEMBER 21, 2016 (LINCOLN, NEB.) — Tax Commissioner Tony Fulton and the Nebraska Department of Revenue (Department) would like to remind taxpayers that while online shopping is a convenient way to quickly take care of holiday gift needs, use tax may be owed on those purchases made online or from out-of-state retailers.

Many online retailers are not required to collect Nebraska sales tax, and many even falsely advertise that products can be purchased “tax free.” However, when Nebraska sales tax is not collected by the retailer on a taxable item or service, it becomes the purchaser’s responsibility to pay Nebraska and any local use tax on the purchase.

Nebraska and local sales tax and use tax have these things in common:

- They are applied to the same transactions;
- They have the same exemptions; and
- They are calculated at the same rate (where the delivery occurs, or where the first usage in Nebraska takes place).

The difference is who remits the tax: sales tax is collected and remitted by the retailer; while use tax is paid directly to the Department by the purchaser.

Nebraska use tax has existed since 1967 and was established to eliminate the price advantage out-of-state retailers would have over other Nebraska businesses that collect and remit sales tax to the Department.

Revenue collected by the Department from sales and use tax supports Nebraska and local programs and services including education, law enforcement, transportation, fire fighters, and many others.

Individuals should keep receipts from purchases made without paying sales tax, and report Nebraska and any applicable local use tax using:

- Line 38 on your 2016 Form 1040N income tax return (not yet available);
- [Individual Nebraska and Local Use Tax Return, Form 3](#); or
- [Business Nebraska and Local Use Tax Return, Form 2](#).

Get more details on use tax on the Department’s dedicated [use tax web page](#).

###