

Use Tax (line 42, page 12)

(Use your back button to return to the Form 1040N instruction booklet.)

If you purchased items over the Internet or by mail order, you may owe use tax.

Nebraska law requires that if sales tax is not collected by the seller on any taxable sale, the purchaser must remit the tax directly to the state. When remitted by the purchaser, the tax is called use tax. The same items and services that are subject to Nebraska and local sales taxes are subject to Nebraska and local use taxes. If the item purchased is delivered to a Nebraska address, it is subject to sales or use tax on the total purchase price which includes any shipping, handling, and delivery charges.

Examples of situations when use tax is due:

- ◆ If you buy taxable items over the Internet and do not pay Nebraska and local sales tax;
- ◆ If you buy taxable digital goods such as music, movies, music videos, TV shows, books, and ring tones and do not pay Nebraska and local sales tax;
- ◆ If you buy taxable items through a home shopping channel and do not pay Nebraska and local sales tax; and
- ◆ If you buy taxable items by mail order and do not pay Nebraska and local sales tax.

The use tax rate is the same as the state and local sales tax rate where you reside in Nebraska. Individual state and local use tax may be reported and paid on the Form 1040N, or by using the [Nebraska and Local Individual Use Tax Return, Form 3](#). The Nebraska state sales and use tax rate is 5.5%. A complete [list of local sales and use tax rates is available in this booklet](#).

Example. You order gifts online to be delivered to two family members. One family member's gift is delivered to the family member's home in Scottsbluff, Nebraska. The other family member's is delivered to that family member's home in Kansas. The seller does not charge sales tax on either gift. You owe the state (5.5%) and local (1.5%) use tax on the cost of the gift and any delivery charge for the gift sent to Scottsbluff. No Nebraska use tax is owed on the gift delivered to Kansas. (**Note:** The purchaser should check with the Department of Revenue in Kansas to determine whether any tax is owed.)

Businesses should refer to the [Nebraska Use Tax Information Guide](#) for more details on business use tax.