



Well Drillers 2016

revenue.nebraska.gov

This PowerPoint handout is used for training purposes in conjunction with the oral presentation given by Departmental training staff.

It is not intended to be a stand-alone document.

It is not an information guide, nor does it carry regulatory or statutory authority.

Nebraska tax statutes, regulations, information guides, and other resources are available at revenue.nebraska.gov.

Well Drillers
2016 - 2

Subscription Service

Powered by  **GOVDELIVERY**

- Receive notification of changes to our website using the **free** web-based email subscription system.
- Set up a **profile** – enter your email address, optional password, and select the topics of interest.
- You can change your **profile** at any time by adding or deleting topics, changing the frequency of email alerts, or changing your email address.
- No special software – all you need is a valid email address and an Internet browser!

Try it out!

Well Drillers
2016 - 3

revenue.nebraska.gov

Well Drillers
2016 - 4

Agenda

- Overview of Sales Tax
- Contractor Information
- Commercial & Residential Wells
- Contracts with Exempt Entities
- Contracts for Agricultural Wells
- Contracts for Wells Used in the Manufacturing Process
- Recognize What is Taxable & Document What is Exempt

Well Drillers
2016 - 5

Overview of Sales Tax

Well Drillers
2016 - 6

Overview of Sales Tax (continued)

Sales tax is...

- ... a transactional tax,
- ... based on the transaction,
- ... rather than the item sold.

Where the item or service is delivered determines the local sales tax rate and to whom the tax is due.

A sale is...

- ... the transfer of title or possession,
- ... of an item or taxable service,
- ... for consideration.

Well Drillers
2016 - 7

Overview of Sales Tax (continued)

A lease or rental of tangible personal property...

- ...can be a sale,
- ...if there is transfer of possession.

Sales tax is due on each lease or rental payment.

Well Drillers
2016 - 8

The Bottom Line for Sales Tax

Sellers must collect sales tax
or
document why they did not.

Taxable Services

- Animal specialty services
- Building cleaning
- Computer software training
- Detective services
- Installing/applying tangible personal property
- Motor vehicle towing, washing/waxing, painting
- Pest control services
- Recreational vehicle (RV) park services
- Security services
- Repair labor

For a more complete list of taxable and nontaxable services, see the [Nebraska and Local Sales Tax Information Guide](#) on our website.

All service providers...

...are the consumers of the taxable items and services used to provide the service; and
...must pay tax on those items or services (even if the charge for the service is also taxable).

Example 1: The carwash does not sell soap and wax, but a “car wash.”

Example 2: A window cleaner is not selling window cleaning solution, but “clean windows.”

Well drillers are consumers...

...who must pay sales tax on supply items.

Examples of supply items

- Antifreeze
- Drilling Fluids
- Drilling Mud
- EZ Mud
- Grease
- Hydraulic Oil
- Motor Oil
- Quick Gel

Well drillers are consumers...

...who must pay sales tax on tools and equipment.

Examples of tools and equipment

- Drilling Equipment
- Drilling Rigs
- Vehicles
- Wrenches and Gauges

Well drillers are consumers...

...even when they are contractors!

Building materials do not include tools, equipment, or services that do not become annexed to real estate.

Contractors must pay sales or use tax on purchases of these items!

Energy Source Utility Exemption

The seller is not responsible for collecting sales tax on sales of dyed diesel fuel when delivery takes place by

- Pumping it into a bulk tank equipped with a hose and nozzle;
- Pumping it directly into the fuel tank of an off-road vehicle;
 - Farm tractor ○ Bulldozer ○ Excavator
 - Combine ○ Road grader ○ Boat
- Pumping it directly into a supply tank that fuels equipment that generates electricity; or
- Pumping it directly into a supply tank that fuels stationary crop irrigation equipment.

Taxable Energy Source

Dyed diesel fuel is subject to sales and use tax when:

- Used in certain equipment
 - Reefer unit
 - De-watering equipment
 - Diesel powered light tower equipment
 - Diesel powered air compressor

Refer to Sales and Use Tax Regulation 1-089-Energy Source Utility Exemption, for more information.

Overview of Use Tax

Well Drillers
2016 - 17

Use Tax

- Use tax is due when Nebraska sales tax has not been paid on a taxable item or service purchased for use in Nebraska.
- Sales and use tax are not both due on the same transaction.
- The big difference is who remits the tax -
 - Sales tax is collected and remitted by the seller.
 - Use tax is paid directly to the Department by the purchaser/consumer.

Well Drillers
2016 - 18

Use Tax (continued)

Use Tax and Sales Tax Have These Things in Common –

- They are imposed on the same transactions.
- They have the same exemptions.
- They are calculated at the same rate.
 - Where delivery occurs or
 - Where first usage in Nebraska takes place.

Well Drillers
2016 - 19

Use Tax (continued)

When Use Tax is Due

- Use tax is often due when purchases are made from an out-of-state seller
 - Internet, catalog, mail order
 - Magazines and journals by subscription
- Use tax is due when the business withdraws tax-free inventory for business or personal use (including donations)
 - Auto mechanic
 - Hair salon

Note: Be sure to maintain good records!

Well Drillers
2016 - 20

Contractor Reminder

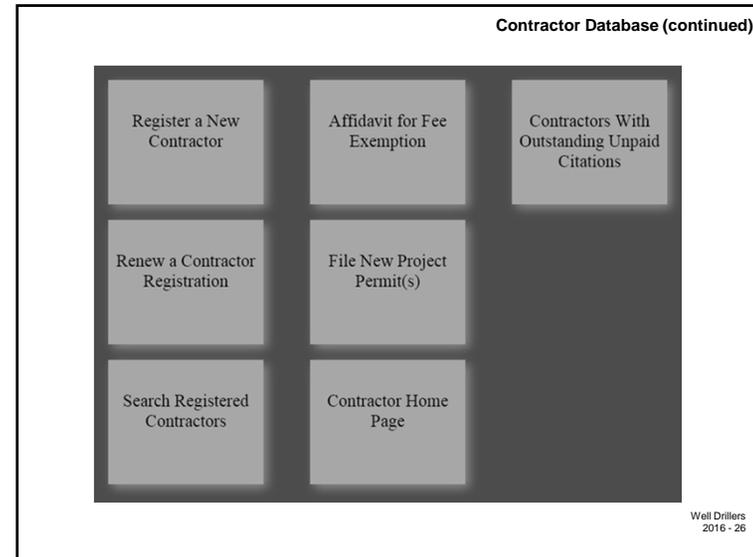
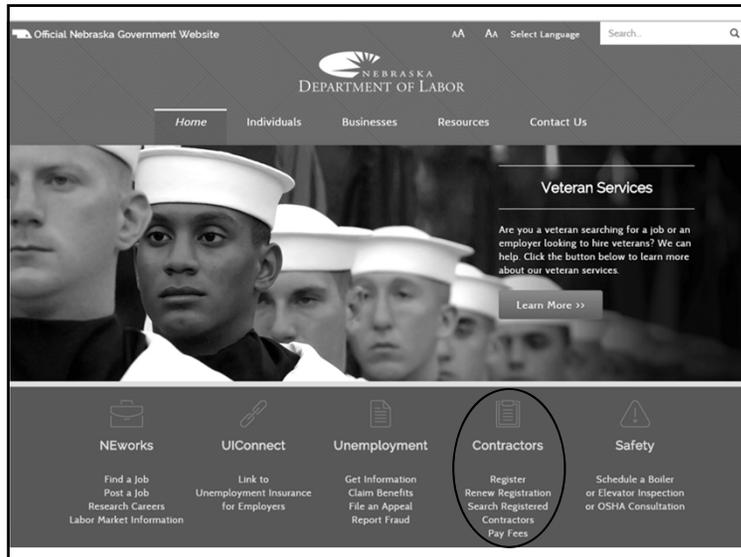
- Building materials do not include tools, equipment, or services that do not become annexed to real estate.
- Contractors must pay sales or use tax on purchases of these items!

Contractor Database

The Nebraska Contractor Registration Act requires contractors and subcontractors doing business in Nebraska to register with the Nebraska Department of Labor.

Contractor Database

- Every construction contractor making payment to a subcontractor must withhold 5%;
- Unless the subcontractor is registered in the Department of Labor's Contractor Registration Database.



Contractor Database (continued)

- A single definition of “contractor” is used for purposes of the Contractor Registration Act and construction contractor withholding. (This definition is slightly different than the sales and use tax definition of a contractor.)
- A centralized registration system is used for construction contractors.
- The Department of Labor administers the Contractor Database.

Well Drillers
2016 - 27

Contractor Terms

- Construction Contractor
- Contractor Labor
- Building Materials
- Fixtures
- Contractor Options

For more information on Contractors, see [Reg-1-017](#).

Well Drillers
2016 - 28

Construction Contractor (Contractor)

- Makes repairs or improvements to real property or items annexed to real property.
- Arranges for the annexation.

Examples of construction projects

- Residential wells
- Agricultural wells
- Commercial wells

Contractor Labor

- Annexing building materials to real estate.
- Repair of a structure.
- Repair of building materials that are or will be annexed to real estate.

Charges for contractor labor are sales tax exempt.

Example - Annexing well pump

Building Materials

- Property (including fixtures) that will be annexed to real estate or to an improvement on real estate.

Examples

- Casing
- Concrete
- Gravel
- Sand

Do Not Include -

- Equipment
- Supplies
- Tools
- Other items not annexed

Fixtures

- Equipment that is annexed to a building or structure so that it can properly function.
- Fixtures remain identifiable as a separate item.

Examples

- Air valves
- Column tube shafts
- Couplers
- Faucet fittings
- Heads
- Oil assemblies
- Pressure gauges
- Pumps
- Swing check valves

Contractor Transactions

Well Drillers
2016 - 33

Contractor Transactions

Three Types of Transactions

- Retail sales (TPP & taxable services)
 - Taxable at rate in effect where delivery occurs
- Contractor labor (Not taxable)
- Nontaxable services

Well Drillers
2016 - 34

Contractor Transactions (continued)

Contractor Options

- Contractor Options apply only to Construction Contractor Projects (CCP).
- Option chosen determines:
 - How sales and use tax is paid on building materials and fixtures; or
 - If sales tax is collected from the customer on building materials and fixtures.
- If an Option is not chosen, the default is Option 1. Audits will be conducted based on option chosen.

Well Drillers
2016 - 35

Contractor Transactions (continued)

Option 1 Contractor

- Transactions with the supplier
 - Purchases building materials and fixtures for resale.
 - Must give Nebraska supplier a properly completed Form 13, Section C, Block 1.
- Transactions with the customer
 - Does not collect sales tax on separately stated labor charges.
 - Must collect sales tax on separately stated charges for building materials and fixtures.
 - If charges for building materials and labor are not separately stated, the entire amount is taxable.

Well Drillers
2016 - 36

Option 2 Contractor

- Transactions with the supplier
 - Pays sales or use tax on purchases of building materials and fixtures.
- Transactions with the customer
 - Does not collect sales tax on any portion of the invoice. Cannot accept a Form 13.

Option 3 Contractor

- Transactions with the supplier
 - Purchases building materials and fixtures tax-free.
 - Must give Nebraska supplier a properly completed Form 13, Section C, Block 1.
- Transactions with the customer
 - Must remit use tax at the rate in effect at the time and place of withdrawal of building materials and fixtures from inventory.
 - Does not collect sales tax on any portion of the invoice. Cannot accept a Form 13.

Form 13,
Section C,
Block 1

REVENUE Nebraska Resale or Exempt Sale Certificate for Sales Tax Exemption		Form 13
Name and Mailing Address of Purchaser		Name and Mailing Address of Seller
Name		Name
1. Last Name		
Street Address (Do not use P.O. Box)		Street or Other Mailing Address
City		City
State		State
Zip Code		Zip Code
Check Type of Certificate: <input type="checkbox"/> Single Purchase <input type="checkbox"/> Resale If single purchase is checked, enter the related invoice or purchase order number: _____ If Resale is checked, this certificate is valid until revoked in writing by the purchaser.		
I hereby certify that the purchase, lease, or rental by the above purchaser is exempt from the Nebraska sales tax for the following reason: Check One: <input type="checkbox"/> Purchase for Resale (Complete Section A.) <input type="checkbox"/> Exempt Purchase (Complete Section B.) <input type="checkbox"/> Contractor (Complete Section C.)		
Section A—Nebraska Resale Certificate		
I hereby certify that the purchase, lease, or rental of _____ from the seller listed above is exempt from the Nebraska sales tax as a purchase for resale, rental, or lease in the normal course of my business. The property or service will be resold either in the form or condition in which it was purchased, or as an agent or component part of other property or service to be resold.		
I further certify that we are engaged in business as a: <input type="checkbox"/> Wholesaler <input type="checkbox"/> Retailer <input type="checkbox"/> Manufacturer <input type="checkbox"/> Lessee of _____ Description of Product or Service Sold, Leased, or Rented: _____		
My Nebraska Sales Tax Permit Number is 01-_____		
If none, state the reason: _____		
For Foreign State Sales Tax Number: _____ State: _____		
Section B—Nebraska Exempt Sale Certificate		
The basis for this exemption is exemption category _____ (insert appropriate number for the category of exemption described on the reverse side). If exemption category 2 or 5 is claimed, enter the following information: _____ Description of Items Purchased: _____		
If exemption category 3 or 4 is claimed, enter your Nebraska Exemption Certificate number: 05-_____ Do not enter your Federal Employer ID Number.		
If exemption category 6 is claimed, the seller must enter the following information and sign this form below: Description of Items Sold: _____ <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No Have you paid when purchased by seller? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No		
Section C—For Contractors Only		
1. Purchase of building materials or fixtures. <input type="checkbox"/> As an Option 1 or Option 3 contractor, I hereby certify that the purchase of building materials and fixtures from the seller listed above are exempt from Nebraska sales tax. My Nebraska Sales or Use Tax Permit Number is: _____		
2. Purchases made by an Option 2 contractor under a Purchasing Agent Appointment on behalf of _____ (insert entity). As an Option 2 contractor, I hereby certify that the purchase of building materials and fixtures from the seller listed above is exempt from Nebraska sales tax pursuant to the attached Purchasing Agent Appointment and Delegation of Authority for Sales and Use Tax, Form 17.		
I, the undersigned, declare under penalty of perjury that the information given herein is true and correct. I am personally liable for the truth and accuracy of the information given herein, and I understand that any false or misleading information may constitute a criminal offense under Nebraska law. I declare that I am authorized to sign this certificate, and by the best of my knowledge and belief, it is correct and complete.		
sign here Signature: _____ Title: _____		
NEBASKA REVENUE DEPARTMENT Do not send this certificate to the Nebraska Department of Revenue. Keep it as part of your records. Sellers cannot accept incomplete certificates. revenue@nebraska.gov 800-732-7676 (NE and IA), 402-471-5729		

Erosion Control

- Rock and gravel, when dumped (not spread) in one location
 - Considered a retail sale. Collect sales tax from the customer on the material and delivery charge.

- Silt fencing, erosion control checks, and the labor to install them, when the person installing the silt fence is not required to perform contractor labor as part of his/her contract.
 - Considered a retail sale. Collect sales tax from the customer on materials and installation labor.

Silt fencing and erosion control checks remain tangible personal property after installation.

- Purchases of silt fencing and other erosion control materials by a contractor are taxable when the contractor is required, as a part of the contract to install the erosion control materials.
 - The contractor is using and consuming these materials in the performance of the construction project, and must pay sales tax on them.

Contractor Labor

- Spreading rock and gravel
- Spreading hay or straw over seed
- Drilling seed and hydro-seeding
- The labor to apply erosion control blankets, mulch, and seed

Tax the building materials for these items according to contractor option.

Nontaxable services

- Demolition and earth moving
 - When performed on a stand alone basis, this service is nontaxable.

Building Materials & Fixtures for a Job Site Outside Nebraska

Option 1

No Nebraska sales or use tax liability

- When withdrawing building materials and fixtures from tax-free inventory.
- When building materials and fixtures are annexed to real estate in the other state.

Option 2

No Nebraska sales tax credit or refund

- When withdrawing building materials and fixtures from tax-paid inventory.
- Credit for sales tax paid may be available from the other state.
- They may have the supplier deliver materials to the job site out-of-state and pay no Nebraska sales or use tax.

Option 3

Remits use tax to Nebraska

- When withdrawing building materials and fixtures from tax-free inventory.
- At the rate in effect at the time and place inventory is withdrawn.
- They may have the supplier deliver materials to the job site out-of- state and pay no Nebraska use tax.

Construction Contracts for Commercial & Residential Wells

[Back to agenda](#)

Option 1 Well Drillers

- Do not collect sales tax on separately-stated charges for construction labor.
- Must collect sales tax on separately-stated charges for building materials and fixtures.

Option 2 or 3 Well Drillers

- Do not collect sales tax on any portion of the invoice. Cannot accept a Form 13.

Construction Contracts with Exempt Entities

How do I know if the project owner is an exempt entity?

- Governmental Entity information guide (Reg-1-093)
- Nonprofit information guide (Reg-1-090)
- Nonprofit Healthcare Facilities (Reg-1-090)
- Contact the Department

Reminder: Not all nonprofits or governmental units are exempt from sales tax!

Governmental units that sell electricity, gas, heat, or water

The following governmental units can sell these items and still claim a sales tax exemption:

- Nebraska irrigation districts;
- Nebraska reclamation districts; and
- Any Nebraska public power irrigation district.

Any other departments or portions of governmental units that sell electricity, gas, heat or water are not sales tax exempt.

Governmental units that sell electricity, gas, heat, or water

- A well driller can invoice the departments of governmental units that are not sales tax exempt the same way it would invoice for a commercial well.
- For all other exempt governmental units and exempt entities (for example, airport authorities), the well driller should obtain a Form 17 prior to the start of the project.

Form 17

Purchasing Agent Appointment and Delegation of Authority for Sales and Use Tax

- Supports why tax was not paid or collected on building materials and fixtures for construction projects with exempt entities.

Prime Contractors

- Receive Form 17 from project owner PRIOR TO the start of the project.
- Complete the lower portion.
- Provide copies to any subcontractors on the project so they can buy building materials and fixtures sales tax exempt.

Form 17

Nebraska Department of REVENUE		PURCHASING AGENT APPOINTMENT and Delegation of Authority for Sales and Use Tax		FORM 17
Name and Address of Prime Contractor		Name and Address of Governmental Unit or Exempt Organization		
Name		Name		
Street or Other Mailing Address		Street or Other Mailing Address		
City	State Zip Code	City	State	Zip Code
Name and Location of Project		Appointment Information		
Name		Effective Date (see instructions)		
Street or Other Mailing Address		Expiration Date		
City	State Zip Code	Nebraska Exemption Number (Exempt Organizations Only)		
Identify Project				
The undersigned governmental unit or exempt organization appoints the above-named contractor and the contractor's delegated subcontractors as its agent to purchase and pay for building materials that will be annexed to real estate by them into the tax exempt construction project stated above.				
sign here		Authorized Signature of Governmental Unit or Exempt Organization Title Date		
DELEGATION OF PRIME CONTRACTOR'S AUTHORITY				
Name and Address of Subcontractor		Delegation Information		
Name		Effective Date		
Street or Other Mailing Address		Expiration Date		
City	State Zip Code	Portion of Project		
The undersigned prime contractor hereby delegates authority to act as the purchasing agent of the named governmental unit or exempt organization to the above-named subcontractor.				
sign here		Signature of Prime Contractor or Authorized Representative Title Date		

Option 1 Prime Contractors

- Receive Form 17 and Form 13 from project owner prior to the start of the project.
- Complete the Delegation of Prime Contractor's Authority portion of the Form 17.
- Complete a Form 13 and provide it with a copy of the Form 17 to Option 1 subcontractors.
- Provide copies of the Form 17 to any Option 2 or 3 subcontractors on the project so they can buy building materials and fixtures sales tax exempt.

Option 2 and 3 Prime Contractors

- Complete a Form 13 and provide it with a copy of the Form 17 to Option 1 subcontractors.
- Provide copies of the Form 17 to any Option 2 or 3 subcontractors on the project so they can buy building materials and fixtures sales tax exempt.

- Only building materials and fixtures that become annexed to real estate may be purchased sales tax exempt.
- Contractors must pay sales or use tax on all purchases or rentals of equipment, tools, and taxable services used to complete the project.

Routine, On-call Repair for Exempt Entities

- Contractors who are on-call for exempt entities may obtain a Form 17 for routine, on-call repair.
 - There must be a written agreement.
 - Form 17 is good for up to one year.
 - Option 1 contractors must also obtain a Form 13.

Construction Contracts for Agricultural Wells

Option 1 Well Driller

- Does not collect sales tax on separately-stated charges for construction labor.
- If a Form 13, Section B, Category 2 is received from the farmer/producer, then the separately-stated charges for the well fixtures are sales tax exempt.
- The charges for building materials that are not fixtures (for example, casings) are taxable.

**Form 13,
Section B**

Well Drillers
2014 - 65

Agricultural Wells (continued)

Option 2 Well Driller

- When drilling an agricultural well, the contractor may not purchase any building materials or fixtures sales tax exempt.

Option 3 Well Driller

- When drilling an agricultural well, the contractor still owes use tax on the cost of all building materials and fixtures.

Option 2 and 3 well drillers do not collect sales tax on any portion of the invoice. They cannot accept a Form 13.

Well Drillers
2016 - 68

Agricultural Wells (continued)

- Effective October 1, 2014, all repair and replacement parts are exempt if both criteria are met
 - The property repaired is agricultural machinery and equipment
 - The equipment is used in commercial agriculture
- Farmers or ranchers must issue a Form 13, Section B, Category 2 to exempt these sales.
- Repair labor is sales tax exempt

LB 96

Well Drillers
2016 - 67

Form 7AG-1

For more detailed information, refer to the [Form 7AG-1 instructions](#).

Well Drillers
2016 - 68

Construction Contracts for Wells Used in the Manufacturing Process

Well Drillers
2016 - 69

Manufacturing Wells (continued)

What is “Manufacturing?”

Manufacturing is...
performing any action or series of actions on
tangible personal property – by hand or
machine – resulting in the property being
reduced or transformed into a different:

- Form;
- State;
- Property;
- Thing.
- Quality;

Well Drillers
2016 - 70

Manufacturing Wells (continued)

Manufacturing does not include:

- Document shredding
- Mining
- Bottling
- Sorting
- Retail operations
- Generation or transmission of electricity
- Production or transmission of information or data
- Preparation of food for immediate consumption
- Purification or transportation of water
- Commercial agricultural operations or support of those operations

Well Drillers
2016 - 71

Manufacturing Wells (continued)

Manufacturing Machinery & Equipment (MME)

MME is machinery and equipment:

- Used in manufacturing;
and
- Purchased by a person or entity engaged in the business of manufacturing.

MME can be purchased sales tax exempt.

Well Drillers
2016 - 72

Manufacturing Machinery and Equipment (MME) is Exempt:

When the purchaser of qualified equipment is engaged in manufacturing.

- The revenue test for manufacturing activity (See Reg 1-107.02) **no longer applies** per *Farmers Cooperative v. Nebraska Department of Revenue.*

Manufacturing Machinery and Equipment (MME) is Exempt:

- A Form 13 must be issued to the retailer of the MME.
- The percent of usage test for manufacturing equipment (See Reg 1-107.02) **no longer applies** per *Kerford Limestone Co. v. Nebraska Department of Revenue.*

The Sales and Use Tax Regulations will be updated to reflect the court decisions referenced above.

- When work on MME involves charges for contractor labor:
 - Contractor labor is sales tax exempt; and
 - Contractor option chosen determines taxability of purchases of MME, or any repair parts.

Option 1

- Obtains Form 13, Section B, Category 5 from the manufacturer.
- May purchase building materials & fixtures sales tax exempt.
- Does not collect sales tax on MME (for example, well fixtures) provided a completed Form 13 is received from the manufacturer.
- Will collect tax on building materials (for example, casings) that are not fixtures.

**Form 13,
Section B**

Nebraska Resale or Exempt Sale Certificate FORM 13
REVENUE for Sales Tax Exemption
Read instructions on reverse side of this form.

NAME AND MAILING ADDRESS OF PURCHASER: Name, Street or Other Mailing Address, City, State, Zip Code

NAME AND MAILING ADDRESS OF SELLER: Name, Street or Other Mailing Address, City, State, Zip Code

Check Type of Certificate: Single Purchase, Resale, Exempt. If Resale is checked, this certificate is valid until revoked in writing by the purchaser.

I hereby certify that the purchase, lease, or rental by the above purchaser is exempt from the Nebraska sales tax for the following reason:
 Check One: Purchase for Resale (Complete Section A), Exempt Purchase (Complete Section B), Contractor (Complete Section C)

SECTION A—Nebraska Resale Certificate
 I hereby certify that the purchase, lease, or rental of items described in Section B is exempt from the Nebraska sales tax as a purchase for resale, lease, or rental in the normal course of our business, either in the State or in another State, or in an adjacent or contiguous part of other property to be resold.
 I further certify that we are engaged in business as a: Wholesale, Retailer, Manufacturer, Lessee
 Description of Product Sold, Leased, or Rented: _____
 and hold Nebraska Sales Tax Permit Number: 01-_____
 or Foreign Sales Tax Number: _____

SECTION B—Nebraska Exempt Sale Certificate
 The basis for this exemption is exemption category _____ (Insert appropriate category as described on reverse of this form.)
 If exemption category 2 or 3 is claimed, enter the following information:
 Description of Items Purchased: _____ Intended Use of Items Purchased: _____
 If exemption category 3 or 4 is claimed, enter the Nebraska Exemption Certificate number: 01-_____
 If exemption category 6 is claimed, enter the following information, and sign this form below:
 Description of Items Sold: _____ Date of Seller's Original Purchase: _____ Was This Item Purchased by Seller? YES NO
 Was Item Depreciated? YES NO

SECTION C—For Contractors Only
 1. Purchases of Building Materials or Fixtures:
 As an Option 1 or Option 3 contractor, I hereby certify that purchases of building materials and fixtures from the above seller are exempt from Nebraska sales tax. My Nebraska Sales or Contractor's Use Tax Permit Number is: 01-_____
 2. Purchases Made Under Purchasing Agent Appointment on behalf of _____ (insert name):
 Pursuant to an attached Purchasing Agent Appointment and Delegation of Authority for Sales and Use Tax, Form 17, I hereby certify that purchases of building materials, and fixtures are exempt from Nebraska sales tax.
 Any purchaser, or their agent, or other person who completes this certificate for any purchase which is other than for resale, lease, or rental in the regular course of the purchaser's business, will not otherwise exempt from the sales and use tax under this law, the 1977-1978 through 1977-2016, after its renewal, by this method, or permit exemption. This penalty shall apply to each purchaser during the period the exempt certificate is in effect, unless purchaser or other person who completes this certificate, and the seller of any knowledge and under its contract and complete.
 sign here: _____ Signature: _____ Title: _____ Date: _____

Well Drillers
2014 - 77

Manufacturing Wells (continued)

Options 2 & 3

- Both Options owe sales or use tax on MME (for example, well fixtures) and on parts purchased and annexed to the manufacturer's real estate.
- Cannot accept a Form 13, Section B, Category 5 from the manufacturer.
- Manufacturer can purchase MME sales tax exempt directly from a 3rd party vendor.

Well Drillers
2016 - 78

**Recognize
What is Taxable &
Document
What is Exempt**

Well Drillers
2016 - 79

Recognize & Document (continued)

Option 1

Taxable

- City water department well
- Manufacturer - other well
- Residential well

Option applies
Option applies
Option applies

Sales Tax Exempt

- Ag equipment for well (new only) Form 13, Section B
- Manufacturer - MME well Form 13, Section B
- U.S. Government well Form 17 and Form 13

Equipment rental is taxable to the contractor.

Well Drillers
2016 - 80

Options 2 & 3

Taxable

- | | |
|------------------------------|-----------------------|
| • Ag equipment for well | <u>Option applies</u> |
| • City water department well | <u>Option applies</u> |
| • Manufacturer - MME well | <u>Option applies</u> |
| • Manufacturer - Other well | <u>Option applies</u> |
| • Residential well | <u>Option applies</u> |

Sales Tax Exempt

- | | |
|------------------------|----------------|
| • U.S. Government well | <u>Form 17</u> |
|------------------------|----------------|

Equipment rental is taxable to the contractor.

Well Drillers
2016 - 81



Margaret Akin
308-633-2234
margaret.akin@nebraska.gov

Steve Drzaic
402-595-2078
steve.drzaic@nebraska.gov

Taxpayer assistance
800-742-7474
revenue.nebraska.gov

Thank you!