



August 15, 2002

## If you are engaged in motor vehicle towing . . .

then **beginning October 1, 2002**, you are a retailer and the gross receipts (charges) from motor vehicle towing are subject to sales tax.

Retailers of motor vehicle towing services must hold a Nebraska sales and use tax permit and collect the Nebraska and applicable local sales tax on charges for towing services performed in Nebraska. If you need a permit, please refer to the paragraph below titled "Retailer's responsibilities."

**Motor vehicles** include all motor vehicles such as buses, cars, vans, trucks, pickups, trailers, tractors and semitrailers, recreational vehicles, and motorcycles.

**Motor vehicle towing consists of towing, pulling, or transporting a motor vehicle and includes:**

- ◆ Towing a motor vehicle to a home, business, or any other place in this state;
- ◆ Transporting a motor vehicle on a flatbed truck to a repair shop, to a home or business, or to any other place in this state;
- ◆ Towing an illegally parked motor vehicle;
- ◆ Pulling or winching a motor vehicle out of a ditch; and
- ◆ Recovery services, such as uprighting overturned semi-tractors and trailers or other motor vehicles.

**Nontaxable services** include:

- ◆ Delivery of inventory motor vehicles to a motor vehicle dealer;
- ◆ Delivering fuel to stranded motorists;
- ◆ Jump starting vehicles;
- ◆ Moving construction equipment or other equipment or machines that are not licensable motor vehicles;
- ◆ Tire repair or other repair services;
- ◆ Transporting boats, farm tractors or farm wagons; and
- ◆ Transporting auto hulks including crushed vehicles.



**Destination - State and local sales tax.** If a vehicle is delivered to a destination within Nebraska, the charge for the towing service is taxable at the rate in effect at the destination. If the vehicle is towed to a location that has a local sales tax, the local sales tax must also be collected on the total amount charged for the towing service. If the vehicle is delivered to a location outside Nebraska, the towing charge is not taxable.

**Leased or common or contract carrier vehicles.** Charges for towing a leased or common or contract carrier motor vehicle are taxable. The towing service provider cannot accept a Nebraska resale or exempt sale certificate.

**Retailer's responsibilities.** Retailers have certain administrative responsibilities for collecting and remitting sales tax. These responsibilities are summarized in our Information Guide titled "**Nebraska and Local Sales Tax**," available on our website at: [revenue.nebraska.gov](http://revenue.nebraska.gov) or call 800-742-7474 (NE and IA), or 402-471-5729.