



Repair or Maintenance Services on Personal Property

March, 2008
Supersedes notice dated
January 1, 2006

If you provide repair or maintenance services to tangible personal property, you are a retailer and the charges for your services, including all labor and repair parts, are subject to sales tax.

Retailers of taxable repair or maintenance services must hold a Nebraska sales and use tax permit and collect the Nebraska and applicable local (city) sales tax on charges for these services. If you need a permit, please refer to "Retailer's Responsibilities" on page 2.

What is repair or maintenance services? Repair or maintenance services are defined as the labor involved in restoring a used, worn, or damaged item of tangible personal property to essentially its original form and condition. Repair or maintenance services include amounts charged for labor, parts, service calls, trip charges, and any other service fees related to the repair or maintenance services.

Two important exceptions to taxable repair or maintenance services:

- ◆ **Motor Vehicles:** Repair or maintenance services performed on licensable motor vehicles (except for motor vehicle painting) is not taxable. Motor vehicles include buses, cars, vans, trucks, pickups, trailers, tractors and semitrailers, recreational vehicles and motorcycles.

For information on installations of tangible personal property, including installations on motor vehicles, see our notice titled "***If you install or apply tangible personal property***".

- ◆ **Manufacturing Machinery:** Repair or maintenance services, including all repair parts, made on qualified manufacturing machinery and equipment on and after January 1, 2006, are not taxable. See the notice titled "***Manufacturing Machinery and Equipment Exemption***". Contractors performing repair or maintenance services on manufacturing machinery and equipment (or on annexed real property or fixtures) should also refer to the notice titled "***New Sales Tax Laws Affecting Contractors Beginning October 1, 2007***".

- ◆ Notices can be found on our website: revenue.nebraska.gov.

This guidance document is advisory in nature but is binding on the Nebraska Department of Revenue (Department) until amended. A guidance document does not include internal procedural documents that only affect the internal operations of the Department and does not impose additional requirements or penalties on regulated parties or include confidential information or rules and regulations made in accordance with the Administrative Procedure Act. If you believe that this guidance document imposes additional requirements or penalties on regulated parties, you may request a review of the document.

This guidance document may change with updated information or added examples. The Department recommends you do not print this document. Instead, sign up for the subscription service at revenue.nebraska.gov to get updates on your topics of interest.

What services are taxable?

Repair of:

- ◆ lawn mowers and snow blowers;
- ◆ refrigerators and other household appliances;
- ◆ electronic equipment, such as computers, copiers, televisions or stereos;
- ◆ bicycles, golf carts, and other sports equipment;
- ◆ furniture;
- ◆ boats, jet skis, and snowmobiles;
- ◆ shoes, clothing, and jewelry; and
- ◆ race cars, dirt bikes, ATVs, and other vehicles not legally operable on highways.

What services are not taxable?

Repair of:

- ◆ motor vehicles which can legally be operated on the highways;
- ◆ qualifying manufacturing machinery and equipment;
- ◆ qualifying agricultural machinery and equipment used in commercial agriculture;
- ◆ qualifying prosthetic devices, durable medical equipment and mobility enhancing equipment; and
- ◆ property covered under a warranty or maintenance agreement.

Supplies: Persons performing repair or maintenance services are the consumers of all equipment and consumable supplies (such as lubricants, solvents, hand tools, office supplies) used in performing their services and must pay the applicable sales or use tax on purchases of such items.

Repair Parts: Repair or replacement parts which become part of the property being repaired or maintained may be purchased tax-free. When such parts are sold to the customer, the retailer must collect sales tax on the selling price.

Local (City) Sales Tax: Local sales tax must be collected at the rate in effect at the location where the property is delivered to the customer.

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.

The Nebraska Department of Revenue's website address is: revenue.nebraska.gov.

If you have questions, please call 800-742-7474 (NE and IA) or 402-471-5729.