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 (city) 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 (city) 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 within a municipality that has a city sales tax, the city 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 or call 800-742-7474 (NE and IA), or 402-471-5729.

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.

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