

REG-1-038, Financial Institutions

038.01 The tax applies to the purchase, lease or rental of property or services by financial institutions for its own use or consumption. Financial institutions include national banks as well as state-chartered institutions.

038.02 A financial institution which engages in the sale, lease, or rental of property or services to consumers must register as a retailer, collect, and remit the tax due to the Department of Revenue. Taxable sales by financial institutions include, but are not necessarily limited to, sales of checkbooks, silverware, pictures, savings or piggy banks, and repossessed merchandise. The gross receipts from the lease or rental of property by a financial institution are also taxable. See Reg-1-018, Rent or Lease of Tangible Personal Property, for the taxation of capital or operating leases. Safe-deposit boxes are not considered tangible personal property and accordingly their rental is not taxable.

038.03 Imprinted (personalized) checks sold by banks to customers are taxable. If such checks are furnished the customers at cost, then the bank may either purchase the checks for resale and collect the applicable tax from its customers or pay the tax to its suppliers. If checks are issued to customers for a fixed charge per check which represents a service charge on the accounts (PAYC), such charge is not taxable to the customer, but the bank is the consumer of such checks and must pay tax upon their purchase price.

(Sections 77-2702.07, 77-2703(2), and 77-2705(3), R.S.Supp., 1993. May 14, 1994.)