

September 30, 2002

Sales and Use Tax - Installation Labor. EFFECTIVE OCTOBER 1, 2002, THE GROSS RECEIPTS FOR INSTALLING AND APPLYING TANGIBLE PERSONAL PROPERTY ARE SUBJECT TO TAX WHEN THE SALE OF THE PROPERTY IS TAXABLE.

Laws 2002, LB 1085, repealed the exemption for labor or services rendered in installing or applying property sold when such amount is separately stated from the selling price of the property. Beginning October 1, 2002, charges for installation and application labor are taxable when associated with the sale of property that is subject to tax. Charges for installing computer software are taxable. The labor charges are taxable whether performed by the seller of the property or another person and whether separately itemized or separately invoiced.

Labor to apply agricultural chemicals as defined in Sales and Use Tax Regulations 1-061 and 1-063 is not taxable when the chemicals are applied to land or crops in commercial agriculture or to food-producing animals. Labor to apply fertilizers and weed control products by a lawn care service provider is not subject to tax.

Every person, including a contractor, who plants live plants such as trees, sod, or shrubs, is a retailer and is required to collect sales tax on the total amount charged for the live plants and the installation or planting charges. The installation or planting charges are taxable even if the charges are separately itemized or separately invoiced. In addition, every person who is paid to install or plant live plants owned by another person is a retailer and must collect sales tax on his or her labor charges.

Sales and Use Tax Regulations 1-017.11 and 1-082.03(B) are superseded by the provisions of Laws 2002, LB 1085.

APPROVED:



Mary Jane Egr  
State Tax Commissioner

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