

September 30, 2002

Sales and Use Tax - Gross Receipts Defined. EFFECTIVE OCTOBER 1, 2002, THE PROVISIONS OF LAWS 2002, LB 1085, IMPOSE SALES AND USE TAX ON THE GROSS RECEIPTS OF CERTAIN SERVICES.

Beginning October 1, 2002, providers of the following services are retailers and must collect and remit the Nebraska and applicable local option sales and use tax on the sale of such services:

- Building cleaning and maintenance services;
- Pest control services;
- Security services;
- Motor vehicle washing and waxing;
- Motor vehicle towing;
- Motor vehicle painting;
- Computer software training;
- Installation and application labor; and
- Labor associated with the sale of property by an Option 1 contractor.

Building cleaning and maintenance services include both interior and exterior cleaning of commercial and residential buildings, homes, apartments, outbuildings and agricultural buildings.

Pest control services consist of providing inspection or certification reports, and identifying, preventing, controlling, neutralizing or eliminating by use of chemical or mechanical means infestations of pests in or on buildings, trees, lawns, shrubs and any other property.

Security services consist of consulting and training services on security matters, protecting property from theft, vandalism and destruction, or protecting individuals from harm.

Motor vehicle washing and waxing services include the washing, waxing, polishing and detailing the exterior or interior of a car, van, bus, truck, trailer, tractor and semitrailer, recreational vehicle and motorcycle. Coin-operated facilities are included and may commingle the amount of tax in the selling price of the service.

Motor vehicle towing consists of towing, pulling, or transporting a motor vehicle and includes pulling or winching a vehicle out of a ditch and uprighting overturned semi-tractors and trailers or other motor vehicles.

Motor vehicle painting includes painting and refinishing processes on cars, vans, buses, trucks, trailers, tractors and semitrailers, recreational vehicles and motorcycles.

Computer software training charges are taxable when paid to the retailer of the software. The training can be conducted by the retailer of the software or on its behalf by another person. The charges are taxable regardless of whether the training is an optional or a mandatory part of the sale, lease, rental or licensing of computer software, or whether the training is provided at a different time than the actual sale of the software.

Installation and application labor is subject to tax when associated with property that is subject to tax. Charges for the installation and application of property are taxable whether performed by the seller of the property or another person.

Labor performed by an Option 1 contractor is subject to tax and consists of annexing, fabricating, installing, applying, and repairing building materials and fixtures annexed to real estate.

The provisions of Sales and Use Tax Regulation 1-007 are incomplete to the extent they do not include the above-referenced services in the definition of taxable "Gross Receipts" as required by Laws 2002, LB 1085.

APPROVED:

A handwritten signature in black ink, appearing to read 'MJE', with a long horizontal stroke extending to the right.

Mary Jane Egr
State Tax Commissioner

September 30, 2002