

April 16, 2007

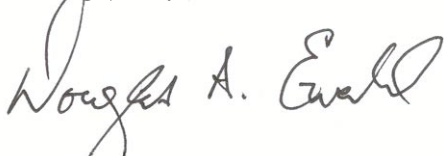
Sales and Use Tax - Maintenance Agreement Deductible. THE PAYMENT OF A DEDUCTIBLE BY THE OWNER OF A MOTOR VEHICLE PURSUANT TO A VEHICLE MAINTENANCE AGREEMENT OR EXTENDED WARRANTY CONTRACT IS NOT SUBJECT TO SALES AND USE TAX.

Advice has been requested regarding the application of sales and use tax to a deductible required to be paid under a maintenance agreement or extended warranty contract covering a motor vehicle.

Any deductible amount that is due pursuant to a maintenance agreement or extended warranty contract covering a motor vehicle is not taxable. If the maintenance agreement, extended warranty contract, or deductible does not cover repair parts or only covers a portion of the parts, the additional amount charged to the vehicle owner for the parts used in the repair of the motor vehicle is taxable.

The provisions of Nebraska Sales and Use Tax Regulation 1-074.03A are superceded to the extent the regulation does not specifically address the taxability of deductibles related to motor vehicle repairs.

APPROVED:



Douglas A. Ewald
State Tax Commissioner

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