

STATE OF NEVADA
DEPARTMENT OF TAXATION

Repairs

- All tangible personal property is taxable unless specifically exempted by statute

Repair labor is considered a service and not subject to tax unless parts and labor are not segregated and then the whole invoice is subject to tax!



Separation of Charges on Invoice

Charges for tangible personal property
AND

Charges for installation/repair labor
MUST be stated separately

OTHERWISE.....

EVERYTHING on the invoice will be
subject to sales tax!

Repairing & Reconditioning in general

- Repairmen are retailers of parts & materials if...

The value of the parts/materials is SUBSTANTIAL in relation to the total charge

Example: Total Charge = \$1,000

Part value = \$ 750



Parts must be separated and taxed. If there is no separation of the charges, then the entire invoice is subject to tax!

NAC 372.390(1) and NAC 372.400

Repairing & Reconditioning in general

- Repairmen are consumers of parts & materials if...

The value of the parts/materials is INSUBSTANTIAL in relation to the total charge and no separate charge is made for the parts/materials. If material IS separately stated, then the repairman MUST charge sales tax on the material.

Repairing & Reconditioning in general

- *Example: Total Charge = \$100*
Part value = \$ 5



To be considered a consumer of parts/materials used in connection with repairs, the repairman must pay the tax on the purchase of the materials/parts.

NAC 372.390(2) and NAC 372.400

Fabrication Labor

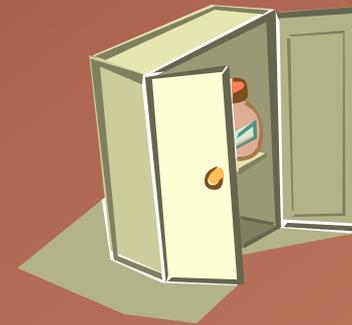
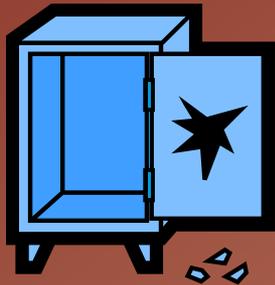
- Labor used to
.....change tangible personal property to
another form and billed in a retail
sale.....



Taxable!

Refurbish Labor

- Labor used to refurbish an item of tangible personal property to restore or refit it for the use for which it was originally produced.....



Not Taxable!

Painters, Polishers & Finishers

- Charges for painting, polishing & otherwise finishing tangible personal property in connection with the production of a finished product for consumers, regardless of whether the article to be finished is supplied by the customer or the finisher

Taxable!

NAC 372.450(1)

Painters, Polishers & Finishers

- Charges for painting or finishing real property

Use tax on materials used

Painters, Polishers & Finishers

- Charges for repainting or refinishing used articles

Tax due on PURCHASE of materials

Delivery Charges

- Effective May 22, 2009 charges for transportation, shipping or postage that are included in the sale of tangible personal property are no longer subject to Sales & Use Tax if they are separately stated on the invoice.
- However, delivery charges that are incurred by a seller to acquire inventory for resale is a cost of doing business and when this kind of delivery charge is carried forward and detailed on the sellers invoice it is subject to the Sales Tax. NRS 372.025(1)(c)

Replacement Parts

- **Sales and Use Taxes do not apply** to the purchase of replacement parts if the repairs are pursuant to the provisions of a warranty or guaranty that was taxed as part of the original sale



Absorption of Tax

- Taxpayers **CANNOT** advertise they will pay the sales tax
- Taxpayers **CAN** state that “sales tax is included....”
- If there is no such statement on the invoice or a sign posted that states that sales tax is included, then the sale is subject to tax on the entire amount of tangible personal property

Summary

- Repairmen are retailers
 - > *If Parts substantial, separate the charges or all taxable*
- Repairmen are consumers
 - > *If parts are insubstantial & not separately stated*
- Fabrication labor is taxable in a retail sale
 - > *But not taxable in a contract for improvement to real property*
- Repair labor is not taxable
 - > *but, repair charges must be separate from parts*

Summary

- Refurbishing – labor not taxable
- Painting real property – use tax on material only, labor not taxable
- Painting/refinishing used property– use tax on materials only, labor not taxable

Summary

- Replacement parts under warranty-no tax
if warranty was taxed

- “We’ll pay your tax” -----

Nope!... Can't say that

Written Response

Most tax issues can be addressed by the Department of Taxation. Please be advised that any responses to inquiries made to the Department are only binding if put in writing, such as Nevada Revised Statutes, Administrative Code, Nevada Tax Notes, or in written correspondence.



DEPARTMENT OF TAXATION

Contact Information



**Our offices are open Monday-Friday 8:00
AM – 5:00 PM**

**Contact our Call Center at
1-866-962-3707**

Southern Nevada:

Grant Sawyer Office Building
555 E. Washington Avenue
Suite 1300
Las Vegas, NV 89101

OR

2550 Paseo Verde Parkway
Suite 180
Henderson, NV 89074

Carson City:

1550 College Parkway
Suite 115
Carson City, NV 89706-7937

Reno:

4600 Kietzke Lane
Building L, Suite 235
Reno, NV 89502

MORE QUESTIONS?

- **Department of Taxation website:**
<http://www.tax.state.nv.us/>
- **Hot Topics**
 - Commerce Tax
 - Summary of 2015 Major Legislation
- **Frequently Asked Questions**
 - Nevada Tax Notes
 - Technical Bulletins
 - Tax PowerPoints

