

## **117-313 Labor**

### **117-313.1. Labor, Fabrication**

### **117-313.2. Subcontracted Labor, Repairs**

### **117-313.3. Installation Charges**

### **117-313.4. Alteration Charges**

## **117-313 Labor.**

The following addresses the application of the sales and use tax to fabrication labor, subcontracted labor, installation labor, and alteration labor. There are many sales and use tax transactions involving labor and the following is not all-inclusive.

### **117-313.1. Labor, Fabrication.**

No method of billing will serve to exempt from the measure of the tax the cost of materials used, labor or service cost, interest charges, losses or any other expenses whatsoever that are a part of the manufacturing, compounding, processing or fabrication of tangible personal property for sale or resale.

### **117-313.2. Subcontracted Labor, Repairs.**

In no event may payments for the repair, renovating or rebuilding of tangible personal property for resale be deducted from gross proceeds of sales when any repair materials are furnished by the person purchasing such services for sale or resale.

### **117-313.3. Installation Charges.**

Not subject to the sales or use tax are charges for installation incident to the sale of tangible personal property when such charges are separately stated from the sales price of the property on billing to customers and provided the seller's books and records of account show the reasonableness of such labor in relation to the sales price of the property.

### **117-313.4. Alteration Charges.**

Expenses borne by the seller of clothing for alteration charges, whether such services are performed by the seller or subcontracted, are not deductible from gross proceeds of sales.

Conversely, a charge for alteration services made in addition to the sales price of tangible personal property is not subject to tax when such charge is separately stated from the sales price of tangible personal property on the invoice to the customer.

**HISTORY: Added by State Register Volume 26, Issue No. 6, Part 2, eff June 28, 2002.**