

8906L0944F04 [Tax Type: Sales] [Document Type: Letter/Memo]

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Texas Comptroller of Public Accounts STAR System

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COMPTROLLER OF PUBLIC ACCOUNTS
STATE OF TEXAS
AUSTIN, TEXAS 78774

June 6, 1989

Dear *****:

Thank you for your letter of May 30,1989 concerning the taxability of an interior decorator's consulting fees.

Generally, charges by an interior decorator for professional services not directly related to the production or sale of taxable items are not taxable. For example, in addition to supervision of painting and carpet installation done by third-parties, a decorator may purchase furniture and pay sales tax to the furniture dealer. Then, if the decorator bills the client separated amounts for supervision, the exact price including tax paid to the furniture dealer for the furniture, an a fee for locating and purchasing the furniture, the decorator will not be required to collect tax on his fees. A sale has not occurred. The decorator is merely reimbursing himself for the furniture.

However, if the decorator purchases furniture at wholesale and sells to his client at retail then the decorator is selling furniture. He must have a sales tax permit and collect tax on the selling price of the furniture to his client.

The taxability of the consultation fees in each of the four situations that you described is as follows:

- A. Not taxable
- B. Cost of furniture plus mark-up - taxable
Consultation fee - not taxable
- C. Not Taxable

D. Cost of item plus mark-up - taxable

This opinion is based upon the facts your presented. If there are additional or different facts, this opinion may change.

Please feel free to contact me if you have any additional questions. You may write me, call toll-free 1-800-531-5441 from anywhere in the United States or phone 512/463-4685.

Sincerely,
Julie Pesl
Tax Correspondence

ACCESSION NUMBER: 8906L0944F04
SUPERSEDED: N
DOCUMENT TYPE: L
DATE: 1989-06-01
TAX TYPE: SALES