

7803L0105B02 [Tax Type: Sales] [Document Type: Letter/Memo]

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Texas Comptroller of Public Accounts STAR System

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March 21, 1978

Michael H. Hogan
Certified Public Accountant
109 East 10th Street
Austin, Texas 78701

Dear Mr. Hogan:

In reply to your recent letter, the following information is furnished regarding the applicability of Sales Tax to interior decorators.

Where the decorator arranges for purchasing of furniture, etc. and the client is billed directly by the retailer, the charge by the decorator to the client for overseeing the purchase, delivery and arrangement of the tangible personal property is a non-taxable professional service.

Where the decorator arranges for purchasing furniture, etc. and pays the retailer for the tangible personal property plus the tax, bills the client for the purchasing and arranging of furniture and is reimbursed by the client for the purchase price of the furniture as billed by the retailer plus the tax, such a transaction is not taxable if the charges are separated on the invoice. The invoice must show that the retailer is being reimbursed for the furniture and is not making a sale.

Where the client marks up the selling price, a sale has occurred and the tax must be collected. The decorator should issue a Resale Certificate to the supplier in lieu of the tax. Also, where the decorator arranges for taxable services, reupholstery or repair under a separated billing and marks up the selling price, tax must be collected from the client on the selling price. Where the decorator provides a service and makes a sale of tangible personal property, the decorator must have a permit issue a Resale Certificate to his supplier and collect the tax from the client on the selling price of the tangible personal property. The charges for services must be separately stated on the invoice.

A lump-sum billing for services only is not taxable.

A lump-sum billing for services and sales of tangible personal property is totally taxable.

Under Article 20.01(L)(2)(a), sales price Includes, "any services which are a part of the sale".

You advised in our telephone conversation that your decorator client is not engaged in making custom-drapes or improving realty such as painting, carpeting, etc.,; therefore, taxability in this area is not being covered.

If you need additional information or have other specific questions, please outline those questions in a letter and direct it to the Sales Tax Division.

Very truly yours,

(Mrs.) Jo Ann Dieck
Sales Tax Division

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