

200206210L [Tax Type: Sales] [Document Type: Letter/Memo]

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Texas Comptroller of Public Accounts STAR System

200206210L

June 24, 2002

Dear *****:

You recently sent us an e-mail asking about sales tax on decorating services.

A separately stated charge for interior design services is not taxable. A separately stated charge for interior design is taxable if it is included in a lump-sum billing for the sale of tangible personal property.

If included in the charge for a taxable service, a fee for design services will be taxable if the taxable services represents more than 5% of the total charge. (See Rule 3.357 Section (b)(9), concerning remodeling of commercial real property.)

A purchasing fee that is a percentage of the taxable item (either tangible personal property or taxable service) is considered a mark-up and is taxable. (See STAR document letter 9508403L on purchasing fees as a percentage of a taxable item.)

Separately stated fees for locating and purchasing furniture and accessories are not subject to tax if the decorator gets reimbursed by the customer for the exact price of the taxable item without adding a mark-up.

This opinion is based upon the facts you presented. Different facts, although similar, may result in a different opinion.

Helpful Texas tax information is available online at our Window on State Government at <http://www.window.state.tx.us/>. Go to "Sales Tax" under Quick Links.

If you have any questions or need additional information, e-mail us at tax.help@cpa.state.tx.us, call me at 1-800-531-5441 ext. 6-5809, or write to Tax Policy Division, P. O. Box 13528, Austin, Texas 78711-3528.

Sincerely,

Emilio S. Lerma
Tax Policy Division

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