



DEPARTMENT OF REVENUE

Herschler Building
2nd Floor West
122 West 25th Street
Cheyenne, Wyoming 82002-0110
E-Mail: directorofrevenue@wyo.gov
Web: <http://revenue.wyo.gov>

MATTHEW H. MEAD, *Governor*
DANIEL W. NOBLE, *Director*

Telephone (307) 777-7961
DOR Main FAX (307) 777-7722
Property Tax FAX (307) 777-7527
Excise FAX (307) 777-3632
Mineral FAX (307) 777-7849
Liquor FAX (307) 777-6255

January 31, 2014

Policy Statement **Important Information Concerning Sourcing of Sales Tax on Services**

On January 1, 2008 the sourcing statutes for sales tax became effective. These sourcing statutes are shared by all the states that participate in the Streamlined Sales Tax Project, and are meant to be administered consistently across the states. These statutes govern how a vendor determines the proper tax rate to be charged on retail sales of tangible personal property, leases and rentals of tangible personal property and taxable services. The sourcing statutes are based on the terms “receive” and “receipt” which mean taking possession of tangible personal property, making first use of services or taking possession or making first use of digital goods, whichever comes first. The terms “receive” and “receipt” do not include possession by a shipping company on behalf of the purchaser.

At the time these sourcing statutes became effective, Wyoming administered the phrase “making first use of services” to mean where the service was performed, and therefore sourced the sales tax on services to the location where the service was performed. However the other streamlined sales tax states, administer the sourcing of services to be where the customer makes first use of the service after it is rendered. Therefore in an effort to bring Wyoming in line with the other streamlined states, and make the sourcing of taxable services consistent across those states, Wyoming will be modifying the sourcing of taxable services to mean where the customer makes first use of the completed service.

Effective July 1, 2014, the sourcing of taxable services will be determined by where the customer makes first use of the service after it is rendered.

To emphasize the change we provide the following examples:

Example 1: A customer takes their vehicle to a mechanic located in Gillette, WY for an oil change. The proper tax rate to be charged on the taxable service is the current sales tax rate in effect at the time the service is performed in Campbell County, as that is where the customer makes first use of the taxable service. Conveniently, the location where the customer receives first use of the service is the same location where the service is rendered.

Example 2: A customer located in Torrington ships their vacuum to a repair shop in Cheyenne, and the business repairs it and ships the vacuum back to the customer in Torrington. Effective

July 1, 2014 the proper sales tax rate to be charged on the taxable service is the sales tax rate in effect in Goshen County, as that is where the customer makes first use of the repair service.

Example 3: A customer located outside the State of Wyoming, ships a pump to a vendor in Wyoming for repair. The Wyoming vendor repairs the item and ships it back to their customer in another state. Effective July 1, 2014, the Wyoming vendor would not charge Wyoming sales tax on the repair as the customer makes first use of the repair service in the other state, which is outside of our taxing jurisdictions.

The Department realizes this is a significant change for vendors that provide taxable services and it is imperative that the Department educate the vendors before implementing this change. In order to allow vendors time to make any changes to their registers and accounting systems, we are delaying the effective date of this policy until July 1, 2014. As stated above, on July 1, 2014 any charges for taxable services will be sourced to the location where the customer makes first use of the taxable service.

Please understand that this change in no way affects the sourcing of retail sales of tangible personal property or the lease or rental of tangible personal property.

Please feel free to contact the Education and Taxability Section of the Department of Revenue with any questions you may have concerning this or other taxability issues.

Sincerely,



Terri Lucero, Manager
Education & Taxability
Excise Tax Division
(307)777-5293



Kim E. Lovett, Administrator
Excise Tax Division
(307)777-5220