



Motor Vehicle Repair and Maintenance

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Wyoming Department of Revenue

The Department often receives questions regarding services and repairs performed on motor vehicles. This bulletin will address some of the most commonly asked questions.

Motor Vehicle Repairs

Repair services performed on motor vehicles are subject to sales tax. Unless an exemption exists, Wyoming imposes a tax on: "The sales price paid for services performed for the repair, alteration, or improvement of tangible personal property." Tangible personal property is defined as "All personal property that can be seen, weighed, measured, felt or touched, or that is in any other manner perceptible to the senses." Wyoming also imposes sales tax on, "The sales price of every retail sale of tangible personal property within the state." Furthermore, labor or service charges for the repair, alteration or improvement of tangible personal property, as well as charges for materials, supplies and fabrication used in rendering such services shall be subject to the sales tax. Taxable services may include but are not limited to; auto repair, maintenance, body repair, oil changes, detailing, etc.

Those who perform vehicle repairs and maintenance in Wyoming are vendors, and are required to license for sales/use tax purposes. For information on applying for a sales/use tax license, please visit our website

at <http://revenue.wyo.gov> and review our bulletin "Are You a Vendor?"

Once the business is licensed to collect and remit sales/use tax, it will have the ability to purchase items which will be resold or that become an ingredient of a taxable service, on a wholesale for resale basis (without the payment of sales tax). Wholesale sale "means a sale of tangible personal property or services to a vendor for subsequent sale". This exemption is permissible, as the tax will be collected from the customer in the retail transaction. The amount subject to sales tax includes any parts or other items used in the repair as well as charges for labor to perform the repair.

Example

A customer hires a shop to perform an oil change and a coolant fluid flush; the oil, oil filter and antifreeze are ingredients of the service. The shop may purchase those ingredients without the payment of sales tax as the shop will apply sales tax to these items as well as the labor on the customer's bill. This would also apply to the purchase of consumable materials and supplies, such as solvents, lubricants and parts which are necessary in performing taxable services, provided by garages and service stations.

To purchase these items without the payment of tax the shop must supply the seller with a properly completed Streamlined Sales and Use Tax Agreement

Certificate of Exemption, claiming resale as the applicable reason for exemption.

Tools and Equipment Purchases

Tools and equipment used by the shop to perform repairs are taxable to the business. This includes items such as; wrenches, car lifts, welders, breathing masks, safety glasses, floor mats, etc. These items are used by the business to conduct business and are taxable to the business at the time of purchase. If the supplier is not licensed to collect Wyoming sales tax the business will self-accrue tax and remit the tax on their periodic sales/use tax return.

Shop Supplies

Shop supplies such as towels, rags and floor dry are also taxable to the business, as these are items the business needs in order to perform the repair service. Purchases by businesses and professional persons of equipment, tools and supplies for use in conducting their businesses or professions shall be subject to sales or use tax. When these items are purchased from the supplier the business will pay sales tax to the supplier, if the supplier is licensed to collect Wyoming sales tax; or, if the supplier is not licensed to collect Wyoming sales tax the business will self-accrue tax and remit the tax on their periodic sales/use tax return.

Shop Supplies Billed to the Customer

When the shop places a line item on the invoice to their customer, for rags, towels, floor cleaner, (shop supplies) this charge is subject to sales tax since the charge is required of the customer in order to receive the repair/maintenance service. Similarly if the cost of the supplies is embedded in the overall cost of the services being provided it is still subject to Wyoming sales tax as a

cost of the seller necessary to complete the sale.

Waste and Hazmat Charges

Hazmat/waste fees are non-optional service fees that are included in the taxable price of the item or service provided. Therefore, the taxability of these charges is fluid; they are taxable when the underlying sale or service is taxable and non-taxable when the underlying sale or service is not taxable. For instance, an antifreeze flush is a taxable service; thus, the hazmat fee or waste fee attached to the taxable repair service is subject to sales tax as well. Under the same line of thinking a hazmat fee added to an invoice for costs associated with securing permits for highway travel are not taxable because the underlying service, the freight itself, is exempt from Wyoming sales tax provided it is separately stated from any taxable charges listed on the invoice.

Tire disposal fees charged as part of the purchase of new tires are subject to sales tax as part of the sales price of the new tires. Sales price includes any charge by the seller necessary to complete the sale. Thus if the tires cannot be purchased without paying the disposal fees on the old tires, the charge is taxable.

Core charges are subject to sales tax when the customer purchases the new part. However if the old part is returned and the business refunds the core charge any tax associated with the core charge should also be refunded.

Sourcing

In order to determine the appropriate sales tax rate to charge, we review our sourcing rules. Wyoming bases/assesses sales tax upon the point of possession in which our sourcing rules define as “receive” and

“receipt.” “Receive” and “receipt” 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. For example, if body work was performed on a vehicle in Cheyenne (Laramie County) and a customer picked up the vehicle at the body shop in Cheyenne the customer would be charged Laramie County sales tax, based on the current rate in effect in Laramie County. However, if body work was performed on a vehicle in Cheyenne and the car was delivered to the customer in Casper (Natrona County), where the customer took possession of the vehicle, the customer would be charged Natrona County sales tax, based on the current rate for Natrona County.

The current tax rates may be located on our website at <http://revenue.wyo.gov/> where you may download relevant sales tax rate charts. In the left column → select “Excise Tax Division” → go to “Publications” → Select “Sales and Use Tax Rate Charts” → under “Master Tax Rate Charts” → select Master Tax Rate Chart. Please be aware that these rate charts are updated as changes occur.

Rental Vehicle Repairs

Repair, maintenance, and installation services of accessories and tires may be purchased by car rental companies sales tax exempt provided the cars are held exclusively as part of their rental fleet and the purchaser provides the service provider with a properly completed Streamlined Sales/Use Tax Agreement Certificate of Exemption.

The Department views the purchase of repair or maintenance parts and services by rental companies for company owned vehicles to be a wholesale for resale transaction as the rental company is maintaining its own inventory for future rental. The purchase of tangible personal property which will be held exclusively for rental, lease or sale shall be considered a wholesale purchase and is exempt from the sales tax. The exemption includes both the labor and parts as this is what constitutes the repair service. Wyoming allows such an exemption as the rental company will collect sales tax on each rental from the customer.

Repairs on Dealer Owned Vehicles Held in Inventory for Sale

Dealers may also purchase repair parts and repair services for dealer owned vehicles that are held in inventory exclusively for sale/lease without the payment of sales tax. The dealer must provide the seller with an exemption certificate indicating the purchase is for resale. This would include items such as tires, fenders, hoods, hoses, belts, spark plugs and alternators. Services purchased for resale could include body work, windshield replacement, window tinting etc.

Dealer Owned Vehicles used by the Dealer, Employees, or as a Loaner Car

Repairs and maintenance services to dealer owned vehicles that are used by the dealer or others are subject to sales tax. This would include; parts vehicles, shuttle vehicles, etc. Products removed from an untaxed inventory to repair or maintain these vehicles are also subject to sales tax.

Donations

If a repair shop donates or gives away taxable items or services, the shop owes tax on the cost of the items or services donated. For example, if the business donates tires for

a church van, the shop owes tax on the tires. The tires were originally purchased on a wholesale for resale basis with the expectation that tax would be collected at the time of sale. The shop did not sell the tires, but removed the tires from their untaxed inventory to give away. Thus the shop owes the sales tax on their cost of the tires, and will report the tax on their periodic sales/use tax return.

Please be advised that this bulletin addresses issues in general terms and cannot be appropriate or applicable in all situations. If your situation is markedly different or you have concerns about this issue, please do not hesitate to contact this department. You can do so by e-mail directed to:
DOR_taxability@wyo.gov

Supporting Authority –

W.S. 39-15-101(a)(viii) “Sales price” states:
(A) Shall apply to the measure subject to sales tax and means the total amount or consideration, including cash, credit, property and services for which personal property or services are sold, leased or rented, valued in money, whether received in money or otherwise, without any deduction for the following:

- (I) The seller's cost of property sold;
- (II) The cost of materials used, labor or service cost, interest, losses, all costs of transportation to the seller and any other expense of the seller;
- (III) Charges by the seller for any services necessary to complete the sale other than delivery and installation charges;
- (IV) Delivery charges;
- (V) Installation charges;
- (VI) Repealed by Laws 2007, Ch 10,

Sec 2.

(B) Shall not include:

(I) Discounts, including cash, terms or coupons which are not reimbursed by a third party, which are allowed by a seller and taken by a purchaser on a sale;

(II) Interest, financing and carrying charges from credit extended on the sale of personal property or services, if the amount is separate stated on the invoice, bill of sale or similar document given to the purchaser; and

(III) Any tax legally imposed directly on the consumer which is separately stated on the invoice, bill of sale or similar document given to the purchaser.

(C) "Sales price" shall include consideration received by the seller from third parties if:

(I) The seller actually receives consideration from a party other than the purchaser and the consideration is directly related to the price reduction or discount on the sale;

(II) The seller has an obligation to pass the price reduction or discount through to the purchaser and one (1) of the following criteria is met:

(1) The purchaser presents a coupon, certificate or other documentation to the seller to claim a price reduction or discount where the coupon certificate or documentation is authorized, distributed or granted by a third party with the understanding that the third party will reimburse any seller to whom the coupon, certificate or documentation is presented;

(2) The purchaser identifies himself to the seller as a member of a group or organization entitled to a price reduction or discount. A preferred customer card that is available to any patron shall not constitute membership in such a group; or

(3) The price reduction or discount is identified as a third party price reduction or discount on the invoice received by the purchaser or on a coupon, certificate or other documentation presented by the purchaser.

W.S. 39-15-101(a)(ix) states:

"Tangible personal property" means all personal property that can be seen, weighed, measured, felt or touched, or that is in any other manner perceptible to the senses. "Tangible personal property" includes electricity, water, gas, steam and prewritten computer software; and includes any controlled substances as defined by W.S. 35-7-1002(a)(iv) which are not sold pursuant to a written prescription of or through a licensed practitioner as defined by W.S. 35-7-1002(a)(xx);

W.S. 39-15-103(a)(i)(J) states:

Except as provided by W.S. 39-15-105, there is levied an excise tax upon:

The sales price paid for services performed for the repair, alteration or improvement of tangible personal property;

W.S. 39-15-104(f)(i) states:

(f) The tax rate imposed upon a transaction subject to this chapter shall be sourced as follows:

(i) The retail sale, excluding lease or rental, of a product shall be sourced as follows:

(A) When the product is received by the purchaser at a business location of the seller, the sale shall be sourced to that business location;

(B) When the product is not received by the purchaser at a business location of the seller's, the sale shall be sourced to the location where receipt by the purchaser, or the purchaser's agent designated as such by the purchaser, occurs, including the location indicated by instruction for delivery to the purchaser or donee, known to the seller;

(C) If it is undeterminable by the seller whether the product was received by the purchaser at a business location of the

seller, the sale shall be sourced to the location indicated by an address for the purchaser that is available from the business records of the seller that are maintained in the ordinary course of the seller's business when use of this address does not constitute bad faith;

(D) When subparagraphs (A) through (C) of this paragraph do not apply, the sale shall be sourced to the location indicated by an address for the purchaser obtained during the consummation of the sale, including the address of a purchaser's payment instrument, if no other address is available, when use of this address does not constitute bad faith;

(E) When none of the previous rules of subparagraphs (A) through (D) of this paragraph apply, including the circumstance in which the seller is without sufficient information to apply any of the previous rules, then the location shall be determined by the address from which tangible personal property was shipped, from which the digital good or the computer software delivered electronically was first available for transmission by the seller, or from which the service was provided, disregarding for these purposes any location that merely provided the digital transfer of the product sold;

(F) For the purposes of this paragraph the terms "receive" and "receipt" 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.

W.S. 39-15-101(a)(xvi) states:

"Wholesale sale" means a sale of tangible personal property or services to a vendor for subsequent sale;

W.S. 39-15-105(a)(iii)(F) exempts:

Wholesale sales excluding sales of controlled substances as defined by W.S. 35-7-1002(a)(iv) which are not sold pursuant to a written prescription of or through a licensed practitioner as defined by W.S. 35-7-1002(a)(xx).

W.S. 39-15-103(a)(i)(A) states:

Except as provided by W.S. 39-15-105, there is levied an excise tax upon:

The sales price of every retail sale of tangible personal property within the state;

W.S. 39-15-101(a)(vi) states:

"Retail sale" means any sale, lease or rental for any purpose other than for resale, sublease or subrent;

Wyoming Department of Revenue Rules Chapter 2, Section 13(dd) states:

Repairs, Alterations and Improvements. Labor or service charges for the repair, alteration or improvement of tangible personal property, as well as charges for materials, supplies and fabrication used in rendering such services shall be subject to the sales tax. The purchase of materials, supplies and fabrication which become an ingredient of the repair, alteration or improvement of tangible personal property shall be considered wholesale sales as defined by W.S. 39-15-101(a)(xvi). Labor or service charges for repairs, alterations or

improvements of real property are not subject to the sales tax.

Wyoming Department of Revenue Rules, Chap. 2, Sec. 7(b) states:

Certificates of Exemption. Vendors shall obtain completed exemption certificates for all sales transactions, other than those qualifying under Section 8 of these rules, where sales tax is not collected from the purchaser at the time of sale. Purchasers shall file a single exemption certificate with each selling vendor for exempt purchases made. Such certificates shall be in a format as prescribed by the Streamlined Sales and Use Tax Agreement of November 12, 2002, as adopted by the department and shall be retained in the selling vendor's records. The seller shall obtain identifying information of the purchaser and the reason for claiming a tax exemption at the time of the purchase. A purchaser is not required to provide a signature to claim an exemption from tax unless the paper exemption certificate is used. The seller shall use the standard format for claiming an exemption electronically when that format is adopted by the Governing Board of the Streamlined Sales Tax Project. Sellers are relieved of liability from the tax owed upon obtaining a properly completed exemption certificate from the purchaser.

Wyoming Department of Revenue Rules Chapter 2, Section. 13(bb) states:

Purchases by Businesses. Purchases by businesses and professional persons of equipment, tools and supplies for use in conducting their businesses or professions shall be subject to the sales or use tax.

WY Dept of Rev Rules, Chap 2, Sec 13(m) states:

Garages and Service Stations.

- (i) The sales price for all services performed upon tangible personal property by garages and service stations shall be subject to sales tax.

The retail sale of tangible personal property made by garages and service stations, except sales of gasoline taxed under W.S. 39-17-101 through -111 and special fuel taxed under W.S. 39-17-201 through -211, shall be subject to the sales tax.

- (ii) Purchases of consumable materials and supplies, such as solvents, lubricants and parts, which are necessary in performing taxable services provided by garages and service stations shall be exempted from the tax as wholesale purchases or sales.