



West Virginia Department of Tax and Revenue

Publication TSD-335
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Sales And Use Tax Changes Affecting Service Businesses

The West Virginia Legislature, in 1989, enacted major sales and use tax legislation affecting service businesses. These changes are effective July 1, 1989. The purpose of this publication is to provide general information concerning these law changes. It is not a substitute for tax laws or regulations.

SERVICE BUSINESSES NO LONGER EXEMPT FOR MOST PURCHASES

Effective July 1, 1989 persons in the business of providing services on which they collect consumers sales tax from their customers are no longer exempt from paying the consumers sales tax or use tax on purchases that they make for use in their business activities. Under prior law, taxable service providers could purchase most items tax free if those items were used in their business of providing a taxable service. This former exemption was repealed effective July 1, 1989.

Service businesses will be allowed to claim the exemption for purchases made for resale on items that are sold to their customers in conjunction with the provision of a taxable service. A taxable service provider purchases an item for resale only when the item so purchased is physically transferred to the taxable service provider's customer. The "resale" exemption is claimed by providing the vendor from whom the service business makes the purchase with a properly completed tax exemption certificate (WV/CST-280).

Examples of the types of businesses which will be affected by this law change are listed on the back of this Publication.

An example of how this change will affect a particular business follows:

An automotive repair shop purchases office furniture and equipment, automotive repair equipment and tools. Prior to July 1, 1989 the automotive repair business would be exempt from paying the sales tax on these purchases and could supply the vendors from which they make the purchases a properly completed tax exemption certificate as proof of its exempt status. **Effective July 1, 1989 the automotive repair business will no longer be exempt on these types of purchases and must pay the sales tax when it makes the purchase.**

An automotive repair shop purchases automotive parts which will be used in the repair of its customers vehicles. The automotive repair shop bills their customer for parts and labor and collects the consumers sales tax from the customers on both the parts and labor. The automotive repair business is purchasing the automotive parts for resale to its customers and may issue a tax exemption certificate to the vendor from which it purchased the parts claiming the exemption for purchases made for resale.

The Department of Tax and Revenue has an additional publication available which relates to service businesses: TSD-345, *Sales And Use Tax-Vendor Responsibility*.

If you have questions concerning how this law change affects your particular business you should contact:

Department of Tax and Revenue
Taxpayer Services Division
P.O. Box 3784
Charleston, West Virginia 25337-3784

Telephone: (304) 558-3333 or
Toll free in West Virginia: 1-800-WVA-TAXS (1-800-982-9297)

TDD Service for the hearing imaired: 1-800-2TAXTDD (1-800-282-9833)

To order forms or publications please call the automated information system at:
(304) 344-2068 or
Toll free within West Virginia 1-800-422-2075
To order by mail please use the above address.

EXAMPLES OF SERVICE BUSINESSES WHICH WILL BE AFFECTED BY THE SALES AND USE TAX CHANGES

Advertising agencies	Laundries
Aerobic/exercise instruction	Lawn care
Aircraft charter service	Lawnmower sharpening
Aircraft repair service	License service
Alteration and repair of real property	Linen supply service
Alterations of tangible personal property	Machine operators
Automobile repair	Meat cutting
Billboards	Microfilming service
Billiards, pool	Motion picture-theaters
Boarding kennels	Motorcycle repair
Bowling alleys	Motor repair
Burglar/fire alarm monitoring service	Music instruction
Business machine repair	Painting
Cake decorating lessons	Pest control service
Calibration service	Pet grooming
Carpet cleaning and repair	Pet training
Caterers	Photography
Check cashing protection service	Piano tuning
Chimney cleaning	Planing mills
Chimney inspection and repair	Printing
Cleaning, pressing, dyeing	Recapping
Coal brokers	Security services
Cooking instructions	Sewing
Copying and duplicating services	Shoe repair
Creosoting	Snow removal
Decoration contractors	Steam cleaning
Delivering	Storage warehouse and storage lockers
Disc jockeys	Tanning bed
Display designers	Telephone answering service
Driving instructors	Termite and pest control
Dry cleaners	Tin and sheet metal repair shops
Employment agencies	Travel agencies
Engraving	Typing/word processing services
Entertainers	Video games
Foundries	Video rental
Furniture repair/refinishing	Warehouses
Grass cutting	Washing cars
Gymnasium	Watch repair
Health clubs	Weighing
Hotels, motels, tourist homes, rooming houses	Weight loss clubs
House cleaning	Welding
House moving	Well drillers
Inventory control service	Window cleaning
Jewelry repair	Wrapping merchandise

This does not constitute a complete list. Other businesses not appearing on the list may also be subject to the tax on purchases for use in business activities.