

R865. Tax Commission, Auditing.

R865-19S. Sales and Use Tax.

R865-19S-78. Service Plan Charges for Labor and Repair Pursuant to Utah Code Ann. Sections 59-12-103 and 59-12-104.

- (1) "Service plan" includes an extended warranty agreement or other prepaid arrangement.
- (2)(a) Service plan charges for a future taxable repair are subject to sales tax.
 - (b) Sales tax must also be collected on any deductible charged to a customer for the customer's share of the repair done under the service plan.
- (3)(a) Service plan charges for items of tangible personal property that are converted to real property are not taxable
 - (b) Service plan charges for items of tangible personal property that are permanently attached to real property are treated as follows:
 - (i) service plan charges for labor are not taxable; and
 - (ii) service plan charges for parts are taxable unless those parts are exempt under Title 59, Chapter 12, Part 1, Tax Collection.
- (4) Rule R865-19S-58 outlines the sales tax responsibility of a person that converts tangible personal property to real property.

KEY: charities, tax exemptions, religious activities, sales tax

Date of Enactment or Last Substantive Amendment: April 27, 2011

Notice of Continuation: March 13, 2007

Authorizing and Implemented or Interpreted Law: 59-12-103; 59-12-104