

Notice

Simpler Local Sales and Use Tax Reporting

Susan Combs
Texas Comptroller of Public Accounts

SEPTEMBER 2007

New Tax Reporting Legislation Takes Effect

New legislation effective Sept. 1, 2007, changed the way many sellers in Texas collect local sales and use taxes. Now, sales taxes for transit jurisdictions, which include advanced transportation districts (ATDs), county transit authorities (CTAs), city transit departments (CTDs) and metropolitan transit authorities (MTAs), are collected based on the seller's place of business rather than the point of delivery. There are some exceptions to the change noted below.

Taxpayers with business locations in an area including a transit jurisdiction with the maximum tax rate of 8.25 percent should collect the local sales tax in effect for their business location on all sales of taxable items shipped or delivered in Texas from that business location. Transit taxes no longer "drop off" on taxable items delivered outside of the transit jurisdiction.

Our records indicate that your business is eligible to report local sales tax by location rather than by list supplement. Therefore, the Comptroller's office has updated your account and you will receive a simpler return for the January 2008 reporting period.

Sellers who perform any of the following activities are not eligible to file the simpler return:

- Make sales at temporary locations (e.g., trade shows, county fairs, art shows);
- Sell as an itinerant vendor without a place of business in Texas;
- Perform nonresidential repair and remodeling services;
- Perform new construction or residential repair and remodeling services under separated contracts;
- Sell amusement services or tickets to taxable amusements;
- Sell cable or television service;
- Provide waste removal services;
- Sell telecommunications services; or
- Sell natural gas or electricity.

Taxpayers with business locations in an area including a transit jurisdiction with the maximum tax rate of 8.25 percent should collect the local sales tax in effect for their business location on all sales of taxable items shipped or delivered in Texas from that business location. Transit taxes no longer "drop off" on taxable items delivered outside of the transit jurisdiction.

If you perform any of the activities identified above or if you have any questions concerning Texas local sales and use tax, call us toll free at (800) 252-5555, or in Austin at (512) 463-4600 or e-mail us at tax.help@cpa.state.tx.us.

More information about the collection of local sales and use tax is available in Publication 94-105,

"Guidelines for Collecting Local Sales and Use Tax," which is available online at www.window.state.tx.us/taxinfo/taxpubs/tx94_105.html.

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

111 E. 17TH STREET
AUSTIN TX 78774-0100



PRST STD
U.S. POSTAGE PAID
AUSTIN, TX
PERMIT NO. 1411