



Tax and Licensing Division
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Tax Compliance Guide

Repair and Maintenance

(12/2022)

THIS GUIDANCE IS A SUMMARY IN LAYMEN'S TERMS OF THE RELEVANT AURORA TAX LAW FOR THIS TOPIC, INDUSTRY, OR BUSINESS SEGMENT. IT IS PROVIDED FOR THE CONVENIENCE OF TAXPAYERS AND IS NOT BINDING UPON THE CITY. IT IS NOT INTENDED FOR LEGAL PURPOSES TO BE SUBSTITUTED FOR THE FULL TEXT OF THE AURORA MUNICIPAL CODE AND APPLICABLE RULES AND REGULATIONS. THIS GUIDE DOES NOT CONSTITUTE A CITY TAX POLICY.

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Parts and materials provided by a person/vendor/seller to repair or maintain property belonging to others is a taxable retail sale. The purchase price is subject to sales tax and the person/vendor/seller must collect sales tax from the purchaser following these guidelines (to include all intercompany transactions).

- ❖ A person/vendor/seller performing repair and maintenance work should provide their customer with an itemized invoice separately stating taxable charges and non-taxable charges. Aurora sales tax should be collected from the customer on the taxable charges and remitted to the City.
- ❖ A person/vendor/seller performing repair and maintenance work may not avoid collection of sales tax from the customer by paying sales tax on their original purchase of the parts and materials.
- ❖ When invoicing a customer for repairs and maintenance charges, a credit to the customer for any sales taxes paid by the original person/vendor/seller, or statements on the invoice/receipt such as "taxes paid" or "all taxes included" are not permitted by the City.
- ❖ Sales tax paid on the purchase of parts and materials that are later sold as part of a sale subject to Aurora sales tax may be eligible for a refund of the sales tax paid on the original purchase of the parts and materials.

repairs of radios, televisions, computers, vehicles, watches and jewelry and other such articles, and on the sale of complete units.

Lum-Sum Charges are Taxable:

If, at the time of sale, the person/vendor/seller performing the repair work provides the purchaser with an invoice that does not state separately or segregate a fixed price for parts, materials, transportation fees, installation fees, labor, and any other fees or services rendered in installing, applying, remodeling, repairing, and maintaining tangible personal property. Tax is due on the full purchase price stated on the invoice.

Jobs Not Requiring Building Permits:

A contractor performing repair jobs not requiring a city building permit must do so on a retail time and material basis.

1. The contractor must obtain a sales tax license from the city.
2. Materials must be purchased for resale.
3. The contractor must collect sales tax on the full purchase price paid by the purchaser if materials charges are not separately stated on the invoice separate from labor or other non-taxable services.
4. Materials purchased for resale that are later removed from inventory for use by the contractor are subject to use tax to the contractor.

Separately Stated Labor is Non-Taxable:

If, at the time of sale, the person/vendor/seller performing the repair work provides the purchaser with an invoice that itemizes a fixed price for parts and materials, and states separately any amounts for labor or other non-taxable services; the labor and non-taxable services will not be subject to Aurora sales tax. The person/vendor/seller shall be considered a retailer of the parts, materials, markup, transportation fees, or any other taxable fees or services, and is required to collect sales tax from the purchaser.

The foregoing applies to all repairs and maintenance services, and it is not limited to general repairs, building repairs (non-permitted projects), remodeling and leasehold improvements, removable fixtures, carpeting, cabinetry, HVAC, electrical, title and plumbing repairs, general and preventive maintenance repairs, landscaping and maintenance, irrigation repairs, electrical appliance repairs,

Examples

1. Contractor A is a licensed Aurora plumbing business. Contractor A maintains a retail inventory of parts, which they purchase for resale. Contractor A receives a call from a customer, an Aurora resident who has a leaky faucet. Contractor A charges \$100.00 to repair it. The invoice states, charges included are parts, labor, and transportation fees. The purchase price of \$100.00 is taxable because fixed charges for labor or installation were not stated on the invoice.
2. Contractor B is a licensed Aurora plumbing business. Contractor B maintains a retail inventory of parts, which they purchase for resale. Contractor B receives a call from a customer, an Aurora resident who has a leaky faucet. Contractor B states on the invoice, \$25.00 for materials, \$25.00 transportation fee, and \$50.00 for installation labor. Tax is not due on the \$50.00 installation labor

charge. Tax is due on \$25.00 materials and \$25.00 transportation charge.

3. Company C, a window and glass repair company, charges an Aurora customer \$500.00 to remove and replace a broken window on their property. Company C does not annotate an amount for materials and labor, includes a comment on the invoice stating “All taxes included in quoted price”, and does not charge sales tax to the customer. Company C is liable for sales tax not collected from the customer on the \$500.00 lump-sum repair charge.

Related Topics

Construction Projects not Requiring Building Permits
Freight, Delivery, and Transportation
Maintenance Agreements
Mixed Transactions
Professional Services
Wholesale Sales

Citations

Aurora Municipal Code
§ 130-31. Definitions
§ 130-156 Taxable Items
§ 130-62 Tax on construction materials
§ 130-33 Legislative intent
§ 130-157 Items exempt from taxation
§ 130-63 Collection and refund of disputed tax.

Contact Us

For additional assistance, please contact us:

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