

**Rule 311.2 – Receipt of Services with Respect to Tangible Personal Property**

A. Transactions where a service provider is performing a service on or related to existing tangible personal property belonging to the purchaser of the service are “services with respect to tangible personal property.” Examples of services with respect to tangible personal property include, but are not limited to:

1. Repair or maintenance of tangible personal property;
2. Testing of tangible personal property, including inspection and calibration services;
3. Appraisal of tangible personal property;
4. Painting or refinishing tangible personal property, including motor vehicle painting or detailing;
5. Washing or cleaning tangible personal property, including laundry or dry cleaning services, and motor vehicle washing services;
6. Animal care, including veterinary services, animal grooming services and animal boarding services;
7. Storage of tangible personal property.

B. Except as otherwise provided in the Streamlined Sales and Use Tax Agreement or the rules adopted by the Governing Board, a service with respect to tangible personal property is received, within the meaning of section 311B of the Agreement, at the location where the customer can make first use of the property that is the subject of the service. It is only at that point that the customer can be considered to make use of the service. If the primary result of a service with respect to property is a report, the service is received at the location where the purchaser receives and can make first use of the report. The following examples illustrate the proper determination of the location of “receipt” for services to tangible personal property.

C. Examples

1. Repair or maintenance of tangible personal property
  - a. A resident of State A takes his lawnmower to a repair shop in State B to have the engine serviced and the blades sharpened. When the lawnmower is ready, the owner picks it up at the repair shop. The repair service is received at the repair shop location in State B since the owner first has possession of the repaired item there and at that point can make use of the lawnmower. The shop owner should source the repair transaction to State B under the provisions of Section 310.A.1 of the Agreement.

b. Same facts as in Example C.1.a above except that the repair shop delivers the repaired lawnmower to the owner's residence in State A. In this case, the owner receives the service at the location where the lawnmower is delivered since that is the point at which he can first make use of the lawnmower. The repair shop owner should source this repair transaction to State A according to the provisions of Section 310.A.2 of the Agreement.

c. A resident of County Z needs her clothes dryer repaired. She contacts an appliance repair service located in County Y. The repair service sends a technician to her home to make the needed repairs. The owner receives the repair service at her home in County Z since the repaired dryer is first available for use at that location. The repair service company would source this transaction to County Z under the provisions of Section 310.A.2 of the Agreement.

## 2. Testing of tangible personal property.

a. A manufacturer uses gauges in its production process to assure its product meets specifications. Periodically, the manufacturer ships the gauges to a laboratory to verify that they are producing proper measurements. The laboratory tests the gauges and, if necessary, adjusts the calibration on the gauges. The gauges are then shipped back to the manufacturer. The manufacturer makes first use of the testing service at the location where it receives and can first make use of the tested and recalibrated gauges. The laboratory should source the transaction to the location of the manufacturer according to the provisions of Section 310.A.2 of the Agreement.

b. A manufacturer periodically sends samples of the product produced at its plant in State C to a laboratory for testing. The testing process destroys the sample in order to determine certain properties of the product. The laboratory sends a report on the results of the testing and disposes of any remains of the product to the manufacturer's office in State D. The manufacturer receives the testing service at its office where it receives the laboratory report and can make first use of the results of the testing service. The laboratory should source the transaction to the location of the manufacturer's office in State D according to the provisions of Section 310.A.2 of the Agreement..

c. A customer hires a testing lab to test the soil at the location where they are building a new restaurant. An employee of the testing services goes to the construction site, gathers soil samples and takes them back to their lab to analyze. A report is then written and mailed to the customer's business address. The customer receives the service where it receives the report. The testing lab should source the transaction to the location where the report was mailed, according to the provisions of Section 310.A.2 of the Agreement.

d. Same facts as in example C.2.c above except the report is emailed to the customer. In this case, the customer receives the service at the location where it receives the report by email. If the seller knows the location where the emailed report is received, the sale should be sourced to that location pursuant to Section 310.A.2 of the Agreement. If the seller does not know the location where the emailed report is received, the seller should

source the sale under the applicable provisions of section 310A.3, A.4, or A.5 of the Agreement

3. Appraisal of tangible personal property.

a. A resident in county X takes several items of jewelry to an appraiser in County W. When the appraisal is completed, the purchaser picks up the jewelry and the appraisal report at the appraiser's office. The purchaser makes first use of the service at the appraiser's office where the appraised jewelry and appraisal report are received by the purchaser and the purchaser can make first use of the service. The appraiser should source the transaction to County W according to the provisions of Section 310.A.1 of the Agreement.

b. An appraiser performs an appraisal of antique furniture owned by the purchaser at a storage facility in County V where the customer keeps it. The appraiser returns to his office and completes the appraisal report. The appraiser subsequently mails the appraisal report according to instructions received from the purchaser to an address in County U. The purchaser receives the service at the address in County U where the appraisal report is delivered to the purchaser and the purchaser can make first use of the appraisal service. The appraiser should source that transaction to County U according to the provisions of Section 310.A.2 of the Agreement.

4. Painting or refinishing tangible personal property.

a. A law office in County T has some antique bookcases it wishes to have refinished. The bookcases are picked up by a refinisher and taken to his shop in County S. The refinished bookcases are then delivered to the law office. The refinishing service is received by the law office where it has first use of the refinished bookcases. The refinisher should source the transaction to the location of the law office in County T according to the provisions of Section 310.A.2 of the Agreement.

b. A business hires a painter to paint several file cabinets. The painter does the painting on site at the purchaser's office location. The purchaser makes first use of the service at its office where it obtains first use of the painted file cabinets. The painter should source the transaction to the purchaser's office location according to the provisions of Section 310.A.2 of the Agreement.

5. Cleaning tangible personal property.

a. An individual takes laundry to a dry cleaner's store. After the clothing is cleaned, the purchaser returns to the dry cleaner to pick up the clothing. The purchaser makes first use of the dry cleaning service at the dry cleaner's store where the purchaser receives the cleaned clothes. The dry cleaner should source the transaction to the location of the store according to the provisions of Section 310.A.1 of the Agreement.

b. A automobile is delivered to a car wash. The car wash operator cleans the automobile while the owner waits at the facility. When the automobile is cleaned, it is returned to the owner. The purchaser makes first use of the car washing service when he receives the cleaned automobile at the car wash. The car wash operator should source the transaction to the location of the car wash according to the provisions of Section 310.A.1 of the Agreement.

6. Animal care services.

a. A farmer in State E hires a veterinarian located in State F to inoculate the farmer's cattle. The veterinarian performs the inoculations at the farm in State E. The farmer makes first use of the service at the location where the cattle are inoculated in State E. The veterinarian should source the transaction to the farmer's location in State E according to the provisions of Section 310.A.2 of the Agreement.

b. A pet owner in County R takes his pet to a veterinarian in County Q for treatment. The treatment is performed at the veterinarian's office in County Q. The owner receives the treated pet at the veterinarian's office. The veterinarian should source the sale to County Q according to the provisions of Section 310.A.1 of the Agreement.

c. Same facts as in example C.6.b above except that the veterinarian keeps the pet overnight for observation and then has an employee deliver the treated pet to the owner at the owner's home. In this case, the owner receives the treated pet at his home in County R. The veterinarian should source the transaction to County R according to the provisions of Section 310.A.2 of the Agreement.

d. A pet owner hires a mobile pet washing service to come to his home in County P and bathe his dog. After being bathed and groomed the dog is returned to the owner at his home. The service is received where the bathed and groomed dog is returned to the owner. The pet washing service should source the transaction to the pet owner's home in County P according to the provisions of Section 310.A.2 of the Agreement.

7. Storage of tangible personal property.

a. A fur coat is taken to a dry cleaner's store in State G for summer storage. The dry cleaner stores the fur at a refrigerated vault in State H. At the end of the summer, the owner of the fur coat picks up the fur at the dry cleaner's store in State G. The customer receives the storage service where it receives the coat back at the dry cleaner's store. The dry cleaner should source the transaction to the location of its store in State G according to the provisions of Section 310.A.1 of the Agreement..