



---

## **Auto Repair and Body Shops**

---

### **Introduction**

This bulletin provides information for auto repair and body shops on:

- how sales tax is calculated on a customer's bill,
- how sales tax is calculated on warranty and insurance work, and
- what an auto repair or body shop can buy without paying sales tax.

### **Sales and services**

Auto repair and body work includes work performed on cars, trucks, RVs, motorcycles, mopeds, snowmobiles, etc.

As an operator of an automobile repair or body shop, you must be registered with the Tax Department to collect and remit sales tax. See Tax Bulletin [How to Register for New York State Sales Tax \(TB-ST-360\)](#). In addition, you may also be responsible for the New York State [Waste Tire Management Fee](#).

In general, most charges by a repair or body shop are taxable. You must collect sales tax on the total charge for parts and labor for the repair services that you provide. You must also collect sales tax on parts or supplies, such as windshield wipers or motor oil, sold directly to your customers. Information on sales tax rates can be found in Tax Bulletin [Sales Tax Rates, Additional Sales Taxes, and Fees \(TB-ST-825\)](#) or on the Tax Department's Web site at [Sales Tax Jurisdiction and Rate Lookup](#).

### **Towing and transportation**

Towing or transporting a disabled vehicle is taxable. This includes towing the vehicle to your repair shop, a third-party repair shop, or to another location as directed by the vehicle owner.

However, the transportation of vehicles that are not broken down or otherwise disabled is not taxable. This includes the transportation of antique cars to a car show, transporting repossessed vehicles, or hauling a vehicle from one location to another.

### **Storage**

Charges for storing a vehicle are taxable. For example, charges to store a repaired vehicle that is not picked up by its owner by a certain date are taxable.

### **New York State inspections**

The charge for a New York State motor vehicle inspection is not taxable. However, any charges for additional repair work required for the vehicle to pass inspection are taxable.

## Warranty work and service contracts

When a customer brings a vehicle in for a repair that is covered under a service contract or warranty, you will bill the warranty company for the work done. Your charge to the warranty company for any work that is covered under the warranty is not taxable provided the warranty company gives you [Form ST-120, Resale Certificate](#), for the work that you perform. Only warranty companies that are registered vendors with New York State can issue a properly completed resale certificate for the work you perform. Any additional charges billed to the customer (such as charges for repairs not covered by the warranty) are taxable.

## Insurance claims and repairs

When you perform repair work that is covered by insurance, you will bill the insurance company the same way you would bill the customer. Both materials and labor are taxable.

*Example: A customer brings his vehicle to your shop after it was damaged in an accident. You inspect the vehicle and determine you need to replace the fender, front quarter panel, and passenger-side door, and paint the repaired parts of the vehicle. You complete the work and send the bill to the insurance company. The entire bill is taxable. (See also Tax Bulletin [Taxable Receipt \(TB-ST-860\)](#)).*

## Purchases

### Parts

You can purchase parts that are transferred to your customer as part of a repair job without paying sales tax. Give [Form ST-120, Resale Certificate](#), to your supplier.

Examples of parts that can be purchased for resale include:

- brake pads, rotors
- shocks, struts
- tires
- filters
- fan belts
- electronic sensors
- headlights, brake lights
- starters, alternators
- windshields
- rear-view mirrors
- doors
- fenders

### Tools and equipment

The purchase, lease, or rental of tools or equipment for your shop is taxable. Tools and equipment are used to perform repair services, but are not transferred to the customer as part of the job.

Taxable tools and equipment include:

- wrenches and sockets
- screwdrivers and nut drivers
- pliers
- impact tools
- clamps
- hammers
- torches
- jumper cables
- lifts
- wheel balancers
- engine analyzers
- pipe benders
- alignment equipment
- air compressors
- welding equipment
- paint booths

However, purchases of enhanced emissions inspections equipment can be made without paying sales tax as long as the following two conditions are met:

- The New York Department of Environmental Conservation has certified the equipment for use in an enhanced emissions inspection and maintenance program as required by the Federal Clean Air Act and the New York Clean Air Compliance Act.
- You are an official inspection station licensed by the Commissioner of Motor Vehicles and authorized to conduct the enhanced emission inspections required by the Federal Clean Air Act.

Give your supplier [Form ST-121](#), *Exempt Use Certificate*, at the time of purchase to buy enhanced emissions inspection equipment without paying sales tax.

### Supplies

Supplies that are actually transferred to the customer as part of a repair or maintenance job can be purchased exempt from tax. Give [Form ST-120](#), *Resale Certificate*, to your supplier. This includes items such as:

- |                      |                           |
|----------------------|---------------------------|
| • brake fluid        | • paint                   |
| • transmission fluid | • automotive body fillers |
| • antifreeze         | • flux                    |
| • bearing grease     | • sheet metal             |
| • motor oil          | • thinners and solvents   |

Supplies that you use in and around your shop to perform repair and maintenance work that are not actually transferred to the customer can't be purchased exempt from tax. This includes items such as:

- |                    |                              |
|--------------------|------------------------------|
| • shop towels      | • drop cloths                |
| • cleaners         | • face masks                 |
| • paper floor mats | • masking tape               |
| • office supplies  | • polishing and buffing pads |
| • sandpaper        |                              |

For additional information, see [TSB-M-81\(8\)S](#), *Taxable Status of Supplies used by Auto Body Repair Shops*.

Note: A Tax Bulletin is an informational document designed to provide general guidance in simplified language on a topic of interest to taxpayers. It is accurate as of the date issued. However, taxpayers should be aware that subsequent changes in the Tax Law or its interpretation may affect the accuracy of a Tax Bulletin. The information provided in this document does not cover every situation and is not intended to replace the law or change its meaning.

**References and other useful information**

**Tax Law:** Section 1105(c)(3)

**Regulations:** Section 527.5

**Memorandum:** [TSB-M-81\(8\)S](#), *Taxable Status of Supplies used by Auto Body Repair Shops*

**Bulletins:**

[How to Register for New York State Sales Tax \(TB-ST-360\)](#)

[Sales Tax Rates, Additional Sales Taxes, and Fees \(TB-ST-825\)](#)

[Taxable Receipt \(TB-ST-860\)](#)