

## If you are engaged in motor vehicle washing and waxing ...

then **beginning October 1, 2002**, you are a retailer and the gross receipts (charges) from providing motor vehicle washing and waxing services are subject to sales tax.

Retailers of motor vehicle washing and waxing services must hold a Nebraska sales and use tax permit and collect the Nebraska and applicable local (city) sales tax on charges for these services. If you need a permit, please refer to the paragraph below titled "Retailer's responsibilities."

**Motor vehicles** include all motor vehicles such as buses, cars, vans, trucks, pickups, trailers, tractors and semitrailers, recreational vehicles, and motorcycles.

### Motor vehicle washing and waxing services include:

- ◆ Washing the exterior or interior with water or any other type of cleaning agent;
- ◆ Coin-operated washing facilities (coin-operated includes machines where coins or substitutes for coins are used);
- ◆ Waxing;
- ◆ Polishing; and
- ◆ Detailing.



**Leased or common or contract carrier vehicles.** Charges for washing and waxing a leased or common or contract carrier motor vehicle are taxable. Retailers cannot accept a resale or exempt sale certificate.

**Equipment, materials, and supplies.** Motor vehicle washing and waxing service providers must continue to pay sales or use tax on all purchases of equipment, materials, and supplies used to provide their services.

**Permits and local (city) sales tax.** As of October 1, 2002, every retailer who provides motor vehicle washing and waxing services, including self-service facilities, must obtain a sales and use tax permit for each separate location. The location of the motor vehicle washing facility determines the applicable city sales tax which may be due.

Since the gross receipts from coin-operated machines include the state and applicable city sales tax, you may use the following procedures to determine the proper amount of state and city sales tax to remit (see also Nebraska Sales and Use Tax Regulation 1-008). First, divide the total receipts by one plus the state and city tax. Multiply that amount by the state and city rates.

**Example:** A car wash facility located in Lincoln, Nebraska has receipts from a coin-operated machine for the month of October. Divide the total receipts by 1.07 to determine the location's gross receipts. Multiply the gross receipts by 5.5% to determine the state sales tax owed. Multiply the gross receipts by 1.5% to determine the Lincoln city sales tax owed.

**Retailer's responsibilities.** Retailers have certain administrative responsibilities for collecting and remitting sales tax. These responsibilities are summarized in our Information Guide titled "**Nebraska and Local Sales Tax**," available on our website at: [revenue.nebraska.gov](http://revenue.nebraska.gov) or call 800-742-7474 (NE and IA), or 402-471-5729.

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