



Revenue Ruling No. 12-002
May 24, 2012
Sales Tax

Coating, Wrapping, Galvanizing of Tangible Personal Property

The charges made for the coating, wrapping, and galvanizing of pipe and other types of property which have not previously been coated, wrapped, or galvanized are considered “fabrications” as contemplated by La. R.S. 47:301(12). This statute defines “sale” to include “any transfer of title or possession, or both, exchange, barter, conditional or otherwise, in any manner or by any means whatsoever, of tangible personal property, for a consideration, and includes the *fabrication* of tangible personal property for consumers who furnish, either directly or indirectly, the materials used in *fabrication* work ...” [emphasis added]. Since these fabrication transactions are considered taxable sales, vendors are required to charge and collect sales tax on the gross proceeds from the coating, wrapping, and galvanizing transactions.

Statutory exemptions that are applicable on other sales of tangible personal property (including the offshore use exemption of R.S. 47:305.10) are applicable also on these fabrication transactions.

The re-coating, re-wrapping, or re-galvanizing of tangible personal property that previously had been coated, wrapped, or galvanized is considered a taxable repair service under R.S. 47:301(14)(g), and tax is due on the full amount charged for the repair, including materials and labor. La. R.S. 47:301(14)(g) provides an exemption from the collection of state sales tax on repairs in those cases in which the property which has been repaired is delivered by the servicing dealer, either in its own vehicle or by common carrier, to another state. (As to aircraft, delivery may be by the best available means.) The statute provides no exemption, however, when repaired property is delivered to offshore locations within the territorial limits of Louisiana. Also the statute provide no exemption when repaired property is delivered to Outer Continental Shelf waters outside the territorial limits of the Louisiana unless that property is a “component part” of a “drilling rig,” as the terms are defined in R.S. 47:301(14)(g)(iii) and 47:305 I.

Cynthia Bridges
Secretary

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