

**Revenue Ruling
No. 02- 005
Sales and Use Tax
May 1, 2002**

Sales and Use Tax Must Be Collected and Remitted on Sales of Movable Buildings¹

This Revenue Ruling discusses the sales and use taxability of movable buildings, and distinguishes them from manufactured homes, for which La. R.S. 47:301(16)(g)(i-iv) provides a reduced state sales and use taxable base effective July 1, 2001.

Sellers and buyers of modular or movable buildings that are sold to purchasers as tangible personal property must collect or pay sales or use tax on the full “sales price” or “cost price” of the property. Recent changes to the sales tax law affecting the sales taxability of manufactured homes² apply only to those structures defined by Section 5402 of Title 42 of the United States Code³. The sales and use taxation of movable buildings that do not meet the definition of manufactured homes provided in the United States Code has not changed.

When buildings are sold and placed on land so as not to be permanent, the transactions for sales and use tax purposes are considered sales of tangible personal property. In the typical non-permanent installation, the buildings are constructed away from the sites where they are to be installed. They are built in one or more sections on steel trailer frames with hitches and wheels and are transported to installation sites. They are set up temporarily on concrete blocks, rather than on concrete foundations. Movable buildings that are fabricated, moved, and set up in this way will remain movable for state sales and use tax purposes even if area utilities lines are connected to the movable buildings. In these instances, sellers will be required to collect and remit the sales tax on the full “sales price” or “cost price” of the movable buildings, including

¹ The word “building” is used throughout this Revenue Ruling to refer to these movable structures. This word is used because that is the term by which these structures are known in the marketplace. The use of this word should not be construed as meaning that the structures qualify as “buildings” as contemplated by the Louisiana Civil Code, Articles 463-466 and 468.

² Effective July 1, 2001, under Acts 2000, No. 30 and Acts 2001, No. 1212, sales of manufactured homes are subject to state sales or use tax on 46 percent of the “sales price” or “cost price” of the property on the initial sale from the dealer to the consumer. Each subsequent sale of a manufactured or mobile home shall not, for state sales tax purposes, be considered a sale of tangible personal property. See R.S. 47:301(16)(g)(i-iv).

³ Under 42 USCS 5402(6), a manufactured home is defined as “a structure, transportable in one or more sections, which, in the traveling mode, is eight body feet or more in width or forty body feet or more in length, or, when erected on site, is three hundred twenty or more square feet, and which is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems contained therein; except that such term shall include any structure which meets all the requirements of this paragraph except the size requirements and with respect to which the manufacturer voluntarily files a certification required by the Secretary and complies with the standards established under 42 USCS §§ 5401 et seq. except that such term shall not include any self-propelled recreational vehicle.”

A Revenue Ruling is written to provide guidance to the public and to Department of Revenue employees. It is issued under Section 61:III.101(C) of the Louisiana Administrative Code to apply principles of law to a specific set of facts. A Revenue Ruling does not have the force and effect of law and is not binding on the public. It is a statement of the department's position and is binding on the department until superseded or modified by a subsequent change in statute, regulation, declaratory ruling, or court decision.

charges within the price of the buildings for fabrication labor, overhead, and profit. Separately stated optional charges for delivery and installation can be excluded from the taxable “sales price” or “cost price” of the property. Sellers of these movable structures can treat their purchases of building materials and building components as purchases of tangible personal property for resale.

Since movable buildings are not considered vehicles for purposes of vehicle registration and title requirements, movable buildings are not subject to La. R.S. 47:303(B)(4), which provides that no sale of a vehicle shall be considered an “isolated or occasional” sale. Disposal sales of used movable buildings by persons who are not engaged as dealers for the sale of this property are eligible to be treated, for sales and use tax purposes, as “isolated or occasional” non-retail sales.

Sellers of movable buildings that are subject to the sales tax are not considered, for sales and use tax purposes, to be immovable property contractors. Because they are sellers of movable property, rather than contractors, nonresident sellers are not subject to the contract registration and bond requirements of La. R.S. 47:9 and 47:306(D) with respect to their sales of movable property. However, sellers of movable buildings or persons under contract to them might also be required to perform work on the sites where the buildings will be placed. If nonresidents of Louisiana perform the site preparation work, and the contract price for the site preparation work is \$3,000 or more or the work is included in the sales price of a building of \$3,000 or more, the nonresident persons performing the site work will be required to register the site preparation contracts and obtain bonds, as required by La. R.S. 47:9 and 306(D). The amounts of the bonds will be based on the value of the site preparation contracts if those amounts are separately stated from the sales prices of the movable buildings. If the amounts charged for site preparation are not separately stated, the bonds will be based on the entire sales prices of the buildings.

When buildings are sold as immovables, as in cases where the fabricator-contractor mounts the fabricated building to a permanent concrete foundation before transferring title and possession of the building to the buyer, the building seller is considered a contractor. Sales or use tax is not collected from the buyer of the immovable structure, as is done on the sale of a movable building. The seller-contractor is required to pay the sales or use tax on all of the construction materials and components of the building structure. A nonresident seller-contractor of such a building will be subject to the contract registration and bond requirements of La. R.S. 47:9 and R.S. 47:306(D).

Questions concerning this matter can be directed to the Policy Services Division at (225) 219-2780.

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