



About Fabrication Labor Alterations, Engraving and Embroidering

Fabrication labor is subject to Nevada sales and use tax. Fabrication labor is labor which results in the creation or production of tangible personal property or which is a step in the process resulting in the creation or production of tangible personal property. In determining whether a labor charge is fabrication, repair or recondition, consider the following:

- Does the labor result in creating a new product or a product whose use is different from its original form? This is taxable fabrication labor. For example: Fabricating garments, leathers, clothing, drapes, curtains, etc. in connection with the sale of a finished article, makes the entire charge to the customer subject to sales tax. This is true whether or not the materials or goods are furnished by the customer or the person fabricating the finished article.
- Is the labor a service that becomes a part of the selling price of the product? If so, this is taxable fabrication labor. For example: Engraving a trophy, jewelry or any other tangible personal property, or embroidery charges for clothing, towels, pillow slips, or similar articles are charges subject to the sales tax. This is true whether or not the materials or goods are furnished by the customer or the person fabricating the finished article.
- Does the labor result in providing a service which repairs or reconditions a product bringing it back to its original form, rather than creating a new product? If so, this is non-taxable repair labor if separately stated on the billing invoice. For example: Altering garments, furs, clothing, etc., in connection with the sale of such property, is further fabrication of such property, and charges for alterations are subject to the sales tax. Altering garments, furs, clothing, drapes, curtains and similar property belonging to the customer and not in connection with the sale of such property is a service and as such charges are not subject to the sales tax.

(NRS 372.025, NAC 372.380 and NRS 372.060)