



LOUISIANA UNIFORM LOCAL SALES TAX BOARD

Policy Advice No. 24-001

January 23, 2024

Taxability of Ceramic Coatings, Vehicle Wraps, or Sealants on Vehicles – Response to an Inquiry Received from a Local Tax Collector

REDACTED VERSION

Re: Response to an Inquiry Received from a Local Tax Collector on the Taxability of the Application of Ceramic Coatings

Dear Collector,

You have requested policy advice from the Louisiana Uniform Local Sales Tax Board (LULSTB) regarding the taxability of ceramic coatings. The purpose of this correspondence is to provide a response to your request in the form of a Board Tax Advisory pursuant to La. R.S. 47:337.102(C)(1) and (5) and LULSTB Policy and Procedure Memoranda 50.1 and 50.3.

A Board Tax Advisory is issued under the authority of R.S. 47:337.102(C)(1) and (5) to provide guidance to the public and local sales and use tax collectors on matters concerning the imposition, collection, and administration of local sales and use taxes authorized under the constitution and laws of this state. It applies principles of law to a specific set of facts and expresses the position of the LULSTB regarding particular issues. A Board Tax Advisory does not have the force and effect of law, is not binding on the public or local collectors, and is not subject to appeal to the Louisiana Board of Tax Appeals.

Please note that this Board Tax Advisory only discusses the taxability of ceramic coatings as to local sales tax. Any inquiries regarding the taxability of ceramic coatings to state sales taxes should be directed to the Louisiana Department of Revenue.

Factual Background

You have asked for policy advice regarding the taxability of the application of ceramic coatings.

Analysis and Discussion

La. R.S. 47:301(12), defines a “sale” as the transfer of title or possession of tangible personal property for consideration and includes, “the fabrication of tangible personal property for consumers who furnish, either directly or indirectly, the materials used in fabrication work....” A fabrication for purposes of Louisiana sales and use tax “means to make, build, create, produce, or assemble components of tangible personal property, or to make tangible personal property work in a new or different manner. LAC 61.I.4301.C.Sale.b.

The process of applying ceramic coatings, vehicle wraps, and sealants is similar, and for this reason, vehicle wraps and sealants have been included in this policy advice. Applying ceramic

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coatings, vehicle wraps, or sealants to vehicles is a taxable transaction. The collection and remittance of sales taxes are required on all sales of tangible personal property and taxable sales of services unless an operable exemption or exclusion exists. La. R.S. 47:301(14)(g)(i)(aa), further defines taxable sales of services to include the furnishing of repairs to tangible personal property, including the repair and servicing of automobiles and other vehicles.

Cleaning services performed to restore tangible personal property to a proper working condition, as when cleaning the inner workings of a watch or the fuel injectors in an engine, are considered taxable repairs under R.S. 47:301(14)(g) and LAC 61:I.4301.C.*Sales of Services.g.iii.*

Applying the ceramic coating to an automobile includes a thorough cleaning of the vehicle and may also include repair work to the body of the vehicle and paint; this is done in preparation for applying the ceramic coating, the vehicle wrap, or sealant. The true objective of the service is the application of the ceramic coating, wrap, or sealant. Therefore, the entire process from initial cleaning to cure and the associated labor charge is taxable.

Ceramic coating products are made, not only for the vehicle's exterior, but also, to protect the glass, wheels, calipers, plastic components, trim, upholstery, carpet, vinyl, and leather. The adhesion of the ceramic coating products to surfaces not having had the process already, is taxable as a fabrication. The adhesion of the ceramic coating products to surfaces already having had the process is taxable as a repair.

Other processes comparable to ceramic coating include the addition of sealants and paint protection film, more commonly known as car wraps, these applications follow the same taxability rationale.

As outlined above, the requested guidance centered around the taxability of applying ceramic coatings to vehicles, however, this guidance also lists the similar services of applying vehicle wraps and the application of paint sealants.

Please feel free to contact me if you would like to discuss this matter in greater detail.

Sincerely,

Clarence Lymon, Executive Director

Louisiana Uniform Local Sales Tax Board