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**TEXAS PROVIDES TAX RELIEF TO RESIDENTS AND BUSINESSES AFFECTED BY HURRICANE IKE**  
*by Margaret Eisler, Esq. (RIA)*

Texas Comptroller Susan Combs has announced that due to Governor Rick Perry's disaster declaration concerning Hurricane Ike, taxpayers in the affected counties may claim an exemption on labor charges to repair damage caused by the hurricane. Other tax relief available to hurricane victims include suspension of hotel and motel taxes for 14 days and an extension for businesses to file tax returns due. ( Disaster Relief Frequently Asked Questions, 09/01/2008 ; Governor Declares Disaster in preparation for Hurricane Ike, 09/08/2008 ; Governor Perry suspends hotel/motel tax for victims of Hurricane Ike, 09/12/2008 ; Governor Perry Amends Proclamation to Include More Counties, 09/12/2008 .)

**Exempt labor charges for repair.** Labor charges for repair or remodeling services performed on residential property are not subject to sales tax. However, materials used during the repair or restoration are taxable, even in a disaster area. The contractor will collect tax from his customer if the contract calls for separate charges for materials and labor. If the contract calls for a single charge that includes materials and labor, then the contractor will not collect tax from his customer, but will pay sales tax when he buys the materials.

Purchasers may claim an exemption from sales tax on separately stated charges for labor to repair or restore nonresidential real property damaged by the disaster. The materials used to perform the repairs are taxable. To claim the exemption on the labor charge, the purchaser should give the repair contractor an exemption certificate. If the service provider charges a lump-sum charge, the lump-sum charge is presumed taxable as a taxable service. However, the service provider may overcome this presumption, even after the service is completed, by accepting an exemption certificate and then separately stating the charge for labor from the charge for incorporated materials so that the service provider may refund the sales tax collected on the charge for labor.

Evacuees may claim an exemption from sales tax on charges for labor to repair or restore items damaged by the natural disaster. The exemption may be claimed on labor to repair furniture, appliances, other items of tangible personal property, even if the evacuee picks up the repaired or restored items in Texas. The exemption includes labor costs to launder or dry clean damaged clothes or other property. To receive an exemption from tax on the charges for the labor, the purchaser must give the seller an exemption certificate showing both the seller's and the purchaser's names and addresses and the items being repaired. The certificate must also give the reason for claiming the exemption.

**Hotel and motel taxes suspended.** In a September 12, 2008 proclamation, Governor Perry suspended the collection of all state and local hotel and motel taxes from the victims of Hurricane Ike for a period of 14 days, beginning September 8, 2008. The Texas Comptroller has determined that exemption applies only to persons with a home address in one of the counties mentioned in the Governor's September 8, 2008 disaster declaration, relief workers dispatched to the counties mentioned in the Governor's September 8, 2008 disaster declaration, and persons with a home address in a county or parish of another state that has been declared a disaster area by the governor of that state.

Hotels should obtain a completed exemption certificate from the evacuee stating that the stay is due to Hurricane Ike.

Guests who stay for a minimum of 30 consecutive days are exempt as permanent residents beginning the 31st day through the remainder of the stay. Guests who give written notice of intent to stay for 30 or more consecutive days and then stay for the next 30 days are exempt on the date of notice. Any interruption in the right to occupy a room voids the exemption.



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An exempt organization may choose to pay tax. If FEMA requests to be billed for state and local hotel taxes, the hotel should charge FEMA state and local hotel tax. Include FEMA room charges as taxable receipts on the Texas Hotel Occupancy Tax Report (Form 12-100). Hurricane evacuees who stayed for the previous 30 or more consecutive days may claim exemption as permanent residents when the FEMA short-term lodging program expires. If new guest folios are generated, for audit purposes the hotel should document on the new folio that the resident has occupied a room for 30 or more consecutive days and reference the old folio number. Any interruption in the right to occupy a room voids the exemption.

Hotel tax refund requests should be made to the hotel that collected the tax. After refunding the tax, the hotel can adjust taxable receipts on a current return to take credit for the refund. Persons who reserved and paid for their rooms through an intermediary should seek their refund through that intermediary.

**Filing extensions.** Businesses that are affected by a declared disaster and are unable to file timely due to damage caused by the disaster may, upon request, be granted an extension of 90 days to file tax returns. Extension requests due to disasters are handled on a case by case basis.

For more information or to request a tax filing extension, call the Comptroller's toll-free tax assistance line in Austin at (800) 252-5555.

**Affected counties.** The following Texas counties were included in Governor Perry's September 8, 2008 and September 12, 2008 proclamations declaring a state of disaster due to Hurricane Ike beginning September 7, 2008: Anderson, Angelina, Aransas, Archer, Austin, Bee, Bell, Bexar, Bowie, Brazoria, Brazos, Brooks, Burleson, Calhoun, Cameron, Cass, Chambers, Cherokee, Collin, Colorado, Comal, Coryell, Dallas, Denton, DeWitt, Ellis, El Paso, Fort Bend, Franklin, Freestone, Galveston, Goliad, Grayson, Gregg, Grimes, Hardin, Harris, Harrison, Henderson, Hidalgo, Hill, Hopkins, Houston, Hunt, Jackson, Jasper, Jefferson, Jim Hogg, Jim Wells, Kaufman, Kenedy, Kleberg, Lamar, Lavaca, Leon, Liberty, Lubbock, Madison, Matagorda, McLennan, Milam, Montgomery, Nacogdoches, Navarro, Newton, Nueces, Orange, Panola, Parker, Polk, Potter, Randall, Refugio, Robertson, Rusk, Sabine, San Augustine, San Jacinto, San Patricio, Shelby, Smith, Starr, Tarrant, Titus, Tom Green, Travis, Trinity, Tyler, Van Zandt, Victoria, Waller, Walker, Washington, Webb, Wharton, Willacy, Williamson, Wise and Wood.

**Comptroller field office closures.** The Comptroller's website advises that the following Comptroller field offices are temporarily closed until further notice due to evacuations related to Hurricane Ike: Beaumont, Houston NW. and Houston SW.

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