

 **Taxes**

ENERGY STAR Sales Tax Holiday

May 29-31, 2021

During the COVID-19 pandemic, the Comptroller encourages all taxpayers to continue practicing social distancing *and* support Texas businesses while saving money on tax-free purchases of certain ENERGY STAR® energy-efficient products during the annual Texas ENERGY STAR Sales Tax Holiday. There is no limit on the number of qualifying items you can buy, and you do not need to give the seller an exemption certificate to buy items tax free.

The 2021 tax-free ENERGY STAR Sales Tax Holiday begins Saturday, May 29, and goes through midnight on Monday, May 31 (Memorial Day).

Online Purchases and Telephone Orders

To promote social distancing, the Texas Comptroller's office wants all taxpayers to know that during the Energy Star Sales Tax Holiday, you can buy qualifying ENERGY STAR® energy-efficient products online or by telephone, mail, custom order or any other means (including in-store purchases) tax free, when either

- the item is both delivered to, and paid for, by the customer during the exemption period; or
- the customer orders and pays for the item, and the seller accepts the order during the exemption period for immediate shipment, even if delivery is made after the exemption period ends.

A seller accepts an order when the seller has acted to fill the order for immediate shipment.

An order is filled for immediate shipment regardless of whether the shipment is delayed due to a backlog of orders or because stock is currently unavailable to, or on back order by, the seller.

In-Store Purchases

The Comptroller's office urges all taxpayers buying certain ENERGY STAR® energy-efficient products at their local retailers to practice appropriate social distancing as described in the Center for Disease Control and Prevention guidelines during the sales tax holiday.

Qualifying Products

You can buy, rent or lease *only* the following ENERGY STAR[®]-labeled items tax free:

- air conditioners (with a sales price of \$6,000 or less)
- refrigerators (with a sales price of \$2,000 or less)
- ceiling fans
- incandescent and fluorescent light bulbs
- clothes washers
- dishwashers
- dehumidifiers

Non-Qualifying Products

Examples of items that do not qualify and are taxable, even if they are ENERGY STAR[®]-labeled include

- water heaters
- clothes dryers
- freezers
- stoves
- attic fans
- heat pumps
- wine refrigerators
- kegerators
- beverage chillers

Additional Charges Affect the Sales Price

Delivery, shipping, handling, and transportation charges by the seller are part of the item's sales price. Charges for installing free-standing items are also part of the item's sales price. If the item you buy is not taxable, then these charges are not taxable.

For air conditioners and refrigerators (because they have a price cap), you have to look at the item's total sales price to determine whether you can buy it tax free.

For example, you buy an ENERGY STAR[®] refrigerator for \$1,995 with a \$50 delivery charge for a total sales price of \$2,045. Because the refrigerator's total sales price is more than the \$2,000 cap for refrigerators, tax is due on the entire \$2,045 sales price.

If a delivery charge is billed per item, and an invoice has both exempt and taxable items, only the qualifying exempt item's delivery charge is exempt.

For a flat-rate delivery charge, the total delivery charge is applied to the tax-exempt items and is exempt if it does not cause the item's sales price to exceed its price cap.

Contractors and Taxable Service Providers

If you perform new construction or residential repair and remodeling contract work, you are a contractor. If you repair or remodel nonresidential real property, you are a taxable service provider.

Purchases

As a contractor or taxable service provider, you can buy qualifying ENERGY STAR[®] energy-efficient products tax free to keep in your inventory. You do not need to give the seller an exemption or resale certificate.

Sales

During the holiday, contractors and taxable service providers can sell ENERGY STAR[®] energy-efficient products tax free if they are incorporated into real property under a separated contract.

Examples of products incorporated into real property are central air conditioning units, ceiling fans and built-in appliances such as dishwashers. This exemption applies to both residential and business customers.

Sales Tax Holiday Refund Requests

Purchasers can buy certain ENERGY STAR[®] energy-efficient products during the annual Texas ENERGY STAR Sales Tax Holiday. If you pay sales tax on these items during the sales tax holiday, you can ask the seller for a refund of the tax paid. The seller can either grant the refund or provide their customer with Form 00-985, *Assignment of Right to Refund* [comptroller.texas.gov/forms/00-985.pdf], which allows the purchaser to file the refund claim directly with the Comptroller's office.

Should you have additional questions about refund requests, please contact us at 800-531-5441, ext. 34545, or visit our Sales Tax Refunds [comptroller.texas.gov/taxes/sales/refunds/] web page for further details on filing a refund claim.

More Information

For more information, contact us at Tax Help [comptroller.texas.gov/web-forms/tax-help/], or call 800-252-5555.

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