

GIL-2008-24

September 16, 2008

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Re: taxability of alteration services

Dear XXXXXXXXX,

The department has reviewed your letter dated August 18, 2008 regarding the taxability of alteration services. The department recently enacted a regulation governing requests for tax advice. See, §24-35-103.5, C.R.S. and Department regulation (24)-35-103.5. Pursuant to this regulation, the department issues both private letter rulings and general information letters. Private letter rulings are issued in response to tax issues raised in specific factual settings, are binding on the department, and require payment of a fee. General information letters are issued in response to general tax questions and are not binding on the department. You can view this regulation on-line at:

<http://www.revenue.state.co.us/taxstatutesregs/3921reg24-35-103.5.html>

A general information letter will not address the applicability of the law to a specific set of facts, such as you have outlined above. Therefore, this response is issued as a general information letter.

Issue

You ask whether alteration services are subject to sales or use tax under the following conditions:

A separately stated charge for modifications made to an article of clothing, such as shorting, hemming, or taking in. The alterations are optional to the customer and are requested at the point of the original sale of the clothing article.

Discussion

In *A.D. Stores v. Department of Revenue*, 19 P3d 680 (Colo. 2001), the Colorado supreme court addressed the taxability of alteration services and held that alteration service, which the customer ordered from the retailer at the time of the purchase of the clothing, was separable from the taxable sale of the clothing. Therefore, alteration services provided under these circumstances are not taxable.

The department offers retailers an abundance of sales tax related resources. These are easily accessed through our web site at: www.revenue.state.co.us. Click on "Taxation" > "Publication / Resources" and then select FYIs, Regulations, or Tax Information Index.

Finally, and pursuant to state law, the Department will make public a redacted version of this letter. Your letter requesting this informational letter is not made public. See, §24-35-103.5(13), C.R.S. The regulation governing private letter rulings and informational letters is available on our web site at: <http://www.revenue.state.co.us/taxstatutesregs/3921reg24-35-103.5.html>. I enclose a proposed redacted version of this letter. Please contact me within 60 days from the date of this letter if you have any questions, comments or concerns about the redacted letter.

Please feel free to contact me if you have any questions.

Sincerely,

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