

TSB-A-82(36)S
Sales Tax
October 18, 1982

"The imposition of tax on services performed on real property depends on the end result of such service. If the end result of the services is the repair or maintenance of real property such services are taxable. If the end result of the same service is a capital improvement to the real property such services are not taxable." 20 NYCRR 527.7(b) (4).

The services for which the City's contractors are reimbursed by Petitioner are incidental to the capital improvement work being performed by the contractors for the City. Under the "end result" test set forth in 20 NYCRR 527.7(b)(4), the receipts from these services are not taxable. Building Contractors Association, Inc. v. Tully, ___ A.D. 2d ___ (1982); Carl A. Morse, Inc., State Tax Commission, June 18, 1980, TSB-H-80(144)S. Accordingly, Petitioner is not required to pay sales tax upon its reimbursement to the City's contractors for performance of these services described above.

DATED: September 24, 1982

s/LOUIS ETLINGER
Deputy Director
Technical Services Bureau