

New York State Department of Taxation and Finance  
**Taxpayer Services Division**  
**Technical Services Bureau**

TSB-M-83(24.1)S  
Sales Tax  
November 7, 1983

Mobile Homes

This memorandum supplements TSB-M-83(24)S by clarifying 1) the "70% Rule" applicable to sales of new mobile homes on or after September 1, 1983, and 2) the tax status of tangible personal property purchased and used by persons installing mobile homes.

As a result of Chapter 986 of the Laws of 1983, the tax on sales of new mobile homes is applied to 70% of the retail selling price. This rule, however, is applicable only to the selling price allocable to the mobile home including any furnishings permanently installed therein by the manufacturer, and is not applicable to furniture, fixtures, furnishings, appliances, attachments or similar tangible personal property not permanently incorporated as component parts of the mobile home at the time of manufacture.

In order to be considered component parts of a mobile home, tangible personal property must be installed by the manufacturer of the mobile home in such a manner as to be permanently attached to the mobile home. Examples of permanently installed component parts of a mobile home are water heaters, furnaces, sinks, cabinets, counter tops, exhaust fans and ducted hoods. Dishwashers, ranges, ovens, and other furnishings are deemed to be components of a mobile home only if built in at the time of manufacture.

Items of tangible personal property included in a mobile home by a manufacturer which are not permanently installed, or which are installed by a dealer, such as furniture, draperies and freestanding appliances, must be taxed to the purchaser at 100% of their selling price. The invoice given to the purchaser must list all items of tangible personal property individually, along with their applicable selling price. A copy should be retained by the dealer for his records.

When a dealer accepts a used mobile home in trade, whether furnished or unfurnished, as part payment for a new mobile home, the trade-in allowance must be applied to the total selling price of the new unit, including any furnishings. The trade-in allowance must be appropriately apportioned in accordance with the percentage of the total selling price representing the mobile home including permanent attachments, and the percentage of the selling price representing the furnishings which are not permanently attached.

Example: A dealer sells a new mobile home after September 1, 1983 to a purchaser in a 7% taxing jurisdiction and accepts a used mobile home as a trade-in under the following conditions:

Total retail price of mobile home and furnishings	\$25,000.00
Price of furniture, draperies, etc. not permanently installed	\$5,000.00
Trade-in allowance	\$4,000.00

The correct tax computation is as follows:

Method to determine trade-in allocation:

Price of furnishings not permanently installed	\$5,000.00	=	20% of trade-in allowance allocated towards uninstalled furnishings
Total retail price of new mobile home & furnishings	\$25,000.00		
Total trade-in			<u>\$4,000.00</u>
20% allocable to uninstalled furnishings			<u>\$800.00</u>
80% allocable to mobile home (including permanently installed furnishings only)			<u>\$3,200.00</u>

Method to determine portion taxable at 70% and tax due thereon:

Total retail price of mobile home and furnishings		\$25,000.00
Less: uninstalled furnishings	\$5,000.00	
amount allocable to trade-in on mobile home plus permanent attachments	<u>3,200.00</u>	<u>8,200.00</u>
Balance due (after trade-in) on mobile home less uninstalled furnishings		<u>\$16,800.00</u>
70% of above = taxable portion		<u>\$11,760.00</u>
Taxable portion x 7% sales tax		<u>\$823.20</u>

Method to determine portion taxable at 100% and tax due thereon:

Uninstalled furnishings		\$5,000.00
Less: amount allocable to trade-in		<u>800.00</u>
Balance due (after trade-in) on uninstalled furnishings		<u>\$4,200.00</u>
100% of above = taxable @ 7%		<u>\$294.00</u>

Method to determine total tax due and total amount due dealer:

Balance due dealer (after trade-in) on mobile home less uninstalled furnishings		\$16,800.00
Taxable portion = 70% of above x 7% sales tax	\$823.20	823.20
Balance due dealer (after trade-in) on uninstalled furnishings		4,200.00
Taxable portion = 100% of above x 7% sales tax	<u>294.00</u>	<u>294.00</u>
Total amount due dealer, including tax		<u>\$22,117.20</u>
Total tax due	<u>\$1,117.20</u>	

Any charge for installation of the mobile home is exempt from tax. Furthermore, any person installing a mobile home is considered the user or consumer of the items of tangible personal property necessary to render the home habitable, and must therefore pay tax on the full purchase price of the tangible personal property used to perform the installation. Items included in this category are blocks, water and sewer lines, steps, wind anchors, electric cables, and oil drums and stands.

Items of tangible personal property which are intended to enhance the appearance of the home, but which are not necessary to render the home habitable, are fully taxable to the purchaser of the mobile home. Labor to install such items is also taxable. Examples of items of this nature are skirting, decks, and awnings. Such items are not taxable to a dealer or other vendor, when purchased for resale.

As explained in TSB-M-83(24)S, after September 1, 1983, mobile homes are never capital improvements to real property. This means that after that date, all work performed on a mobile home is deemed to be a taxable repair or installation of tangible personal property which will not qualify as a capital improvement, no matter when the mobile home upon which the work is performed was purchased, or whether the mobile home qualified as a capital improvement to real property at the time of installation.