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## Interior Decorating and Design Services

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### Introduction

This bulletin explains how sales and use taxes apply to interior decorating and design services.

Anyone who sells interior decorating or design services must register for New York State sales tax purposes if they deliver services in New York State or if they have a place of business in the state. See Tax Bulletin [How to Register for New York State Sales Tax \(TB-ST-360\)](#). Except for the New York City local sales tax, these services are taxable at the full state and local sales tax rate, including the 3% Metropolitan Commuter Transportation District (MCTD) sales tax. See Tax Bulletin [Sales Tax Rates, Additional Sales Taxes, and Fees \(TB-ST-825\)](#).

### Interior decorating and design services

Interior decorating and design services generally relate to the planning and design of interior spaces (see [section 8303](#) of the Education Law). Interior decorating and design services include:

- preparation of layout drawings, schedules, and specifications pertaining to the planning and design of interior spaces;
- furniture arranging;
- design and planning of furniture, fixtures, and cabinetry;
- staging;
- lighting and sound design;
- interior floral design;
- selection, purchase, and arrangement of surface coverings, draperies, furniture, and other decorations; and
- any similar services.

Providers of interior decorating and design services include:

- interior consultants;
- kitchen designers;
- bathroom designers;
- lighting designers;
- home decorators and designers;
- architects;
- engineers;
- renderers;
- event decorators; and
- any other person providing similar services.

Interior decorating and design services are not limited to services performed on residential or commercial properties for property owners or tenants. Organizers of functions such as corporate events, conventions, political functions, trade shows, award ceremonies, fashion shows, and annual meetings all may hire interior decorators or designers.

Interior decorating and design services may be rendered with respect to tangible personal property or real property. For example, assisting a customer with choices of fabric, colors, and styles of furniture and other furnishings are services relating to tangible personal property. A decorator or designer offering color, paint, and material finishes for a commercial office interior is rendering services related to real property. Also, a decorator or designer could produce plans with respect to tangible personal property or real property located either inside or outside New York State.

### **Architecture and engineering**

Interior decorating and design services don't include services that consist of the practice of architecture or engineering. The practice of architecture is defined in [section 7301](#) of the Education Law, and the practice of engineering is defined in [section 7201](#) of the Education Law.

However, when a licensed architect or engineer performs interior decorating or design services that don't constitute architecture or engineering, those services are taxable.

### **Sales to, or uses by, licensed architects and engineers**

Drawings, plans, renderings, and other interior decorating and design services sold to a licensed architect or engineer are taxable, unless the services will be resold or used by the architect or engineer in performing a taxable decorating or design service. The fact that a sale is made to a licensed architect or engineer doesn't make the sale exempt from sales tax as a service that consists of the practice of architecture or engineering. Also, the use of an interior decorating or design service by an architect or engineer is subject to use tax.

An architect or engineer who purchases a decorating or design service and incorporates it into architectural or engineering plans for a customer can't purchase the decorating or design service for resale because the interior decorating and design service is not resold by the architect or engineer as an interior decorating and design service. See [TSB-M-10\(5\)S](#), *Application of Sales and Use Tax to the Sale of Interior Decorating and Design Services Used by Licensed Architects or Engineers*.

### **Tax rate depends on where the service is delivered or used**

The point of delivery determines the sales tax rate that applies to a sale of interior decorating or design services. Interior decorating or design services can be delivered to a purchaser in a variety of ways. For example, these services can be delivered:

- by providing only renderings or plans;
- by providing only on-site advice;
- by providing (under a single contract) a combination of renderings or plans and on-site advice for a single charge or for separate charges for the various components; or
- by providing (under a single contract) a combination of renderings or plans and advice, followed by later physical implementation of the plans for a single charge or for separate charges for the various components.

When interior decorating or design services are delivered by providing only renderings or plans, the sale is taxable where the plans are delivered to the purchaser. Plans or renderings delivered to the purchaser in New York State are subject to state and local sales tax at the rate in effect at the place of delivery, regardless of where the property that is the subject of the plan is located. Plans or renderings delivered outside New York State are not subject to New York State and local sales tax (however, later use of the plans or renderings in New York State will subject the purchaser to New York State and local use tax based on the location where the plans or renderings are used).

If the services provided consist only of on-site advice, the sale is taxable at the location of the property where the on-site advice is given. If the property is located in New York State, the sale is subject to New York sales tax.

If the services provided consist of a combination of renderings or plans and on-site advice under a single contract, and for a single charge, the sale is considered to be an integrated, two-step transaction. The overall service is considered to be delivered at the location of the property where the on-site advice is provided and at the time the on-site advice is given. If the property is located in New York State, the sale is subject to New York sales tax. On the other hand, if the same services are sold under a single contract but the contract provides separate and reasonable charges for each component, then the delivery of each component will be considered separately. If the plans are delivered in New York, the separate charge for them would be taxable. If the on-site service under the contract is provided in New York, the separate charge would also be taxable. If the on-site service is provided out of state, the separate charge for that service would not be taxable.

If a single contract includes a combination of renderings or plans and on-site advice, for a single charge, and the property where the on-site advice is provided is located out of state, the entire charge would not be taxable. However, if the designer delivers the plans into New York but the on-site service is never provided (for example, the building is not built), then the charge for the delivery of the plans into New York would become taxable at the time when it is determined that the on-site service will not be provided. If the parties renegotiate a reduced charge because the designer will not provide the on-site service, that reduced charge would be the amount subject to tax. Otherwise, the entire original amount would be subject to tax.

When the services provided consist of a combination of renderings or plans followed by later physical implementation of the plans, the person providing the services is considered to be a *construction contractor*. As a result, the sale will **not** be treated as the sale of interior decorating or design services but will instead be treated as a service to tangible personal property, real property, or both.

If the work to be performed constitutes the installation, repair, maintenance, or servicing of tangible personal property, or the repair, maintenance, or servicing of real property, the transaction is subject to sales tax if the property is located in New York State. A construction contractor must pay sales tax at the time of purchase on materials that are transferred to its customer as part of a taxable repair, maintenance, or installation service. However, the tax paid on these materials qualifies for a sales tax credit.

If the work to be performed constitutes the installation of tangible personal property that, when installed, constitutes a capital improvement to real property, the transaction is not taxable. A construction contractor must pay sales tax on any materials and other tangible personal property to be installed as part of the capital improvement and **no** sales tax credit is available.

If decorating or design services are delivered to a New York State resident outside of New York State (e.g., a design plan is delivered to the purchaser outside New York), but the purchaser later uses the plan in New York, the purchaser will owe New York State use tax. The place of use determines the use tax rate. See Tax Bulletins [Use Tax for Businesses \(TB-ST-910\)](#) and [Use Tax for Individuals \(including estates and trusts\) \(TB-ST-913\)](#).

Sales and uses of interior decorating and design services **in New York State (but outside New York City)** are subject to the 4% state tax rate and the local county/city rate where the services are delivered, as well as the 3% MCTD rate if the services are delivered in a county or city (other than New York City) located in the MCTD.

Sales and uses of interior decorating and design services in **New York City** are subject only to the 4% state tax and the  $\frac{3}{8}$ % MCTD tax. Interior decorating and design services are exempt from New York City's local sales and use taxes.

*Example: An architect purchases an interior lighting design plan for a hypothetical building that the architect is designing. The plan is delivered to the architect in Albany, New York. The sale of the plan is subject to sales tax at the rate of 8% (the combined state and local rate in effect in Albany).*

*Example: Mr. Y, a Manhattan resident, wishes to renovate the interior of a vacation home he owns on the east side of Lake George in Washington County. He solicits design plans for the project from three separate design firms. The plans are delivered to Mr. Y in Manhattan. Charges for each of the plans are exempt from New York City's local tax but are subject to the combined state and MCTD taxes at the rate of  $4\frac{3}{8}$ %.*

*Example: A couple selling their home in Essex County hires an interior designer to come to the property and offer advice as to how best to stage furniture and otherwise present the home in order to attract buyers. The designer's services are subject to Essex County's combined state and local sales tax rate of  $7\frac{3}{4}$ %.*

*Example: An architect contracts with a lighting designer to develop a lighting design plan for commercial office space located in Rockland County. The contract also provides that the lighting designer will come to the property when the lighting system is being installed to observe the implementation and offer advice on how to modify or alter the work being done, as needed, during the installation. The contract is for both the plan and the on-site consultation, for a single charge of \$8,500. The lighting design plan is delivered to the architect in New York City. Because the contract provides that the designer will deliver the plan and be present at the Rockland County site to observe and offer advice, for a single charge, the service is subject to tax in Rockland County at its combined state and local rate of  $8\frac{3}{8}$ %.*

*Example: Ms. R lives in Monroe County and has a cottage on Seneca Lake in Ontario County. Ms. R hires an interior designer to develop a plan to renovate the cottage. The designer visits the cottage to view its interior, furnishings and fixtures and to consult with Ms. R on the project before putting the plan together. The designer completes the plan and delivers it to Ms. R in Monroe County. The designer's service is subject to tax in Ontario County if it is for a single charge, since that is where the designer consulted with Ms. R and offered on-site advice for the project. But if the project provides for separate and reasonable charges for the plan and the on-site consultation, the charge for the consultation is taxable in Ontario County and the charge for the plan is taxable in Monroe County.*

*Example: A company hires an Albany, New York, designer to redesign the offices at its corporate headquarters in Seattle, Washington. The contract provides that the designer will be paid \$12,000 for the design plan and then \$300 per day, plus travel and other expenses, to be present in Seattle when the new design is implemented. The designer delivers the plan for the redesign to the company's New York office in White Plains. Three weeks later, the designer travels to Seattle to be present on site during the implementation of the plan. The designer's \$12,000 charge for the plan is subject to New York sales tax at the combined state and local rate in White Plains of  $8\frac{3}{8}$ %. The separate charge of \$300 per day, plus travel and other expenses, to be present in Seattle is not subject to New York sales tax.*

*Example: Designer M contracts with a law firm in Lake Placid, New York (Essex County), to design the interior of a satellite office it plans to open in Burlington, Vermont. The contract also provides that Designer M will be present in Burlington to offer on-site advice during the implementation of the design. The law firm pays Designer M \$10,000 for the plans and for the on-site advice. Designer M delivers the plans for the design to the law firm at its office in Lake Placid, but does not collect*

any New York sales tax since the contract is for a single charge and provides for Designer M to offer on-site advice in Vermont during implementation.

Two months later, the law firm cancels its plan to open an office in Vermont and the design is never implemented. Because no on-site advice occurs, Designer M refunds \$3,000 of its fee to the law firm. At that time, Designer M must collect New York sales tax from the law firm on the \$7,000 charged for the plans at the combined state and local rate in effect in Essex County.

*Example: Mr. Z owns a restaurant that he wants to gut and completely renovate. Mr. Z hires Firm D to design the renovation plan and also to act as the project manager to oversee the implementation of the plan and the construction work for the project. Firm D is considered to be a construction contractor for the project and is not considered to be selling interior decorating or design services. Since the gutting and complete renovation of the restaurant constitutes a capital improvement, Firm D's charges to Mr. Z are not taxable. However, Firm D must pay sales tax on any materials and other tangible personal property used in the project.*

*Example: A resident of White Plains, New York, purchases decorating services from a decorator in Connecticut. The decorator furnishes renderings to the customer at the decorator's shop in Connecticut and the New York resident brings the renderings back to White Plains for use there. The purchaser owes combined state, county, city, and MCTD **use taxes** at the rate of 8 $\frac{3}{8}$ %. If the White Plains resident had purchased the same services from a decorator in White Plains, the purchaser would have paid **sales tax** to the decorator at the same 8 $\frac{3}{8}$ % rate.*

### **Sales of furniture, fixtures, and other services**

Sales of tangible personal property and/or additional taxable services may be made in conjunction with the sale of interior decorating and design services. This includes, but is not limited to:

- the sale of tangible personal property, such as interior furnishings and fixtures;
- the installation of tangible personal property, including the placement, arrangement, or rearrangement of interior furnishings and decorations;
- the repair, maintenance, or servicing of tangible personal property, such as refinishing, refurbishing, or reupholstering interior furnishings; or
- the repair, maintenance, or servicing of real property, such as the repainting or wallpapering of existing interior spaces.

Interior decorating or design services that are performed in conjunction with the sale of tangible personal property or other taxable services will be subject to state and local sales tax if the tangible personal property or services associated with the decorating service are delivered to the customer in New York State.

In New York City, the portion of the bill that constitutes the sale of tangible personal property or other taxable services is subject to the combined state, MCTD, and local sales and use tax rate (8 $\frac{3}{8}$ %). If the interior decorating or design services are contracted for separately from the sale of the property or other services, and the charge for the decorating or design services is reasonable and separately stated on the bill or invoice given to the customer, the charges for the interior decorating or design services are only subject to the combined state and MCTD rate of 4 $\frac{3}{8}$ %. If the interior decorating or design services are not contracted for separately from the sale of the property or other services, the entire charge is subject to tax at the rate of 8 $\frac{3}{8}$ %.

Separately sold interior decorating or design services are taxable where the services are delivered, as described in the preceding section of this bulletin.

Note: A Tax Bulletin is an informational document designed to provide general guidance in simplified language on a topic of interest to taxpayers. It is accurate as of the date issued. However, taxpayers should be aware that subsequent changes in the Tax Law or its interpretation may affect the accuracy of a Tax Bulletin. The information provided in this document does not cover every situation and is not intended to replace the law or change its meaning.

**References and other useful information**

**Tax Law:** Sections 1105(c)(7), 1109, 1110, 1134, and 1210(a)(4)(iv)

**Education Law:** Sections 7201, 7301, and 8303

**Regulations:** Sections 525.2, 527.1, and 527.7

**Memoranda:**

[TSB-M-95\(13\)S](#), *Repeal of New York City's Sales Tax on Interior Decorating and Design Services*  
[TSB-M-10\(5\)S](#), *Application of Sales and Use Tax to the Sale of Interior Decorating and Design Services Used by Licensed Architects or Engineers*

**Bulletins:**

[Contractors - Sales Tax Credits \(TB-ST-130\)](#)  
[How to Register for New York State Sales Tax \(TB-ST-360\)](#)  
[Sales Tax Rates, Additional Sales Taxes, and Fees \(TB-ST-825\)](#)  
[Use Tax for Businesses \(TB-ST-910\)](#)  
[Use Tax for Individuals \(including estates and trusts\) \(TB-ST-913\)](#)