Aurora Municipal Code imposes a sales tax upon the purchase price paid for tangible personal property sold at retail in the City. Mixed transactions are those that include purchases of both taxable tangible personal property and nontaxable services.

Definitions

*Tangible personal property* means personal property that can be one or more of the following: seen, weighed, measured, felt, touched, stored, transported, exchanged, or that is in any other manner perceptible to the senses.

Taxable Transactions

- Sales/rentals/leases of tangible personal property
- Charges for taxable services (as defined in Tax Code)
  - Gas and Electric services
  - Recreation services
  - Few other specific items

Exempt Transactions

- Labor – when separately stated
- Newspapers
- Prescription drugs
- Gasoline
- Deliveries outside the City
- Food for home consumption
- Few other specific items

Mixed Transactions Rule

When purchases are made that include both taxable and nontaxable tangible personal property or services, only nontaxable tangible personal property and services that are *separately stated* on the invoice provided to the buyer at the time of purchase are exempted. If no separation occurs, the entire transaction is taxable. This is commonly referred to as a “Lump-Sum” transaction.

A charge is separately stated if it appears as a distinct line item apart from the overall price of the transaction, on a written receipt, invoice, sales contract, or similar document issued to the purchaser at the time of the sale.

Examples

1. XYZ Electrical has been contracted to install a new A/C unit at an Aurora residents’ home. XYZ completes the work and charges Aurora resident $5,000.00 for “Labor and Materials”. As there is no separation of labor and materials and the entire transaction is lumped together, all $5,000.00 of the purchase price is subject to Aurora sales tax.

2. ABC Plumbing has been hired as part of a home renovation project in Aurora and is tasked with installing a new kitchen sink and garbage disposal in a refurbished kitchen. After the work has been completed, ABC Plumbing bills its Aurora customer for $1,500.00 in materials and $500.00 in labor totaling $2,000.00 for the entire project. As the materials and labor charges are separated, only the $1,500.00 in materials would be subject to Aurora sales tax.

Related Topics

- Automotive Service & Repair
- Manufacturing & Fabrication
- Professional Services
- Construction Projects Not Requiring City Building Permits

Citations

*Aurora Municipal Code*

§ 130-31. Definitions
§ 130-33. Legislative Intent
§ 130-156. Taxable Items
§ 130-157. Items Exempt from Taxation

Contact Us

For additional assistance, please contact us:

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