

SECTION 25 - BARBER AND BEAUTY SHOPS AND SHOE AND WATCH REPAIRMEN**25-1 BARBER AND BEAUTY SHOPS**

- A. Receipts of barber and beauty shop operators derived from rendering personal services are not taxable.
- B. Sales to barber and beauty shop operators of tools, furniture, fixtures, equipment, materials, health and beauty aids and any other supplies purchased for use in connection with the operation of their business are subject to the general rate of State tax and any applicable local sales or use tax. Barber and beauty shop supply houses and other businesses making sales of the above items to barber and beauty shop operators to be used or consumed in rendering personal services to their customers are liable for collecting and remitting the general rate of State tax and any applicable local sales or use tax to this Department on such sales.
- C. Barber and beauty shop operators who purchase hair tonics, cosmetics and other health and beauty aids for resale and who maintain an inventory and facilities for regularly and continuously making retail sales of such items to their customers are required to register with this Department as retail merchants and are liable for collecting and remitting the general rate of State tax and any applicable local sales or use tax on such sales.
- D. Barber and beauty shop operators who purchase hair tonics, cosmetics and other health and beauty aids, some of which are regularly and continuously sold to their customers and some of which are used or consumed in rendering personal services to their customers, may purchase such items without payment of tax to barber and beauty shop supply houses and other suppliers by furnishing the suppliers with a properly executed **Streamlined Sales and Use Tax Agreement Certificate of Exemption, Form E-595E**. By executing the Certificates of Exemption, the barber and beauty shop operators assume responsibility for payment of tax directly to this Department on the sales price of items sold to their customers and on the cost price of items used or consumed in rendering personal services to their customers. The above provisions do not apply to barber and beauty shop operators who make occasional or infrequent sales of hair tonics and other health and beauty aids from their stock of merchandise which was purchased to be used in rendering services to their customers.

History Note: Authority G.S. 105-164.4; 105-164.6; 105-164.28; 105-264;
Issued: June 1, 1996;
Revised: February 1, 2007; July 1, 2005; June 1, 2002.

25-2 SHOE REPAIRMEN

- A. The sales or use tax applies to the full retail selling price of tangible personal property such as shoes, shoelaces and shoe polish sold by shoe repairmen.
- B. Charges for materials used by shoe repairmen in repairing shoes and other articles for their customers are subject to the general rate of State tax and any applicable local sales or use tax. A segregation may be made between the retail charge for the materials furnished and the charge for labor or services rendered, and in such case, the tax does not apply to the separately stated labor or service charge. If no segregation is made between the charges for the materials furnished and the charges for labor and services performed in connection with the repair work, the Secretary will permit shoe repairmen to collect and remit the tax on 40% of the combined price or charge made for the materials, labor and services as representing the retail charge for the materials furnished.

- C. All shoe repair machinery, parts therefor, tools, equipment and supplies, other than those described in Paragraph D. of this Bulletin, which are sold to persons engaged in the business of repairing shoes and which are used or consumed by such persons in shoe repair operations are subject to the general rate of State tax and any applicable local sales or use tax.
- D. Sales to registered merchants of leather, rubber or like products, cement, thread and other items of a similar nature which ordinarily become a part of or attach to shoes which are repaired and are sold to and delivered with the repaired shoes to customers, including bags for delivery of the shoes, are sales for resale and may be sold pursuant to a **Streamlined Sales and Use Tax Agreement Certificate of Exemption, Form E-595E**. If registered shoe repairmen purchase other tangible personal property for resale to their customers, their suppliers shall also secure Certificates of Exemption in connection with such sales. If the items that shoe repairmen generally purchase for use are purchased by them for the purpose of resale to other shoe repairmen or other users, their suppliers shall secure a Certificate of Exemption with each such sale to support the claim for the exemption from the retail tax.

History Note: Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-164.28;
105-264;
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25-3 WATCH, CLOCK AND JEWELRY REPAIRMEN

- A. Sales of watches, clocks, watch bands, watch chains, trophies, jewelry and other taxable tangible personal property are subject to the general rate of State tax and any applicable local sales or use tax on the full retail sales price. Any charges for labor or services rendered in **engraving** tangible personal property selected by a vendee and left with the vendor to be engraved are exempt from tax when such charges are segregated from the charge for the tangible personal property sold on the invoice given to the customer at the time of the sale and in the vendor's records; otherwise, the total amount is subject to tax.
- B. Charges for repair parts and other materials used by watch, clock and jewelry repairmen in repairing watches, clocks, jewelry and other articles for their customers are subject to the general rate of State tax and any applicable local sales or use tax. A segregation may be made between the retail charge for the materials furnished and the charge for labor or services rendered, and in such case, the tax does not apply to the separately stated labor or service charges. If no segregation is made between the charges for the materials furnished and the charges for labor and services performed in connection with such repair work, the Secretary will permit such repairmen to collect and remit the tax on 10% of the combined price or charge made for the materials, labor and services as representing the retail charge for the materials furnished.

History Note: Authority G.S. 105-164.4; 105-164.6; 105-264;
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