

# **HANDYMAN**

The activities of a handyman can be defined as “retail sales”, “direct customer services.”, or “construction contracting”.

## **HOW DO I DETERMINE THE PROPER CLASSIFICATION FOR AN ACTIVITY?**

### **Construction Contracting**

If you attach or install tangible personal property (except “consumable goods” which are discussed above) onto real property or alter real property in any way, you are considered a construction contractor. In addition, if you repair, remove, replace or modify any item installed or attached to real property, you are considered a construction contractor. Some examples of construction contracting activities are: repair of a door, wall, installation of carpeting, window screens, painting, bathroom pipe repair, etc.

### **Retail Sales**

When you sell tangible personal property (windows, screens, doors), but do not install the item being sold, you are considered to have made a retail sale.

The sale of consumable goods, such as lubricants, light bulbs, furnace filters, air conditioning filters & coolant, which are incorporated into or applied to real property are considered retail sales and not construction contracting.

### **Direct Customer Services**

If you perform an activity which does not involve retail sales or altering, repairing, attaching to, etc. real property, the activity is considered a direct customer service. Examples of direct customer services are carpet cleaning, yard cleaning and window washing. Direct customer services do not include demolition, earth moving, and wrecking activities.

## **HOW ARE THE DIFFERENT CLASSIFICATIONS TAXED?**

### **Construction Contracting**

You are liable for the 2% tax on construction contracting activity based on the gross income from the activity less a 35% standard contracting deduction. (See construction contracting guidelines and the tax code for further details)

### **Retail Sales**

You are liable for the 2% tax on retail sales based on the total amount of the sale. A deduction for sales for resale is allowed if proper documentation is maintained.

### **Direct Customer Service**

Direct customer services are not taxable.



**City of Prescott  
Finance Department  
Tax & Licensing Division  
P O Box 2077  
Prescott, AZ 86302**

For more information or to obtain a copy of the tax code, please contact:

928 777-1268 Taxpayer Assistance Rep  
928 777-1210 Privilege Tax Auditor  
928 777-1231 Tax & Licensing Supervisor

# PRESCOTT PRIVILEGE TAX

*HANDYMAN*



This publication is for general information regarding Transaction Privilege Tax on those offering handyman services. For complete details, refer to the City of Prescott Privilege & Use Tax Code and related regulations. In the case of an inconsistency or omission in this publication, the language of the Tax Code will prevail. The transaction privilege tax is commonly referred to as a sales tax, however, under State of Arizona law, the tax is on the privilege of doing business in Prescott and is not a true sales tax.

***April 1997***