

[200210518L \[Tax Type: Sales\] \[Document Type: Letter/Memo\]](#)

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200210518L

October 11, 2002

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Dear \*\*\*\*\*:

You recently sent us an e-mail asking about the taxability of services performed on residential real property.

For new construction of a retaining [wall](#) (residential and nonresidential) and for residential repair and remodeling of an existing retaining [wall](#), the incorporated materials are taxable, but labor is not. The type of contract (lump-sum or separated) between the contractor and the customer determines how tax is handled on materials. See Rule 3.291 on contractors.

The repair and remodeling of a retaining [wall](#) on nonresidential real property is a taxable service and is treated differently. If you repair or remodel a nonresidential retaining [wall](#), the total charge (labor, materials, expenses, etc.), whether or not separated, is taxable. See Rule 3.357 for more information on nonresidential repair and remodeling.

The total amount billed for [landscaping](#) services is taxable. See Rule 3.356 for more information concerning real property services and about specific activities included in [landscaping](#).

The labor to perform [landscaping](#) and lawn care services are not taxable services if purchased by a contractor, developer, or homebuilder as part of the improvement of real property with a new residential structure. See our tax bulletin 94-112 for more information on [landscaping](#) services.

The rules and publication mentioned above and other helpful Texas tax information are available online at our Window on State Government at <http://www.window.state.tx.us/>. Go to "Sales Tax" under Quick Links.

If you have any questions or need additional information, e-mail us at [tax.help@cpa.state.tx.us](mailto:tax.help@cpa.state.tx.us), call me at 1-800-531-5441 ext. 6-5809, or write to Tax Policy Division, P. O. Box 13528, Austin, Texas 78711-3528.

Sincerely,

Emilio S. Lerma  
Tax Policy Division

ACCESSION NUMBER: 200210518L  
SUPERSEDED: N  
DOCUMENT TYPE: L  
DATE: 10/11/2002  
TAX TYPE: SALES