

**200210518L [Tax Type: Sales] [Document Type: Letter/Memo]**

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**Texas Comptroller of Public Accounts STAR System**

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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, 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

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