

## MODULAR SALES TAX EXAMPLE

The now popular modular homes are treated just exactly as the traditional housing, not as a factory manufactured home because they do not have the permanent chassis, are not motor vehicles and are not addressed specifically in law for sales tax purposes. Below are a couple of applications of the installation of modular homes.

(Note: State Tax (7%) ... Local tax (varies 2.25% - 2.75%)

### 1. In this first example the manufacturer is the same entity as the installer and acts as his own contractor for sales or use tax purposes.

Manufacturer Raw Material Cost	\$ 60,000	Sales Tax 9.25% = <b>\$5,500</b>
Manufacturer Mark Up & Fabrication Labor	\$ 15,000	Not Taxable
Erection Labor	\$ 12,000	Not Taxable
Septic System	\$ 12,000	Subcontracted cannot use resale certificate Assuming 50% materials cost at (\$6,000) Sales tax 9.25% = <b>\$585.50</b>
Foundation	\$ 6,000	Subcontracted cannot use resale certificate Assuming 50% materials cost at (\$3,000) Sales tax 9.25% = <b>\$277.50</b>
Driveway	\$ 5,000	Subcontracted cannot use resale certificate Assuming 50% materials cost at (\$2,500) Sales tax 9.25% = <b>\$231.25</b>
Total cost of home	\$118,000	Tax included = <b>\$6,644.25</b>
Furniture & installation	\$ 20,000	
Sales tax at 9.25%	<b>\$ 1,850</b>	
<b>Total cost of home</b>	<b>\$139,850</b>	

**2. In the next example the manufacturer sells to a dealer who is the installer or hires a contractor to install the modular home.**

Manufacturer raw materials cost	\$ 60,000	
Manufacturer Mark up & Fabrication labor	\$ 15,000	
Sales price to dealer/installer	\$ 75,000	
State Tax (7%)	\$ 5,250	
Local tax (varies 2.25% - 2.75%)	\$ 36 = <b>\$5,330</b>	
State tax on a single article	\$ 44	
Dealers markup & installation labor	\$ 20,000	Not Taxable
Septic System	\$ 12,000	Subcontracted cannot use resale certificate Assuming 50% materials cost at (\$6,000) Sales tax @ 9.25% = <b>\$585.50</b>
Foundation	\$ 6,000	Subcontracted cannot use resale certificate Assuming 50% materials cost at (\$3,000) Sales tax @ 9.25% = <b>\$277.50</b>
Driveway	\$ 5,000	Subcontracted cannot use resale certificate Assuming 50% materials cost at (\$2,500) Sales tax @ 9.25% = <b>\$231.25</b>
Home Cost	\$123,330	
Furniture & installation	\$ 20,000	
Sales tax @ 9.25%	<b>\$ 1,850</b>	<b>Total tax \$8,274.25</b>
<b>Total cost of home</b>	<b>\$145,150</b>	