

Description	Taxable Yes or No	Tax Type	Additional Comments	Authority
Hotel Operations Purchases				
1. In-room amenities/hotel consumables provided with the guest room (e.g., shampoo, soap, toilet paper, laundry bag)	Yes*	Sales	Purchases may qualify as tax free sales for resale, but only if the hotel subsequently sells the in-room amenities to hotel guests as a taxable item for consideration. If a hotel purchases in-room amenities tax free for resale, the hotel should collect sales tax on the subsequent resale of the item to the guest unless the guest provided an appropriate exemption certificate. The hotel owes sales tax on amenities/hotel consumables used in common areas of the hotel (e.g., soap and toilet paper used in public restrooms). <i>* This issue is currently being litigated.</i>	Tex. Tax Code §§151.006, 151.051, 151.054, and 151.302(a)
2. In-room coffee provided at no charge to guests	No		Coffee is an exempt food item, unless sold ready for immediate consumption.	Tex. Tax Code §151.314; 34 Tex. Admin. Code §3.293
3. In-room cookies provided at no charge to guests	No		Bakery items (such as cookies) are exempt, unless sold with eating utensils.	Tex. Tax Code §151.314; 34 Tex. Admin. Code §3.293
4. Newspapers provided at no charge to guests	No		Newspapers with an average sales price of \$3.00* or less per copy over a 30-day period are exempt. <i>*\$1.50 or less prior to Sept. 1, 2013.</i>	Tex. Tax Code §151.319; 34 Tex. Admin. Code §3.299
5. Linens and towels	Yes	Sales	Taxable to the hotel at the time of purchase.	Tex. Tax Code §§151.005(1), 151.009, 151.010, and 151.051
6. In-room coffeemakers for guests	Yes	Sales	Taxable to the hotel at the time of purchase.	Tex. Tax Code §§151.005(1), 151.009, 151.010, and 151.051
7(a). Flowers purchased by hotel for display (either in-room or in common areas)	Yes	Sales	Taxable to the hotel at the time of purchase.	Tex. Tax Code §§151.005(1), 151.009, 151.010, and 151.051
7(b). Flowers provided in-room for "Romance Package"	Yes*	Sales	Purchases may qualify as tax free sales for resale, but only if the hotel subsequently sells the flowers as a separately stated taxable item. If a hotel charges a single lump sum amount for the "romance package," then the the flowers cannot be purchased tax-free for resale. <i>* This issue is currently being litigated.</i>	Tex. Tax Code §§151.006, 151.051, 151.054, and 151.302(a)
8. Promotional materials (tangible personal property (TPP)) (e.g., pens and stationary provided in-room)	Yes*	Sales	Purchases may qualify as tax free sales for resale, but only if the hotel subsequently sells the promotional materials to hotel guests as a taxable item for consideration. If a hotel purchases promotional materials tax free for resale, the hotel should collect sales tax on the subsequent resale of the item to the guest unless the guest provided an appropriate exemption certificate. The hotel owes sales tax on promotional materials used in common areas of the hotel (e.g., pens used at the check-in counter, in the lobby, or in other common areas). <i>* This issue is currently being litigated.</i>	Tex. Tax Code §§151.006, 151.054, and 151.302(a)

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9. Promotional materials (non-TPP) (e.g., media, advertising, etc.)	No*	Sales	The purchase of advertising time (television, radio) or advertising space (newspapers, billboards) is not taxable.	34 Tex Admin. Code §§3.312 and 3.321
			<i>*Tax is due on charges by an advertising agency to produce an advertisement in a camera-ready format (e.g., filmed or recorded television and radio advertisements, photographs, drawings, paintings to be used in television, radio, newspaper or billboard ads).</i>	
10. Operating Supplies (e.g., business forms, cleaning supplies, etc.)	Yes	Sales	Taxable to the hotel at the time of purchase.	Tex. Tax Code §151.005(1)
Food and Beverage Purchases				
11. China, glassware, and reusable utensils	Yes	Sales	Taxable to the hotel at the time of purchase.	Tex. Tax Code §§151.005(1), 151.009, 151.010, and 151.051
12. Linens	Yes	Sales	Taxable to the hotel at the time of purchase.	Tex. Tax Code §§151.005(1), 151.009, 151.010, and 151.051
13. Disposable napkins, plates, cups, etc., provided with meal	No*		Hotel restaurants may issue resale or exemption certificates to suppliers for nonreusable supplies or wrapping and packaging materials.	Tex. Tax Code §151.006(a)(1); 34 Tex. Admin. Code §§3.293(h)(5), 3.300(d)(15), and 3.314(b)
			<i>*Sales or use tax is due on the cost of nonreusable supplies and wrapping and packaging materials provided with complimentary meals and beverages.</i>	
Capital Assets				
14. Capital assets - general	Yes	Sales	Taxable to the hotel at the time of purchase.	Tex. Tax Code §§151.005(1), 151.009, 151.010, and 151.051
15. Computer - hardware	Yes	Sales	Taxable to the hotel at the time of purchase.	Tex. Tax Code §§151.005(1), 151.009, 151.010, and 151.051; 34 Tex. Admin. Code §3.308
16. Computer - software	Yes	Sales	Taxable to the hotel at the time of purchase.	Tex. Tax Code §§151.005(1), 151.009, 151.010, and 151.051; 34 Tex. Admin Code §3.308
17. Furniture and fixtures - for hotel	Yes	Sales	Taxable to the hotel at the time of purchase.	Tex. Tax Code §§151.005(1), 151.009, 151.010, and 151.051
18. Televisions, telephones, and other electronics	Yes	Sales	Taxable to the hotel at the time of purchase.	Tex. Tax Code §§151.005(1), 151.009, 151.010, and 151.051
19. Office equipment - for hotel	Yes	Sales	Taxable to the hotel at the time of purchase.	Tex. Tax Code §§151.005(1), 151.009, 151.010, and 151.051
20. Furniture and fixtures - for restaurant	Yes	Sales	Taxable to the hotel at the time of purchase.	Tex. Tax Code §§151.005(1), 151.009, 151.010, and 151.051

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21. Kitchen machinery and equipment	Yes*	Sales	Taxable to the hotel at the time of purchase. <i>*Kitchen equipment used to cook, mix, chop, or blend food or beverages that are sold may qualify as manufacturing equipment and may be purchased tax free with an exemption certificate.</i>	Tex. Tax Code §§151.051 and 151.318; 34 Tex. Admin. Code §§3.293 and 3.300
22. Office equipment - for restaurant	Yes	Sales	Taxable to the hotel at the time of purchase.	Tex. Tax Code §§151.005(1), 151.009, 151.010, and 151.051
23. Telephone switching equipment	Yes	Sales	Taxable to the hotel at the time of purchase.	Tex. Tax Code §§151.005(1), 151.009, 151.010, and 151.051
24. New construction of real property	No*		New construction labor is not taxable. <i>*The incorporated materials are taxable either to the contractor or the hotel, depending on the type of contract.</i>	Tex. Tax Code §151.056; 34 Tex. Admin. Code §3.291
25. Repair of real property	Yes	Sales	Nonresidential repair and remodeling labor and the incorporated materials are taxable, regardless of the type of contract.	Tex. Tax Code §§151.0047, 151.010, 151.0101, and 151.051; 34 Tex. Admin. Code §3.357
26. Installation of tangible personal property	Yes*	Sales	Installation is taxable when it is associated with the sale of a taxable item. Installation of tangible personal property that becomes part of the realty of a hotel is taxable remodeling. <i>*Third-party installation of TPP that remains TPP is not taxable.</i>	Tex. Tax Code §§151.007(a) and 151.051; 34 Tex. Admin. Code §3.347
27. Repair of tangible personal property	Yes	Sales	Taxable to the hotel at time of repair.	Tex. Tax Code §§151.010, 151.0101, 151.051; 34 Tex. Admin. Code §3.292
28. Sale of business	No*		The sale of the entire operating assets of a business or a division, branch, or identifiable segment of a business sold in a single transaction to a single purchaser is an occasional sale and is not taxable. <i>*The sale of the business to several purchasers or through several transactions is not an occasional sale and is taxable.</i>	Tex. Tax Code §151.304; 34 Tex. Admin. Code §3.316
Miscellaneous Purchases				
29. General and Professional Services	Yes	Sales	Some services are taxable, so individual services need to be specified.	Tex. Tax Code §151.0101
30. Consulting Services	No*		Consulting services are not taxable. <i>*Unless connected to the sale of a taxable item.</i>	Tex. Tax Code §151.007(a)-(b)

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31. Security Service	Yes	Sales	Security services are taxable if the service is one for which a license is required under Section 1702.101 or 1702.102 of the Occupations Code.	Tex. Tax Code §§151.0075, 151.010, 151.0101(a)(14), and 151.051; 34 Tex. Admin. Code §3.333.
32. Janitorial Services	Yes	Sales	A janitorial service is a taxable real property service and is taxable to the hotel at the time of purchase.	Tex. Tax Code §§151.0048(a)(4), 151.010, 151.0101, and 151.051; 34 Tex. Admin. Code §3.356
33. Cleaning of Uniforms	Yes	Sales	A cleaning and laundry service is taxable to the hotel at the time of purchase.	Tex. Tax Code §§151.010, 151.0101(a)(5), and 151.051; 34 Tex. Admin. Code §3.310
34. Pool Maintenance	Yes	Sales	Swimming pool maintenance (e.g. , cleaning, acid wash, chemically clean, balance chemicals, and vacuum) is a taxable real property service.	Tex. Tax Code §§151.0048(a)(4), 151.010, 151.0101, and 151.051; 34 Tex. Admin. Code §3.356
35. Cleaning Supplies	Yes	Sales	Cleaning supplies are taxable to the hotel at the time of purchase.	Tex. Tax Code §§151.005(1), 151.009, 151.010, and 151.051
36. Uniforms	Yes	Sales	The purchase of clothing is taxable to the hotel at the time of purchase.	Tex. Tax Code §§151.005(1), 151.009, 151.010, and 151.051
37. Lease of Tangible Personal Property for Hotel Use	Yes	Sales	Normally, the lease of tangible personal property is taxable, but individual items need to be specified.	Tex. Tax Code §151.005(2); 34 Tex. Admin. Code §3.294
38. Freight Charges	Yes*	Sales	Freight charges are taxable when connected to the sale of a taxable item. <i>*Charges by a third party to only transport an item are not taxable.</i>	Tex. Tax Code §§151.007(a)(3), 151.051; 34 Tex. Admin. Code §3.303