

The Louisville Municipal Code (LMC) imposes its sales/use tax upon the purchase price paid for tangible personal property and certain taxable services purchased at retail in the City.

Photofinishers

Photofinishers are engaged in the business of selling tangible personal property to their customers and their sales are taxable. The purchase of materials that become ingredients or component parts of the finished picture, such as mounts, frames, and sensitized paper, may be purchased by the photofinisher tax exempt because these items are purchased for resale. Any other purchases made, that do not become a part of the product sold to the customer, are taxable to the photofinisher at the time of purchase, or if no tax was paid, subject to Louisville use tax.

Professions that use X-Ray Film

Physicians, surgeons, dentists, hospitals, laboratories and other professions that purchase X-ray film and then expose it for the purpose of diagnosis or examination are the users and consumers of the film and all related supplies used to expose and develop the finished product. These items are subject to sales tax at the time of purchase or use tax due to the City of Louisville.

Format Conversions

The conversion from one medium to another medium, such as VHS tapes to DVD, is subject to City sales tax. The purchase price should include any costs for labor, profit, and materials. The true object to the customer is the DVD which is tangible personal property.

Photographers

Certain photography professions are in the business of selling tangible personal property to their customers while others provide services only. In determining whether a transaction involves the sale of tangible personal property or the performance of a service, the City will examine the transaction from the purchaser's perspective. If in the eyes of the purchaser the object of the transaction is the acquisition of tangible personal property, then the transaction, or its use after the sale, is taxable. If the essence of the transaction is, from the purchaser's perspective, the acquisition of a service, then the purchase or subsequent use is not taxable, even though some tangible personal property is incidentally transferred with the performance of the service. The City will also consider the value or charge for the service versus the value or charge for the tangible personal property transferred.

When a professional photographer is hired to photograph or record to DVD a special event, the photographer is required to charge sales tax on the entire amount (including consultation, sitting fees, and/or other production charges) since the true object sought by the customer is the photographs or DVD. The photographer may purchase the film, videotapes, DVD's, or other supplies which directly become a part of the item sold, tax exempt for resale. Sales tax must still be paid on camera equipment, lenses and other goods not purchased for resale.

The information contained in the Tax Guide publications is intended to offer general guidance in layman's terms, for this topic, industry or business segment, and is not intended for legal purposes to be substituted for the full text of the Louisville Municipal Code rules and regulations. This guide does not constitute a city tax policy.

When a transaction is regarded as a sale of tangible personal property, City sales tax applies to the full amount of furnishing the item without any deduction for labor, skill, thought, time spent or other expense of producing the property, even if separately charged to the customer.

Photographers that do not directly provide a customer with the photographs, DVD's or other tangible medium, which includes electronic photo files, are the users of their equipment, film and other materials, and are subject to sales tax at the time of purchase or use tax if no sales tax was paid. These photographers may charge their customer a fee for the service or labor, but then electronically send the end product (photographs) to a third-party or website whereby the customer may purchase the photographs in any size and quantity desired. The third-party is responsible to collect and remit the appropriate sales tax for such purchases.

Photography as a Service

When a professional firm is hired to assist the Department of Transportation in researching the structural needs of Colorado bridges, the firm may hire a professional photographer to take pictures which may be used or presented to DOT by the firm when it submits its research findings. Both the firm and photographer were contracted with to provide research (the true object) and are performing services in which an inconsequential amount of tangible personal property (photographs, reports, etc.) changes hands. The research report and photographs submitted to DOT are not subject to City tax.

Please see the "Professional Services" publication in this Tax Guide for additional information.

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