

STATE OF NEW YORK
COMMISSIONER OF TAXATION AND FINANCE

ADVISORY OPINION

The Department of Taxation and Finance received a Petition for Advisory Opinion from [REDACTED] (Petitioner). Petitioner asks whether receipts from its sale of repairs and other services to jewelry and watches are subject to New York State and local sales tax (tax).

We conclude that Petitioner's receipts from the sale of jewelry and watch repairs and services are subject to tax.

Facts

Petitioner operates a jewelry store that buys, sells, and trades jewelry. Petitioner also repairs and services jewelry and watches for its customers for a fee. Petitioner's services are performed on jewelry and watches held by its customers for the customers' own personal use. Petitioner's services are performed by a master jeweler and generally include cleaning, repairing, and/or resizing the jewelry or watches. These services may require disassembly, repairing, servicing, or replacing parts, adding parts, and reassembly of the jewelry or watch.

Specifically, jewelry services may include: cleaning and polishing; engraving; gemstone setting or replacement; prong retipping, rebuilding or replacement; rhodium coating; and ring restoration, reshaping, soldering, or repair. Watch services may include: band replacement, repair, or refinishing; battery or gasket replacement; crystal replacement; dial refinishing; engraving; link additions or removals; mechanical servicing or replacement; stem and crown repair or replacement; restoration of vintage timepieces; and water resistance testing.

Analysis

Sales tax is imposed on receipts from the sale of specific services including generally: producing, fabricating, processing, printing, or imprinting tangible personal property, performed for a person who furnishes the property, not purchased for resale, upon which the services are performed (see Tax Law § 1105[c][2]); and installing tangible personal property, or maintaining, servicing or repairing tangible personal property not held for sale in the ordinary course of business (see Tax Law § 1105[c][3]). "Maintaining, servicing and repairing" includes all activities that relate to keeping tangible personal property in a condition of fitness, efficiency, readiness or safety or restoring it to such condition. See 20 NYCRR 527.5(a)(3).

Petitioner performs repairs and services to jewelry and watches held by its customers for the customers' own personal use. Petitioner's repair and other services, except engraving are activities that involve installing tangible personal property, or maintaining, servicing or repairing tangible personal property — jewelry and watches — not held for sale in the ordinary course of business. Accordingly, the receipts from such repairs and services are subject to tax. See Tax Law § 1105(c)(3); 20 NYCRR 527.5(a)(3). Further, tax is also imposed on receipts from the services of producing, fabricating, processing, printing, or imprinting tangible personal property, performed for a person who furnishes the property not purchased by that person for resale. Thus, engraving services performed by Petitioner on jewelry or watches held by its customers for the customers' own personal use are also subject to tax. See Tax Law § 1105(c)(2).

DATED: August 14, 2024

/s/

MARY ELLEN LADOUCEUR
Principal Attorney

NOTE: An Advisory Opinion is issued at the request of a person or entity. It is limited to the facts set forth therein and is binding on the Department only with respect to the person or entity to whom it is issued and only if the person or entity fully and accurately describes all relevant facts. An Advisory Opinion is based on the law, regulations, and Department policies in effect as of the date the Opinion is issued or for the specific time period at issue in the Opinion. The information provided in this document does not cover every situation and is not intended to replace the law or change its meaning.