
LANDSCAPING, LAWN CARE AND TREE SERVICES

A landscaper is responsible for landscape design, landscape construction, landscape insulation and landscape maintenance.

LANDSCAPING

Generally, landscapers act as contractors and are the consumers of tangible personal property (material) purchased by them for use in the performance of their contracts. Any professional services of a landscape contract, such as designers and architects charges are not subject to sale and use tax. These non-taxable services include, but not limited to consulting, research, preparation of design plans and other engineering or architectural services.

As a contractor, the landscaper must pay sales or use tax on the cost of all plants, trees, bushes, shrubs, sod and other materials, supplies and equipment used to complete the contract. The sales tax should be included as part of the materials cost to the customer, but should not be separately stated on the invoice. Sales tax should generally be paid to the seller at the time the materials are purchased. However, if the seller does not charge sales tax, the contractor owes use tax on the cost of the materials where the materials are installed.

RETAIL SALE

If a landscaper sells shrubbery, plants, sod, trees, bushes, etc., *without installation*, the contractor must collect sales tax on the sale at the location where the planting materials are delivered.

If the landscaper has a physical (retail) location where it makes sales of tangible personal property, it will be considered a retailer and sales tax is collected at the retail location.

NON-TAXABLE SERVICE

- Lawn Care – Mowing and Trimming, Aerating, Dethatching, Fertilizing, Reseeding
- Tree Services – Trimming, Stump Grinding / Removal, Spraying
- Indoor Plant Services – Watering, Fertilizing
- Snow Removal - Snow Shoveling or Snow Plowing, Ice Melt or Sand to Driveways, Sidewalks or Parking Lots

CONSTRUCTION

Improvements to real property are treated as construction contracts and may require building permits depending on the improvement, such as building a deck or retaining walls.

Landscaping materials used for new residential or commercial construction would not be taxable when purchased by a landscaping contractor if the landscaping project has been included in the Job Valuation on a permit by the General Contractor.

EXAMPLES

1. Bob's Landscaping performs lawn care services for customers including:

- Spring and fall cleanup
- Lawn seeding
- Sod installation
- Mowing and trimming
- Spreading bark mulch
- Aerating
- Dethatching and
- Power raking

These services are not taxable to the customers and the landscaper is considered the consumer of all of the mulch, seed, sod and any other material purchased to perform the services for which Bob's Landscaping was hired. Sales or use tax is due on the price paid on the materials.

2. Bob's Landscaping also performs snow removal services and, along with plowing, applies:

- Sand
- Salt
- De-icing materials to the driveway and walkways.

Bob's landscaping bills the customer a lump-sum amount for the snow removal services. The services are not taxable to the customer. The landscaper is considered the consumer of all sand, salt and de-icing materials purchased to perform the services for which he was hired and sales or use tax is due on the total price paid for the materials.

3. A landscaper with a retail store that sells the following is a retailer.

- Plants
- Mulch
- Pavers
- Sod
- Yard art
- Other materials and products

When a landscaper purchases material that will be resold to its customers in its retail outlet, the landscaper should present a completed and signed resale certificate to its supplier at the time the material is purchased. The landscaper is not required to pay sales or use tax on the items purchased for resale, but will collect sales tax on non-exempt sales.

4. A landscaper contracting to improve real property is treated as construction contracts and may require a building permit.

- Building Decks
- Installing Retaining Wall

ARVADA MUNICIPAL CODE – Chapter 98 – Taxation

Sec. 98-77. - Tax on use, storage, distribution, consumption; intent.

It is hereby declared to be the legislative intent of the city council that for the purposes of this article every person who stores, uses, distributes or consumes within the city any article of tangible personal property purchased at retail, and not stored or distributed in normal function of wholesaling, is exercising a taxable privilege. It is hereby declared that every resident of the city or any person doing business within the city who purchases or leases tangible personal property for use, storage or consumption within the city from sources outside the city and taxable hereunder, and who has not paid the tax imposed by this article, shall make a return and pay the tax to the finance director. The use, storage or consumption of tangible personal property includes for the purpose of this article, materials, commodities and items of tangible personal property affixed to or made a part of facilities and structures on real property owned or leased situated within the city. (Code 1981, § 31-51; Ord. No. 3783, § 2, 12-16-2002)

RELATED TOPICS
CONTRACTORS

THE ABOVE INFORMATION IS A SUMMARY IN LAYMAN'S TERMS OF THE RELEVANT ARVADA TAX LAW FOR THIS SUBJECT, INDUSTRY OR BUSINESS SEGMENT. IT IS NOT INTENDED FOR LEGAL PURPOSES TO BE SUBSTITUTED FOR THE FULL TEXT OF THE ARVADA MUNICIPAL CODE. HOWEVER, THE TAX GUIDE SHALL BE USED IN CONJUNCTION WITH THE ARVADA MUNICIPAL CODE (CHAPTER 98) IN DETERMINING TAX LIABILITY.