

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

P.O. Box 13528 • AUSTIN, TX 78711-3528



November 19, 2008

Mr. Chad Lenz  
Air Quality Planning and Implementation Division  
Texas Commission on Environmental Quality  
MC-164  
P.O. Box 13087  
Austin, TX 78711-3087

Dear Mr. Lenz:

Recently, we discussed the taxability of purchases made in connection with the AIRCHECK TEXAS program. I've made statements concerning the taxability below. Please note that changes have been made to the taxability of parts used in the AIRCHECK TEXAS repair assistance program.

#### AIRCHECK TEXAS VEHICLE REPAIR ASSISTANCE PROGRAM

Charges for separately stated labor to repair motor vehicles are not taxable whether or not the repair is being performed under the AIRCHECK TEXAS repair assistance program.

Separately stated charges for parts used in motor vehicle repairs are usually taxable. However, ONLY charges for separately stated repair parts covered in the AIRCHECK TEXAS repair assistance program that exceed the amount of the grant are subject to sales tax.

#### AIRCHECK TEXAS VEHICLE REPLACEMENT PROGRAM

The Tax Code provides that the amount of the grant established under this vehicle replacement program is not subject to motor vehicle sales tax. The remainder of the purchase price is subject to tax. The grant should be indicated on line 21(b) of the Application for Texas Certificate of Title/Tax Statement, Form 130-U, which is filed with the County Tax Assessor-Collector at the time of vehicle title transfer. This will take the AirCheck Grant money out of the Taxable Amount calculation. "AirCheck Grant" should be written on the *Exemption Claimed under the Motor Vehicle Sales and Use Tax Law* line. If the purchaser has an additional trade-in motor vehicle and it does not qualify for an AirCheck Grant, the trade-in value of the non-qualified motor vehicle should be included in the figure on line 21(b).

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Taxability questions should be directed to the Comptroller by emailing [tax.help@cpa.state.tx.us](mailto:tax.help@cpa.state.tx.us), or by calling 1-800-252-1382. The mailing address is State Comptroller, Tax Policy Division, Capitol Station, Austin, TX 78774.

Sincerely,

A handwritten signature in black ink, appearing to read "Curt Swenson". The signature is written in a cursive style with a long horizontal flourish at the end.

Curt Swenson  
Tax Policy Division