

Comptroller Susan Combs Says Some Fire Recovery Services Are Tax-Exempt

(AUSTIN) — Texas Comptroller Susan Combs says Texans whose homes or businesses have been damaged or destroyed by the devastating wildfires in Texas are not required to pay sales tax on certain fire recovery-related expenses.

Combs also announced that business owners may postpone paying state taxes, if necessary, while they clean up fire damage. Upon request, a business may be granted extensions of up to 90 days to file state tax returns.

“Our thoughts and prayers go out to all Texans who have been impacted by the wildfires that have charred tens of thousands of acres,” Combs said. “Many families and businesses face a long road to recovery. The law provides tax breaks to help reduce recovery-related expenses during disasters.”

Below are some of the fire recovery-related expenses that are exempt from state and local sales tax.

- The cost of labor to repair fire damage to non-residential property, including offices, stores and other commercial buildings. The cost of labor must be separately stated on the repair bill.
- Texas never imposes sales tax on labor for residential repairs.
- Services used to restore fire-damaged property, including dry cleaning of clothing and draperies; rug and carpet cleaning; furniture cleaning; and appliance repairs.
- Charges for cutting damaged or dead trees. Charges to haul away trees and limbs are taxable.
- Purchases made with vouchers or debit cards provided by relief organizations such as the Red Cross and Salvation Army are non-taxable. Purchases made with cash or personal funds are subject to sales tax.

The Comptroller has established a Web page containing additional information about wildfire-related tax breaks and other helpful information and resources to assist Texans affected by disastrous fires. Find it at www.window.state.tx.us/disaster/.

“If you have any questions about paying tax on fire recovery expenses of any kind, or if you need to postpone paying taxes during this difficult time, please check our Web site or call us at 1-800-252-5555 and we’ll be glad to assist you in any way possible,” Combs said.