

## ***SIGN PAINTERS***

The activities of a sign painter can be defined as “retail sales” and “construction contracting”

### ***HOW DO I DETERMINE THE PROPER CLASSIFICATION FOR MY ACTIVITIES?***

**Retail Sales:** When you sell signs or other items which are not installed by you, they are taxed as retail sales.

When you perform work for a customer on items other than real property or items attached by you to real property, material and labor should be separated on the invoice. This separation between materials and labor, on this activity, should also be on your accounting records. You are then liable for sales tax on the materials only. This type of activity would include logos painted on vehicles, lettering on boats, and pinstriping on vehicles.

**Construction Contracting:** When you build, paint, repair, modify, or install signs or other items attached, or to be attached, by you to real property you are acting as a construction contractor. This type of activity would include office signs, signs painted on store windows, and billboards.

### ***HOW ARE THE DIFFERENT CLASSIFICATIONS TAXED?***

**Retail Sales:** You are liable for tax on retail sales based on the total amount of the sale. Deductions for sales for resale are allowed if proper documentation is maintained.

**Construction Contracting:** You are liable for tax on construction contracting activity based on the gross income from the activity less a 35% standard contracting deduction.



For more information contact:

City of Prescott  
Finance Department  
Tax & Licensing Division  
P O Box 2077  
Prescott, AZ 86302  
928 777-1268 Taxpayer Assistance Rep  
928 777-1210 Privilege Tax Auditor  
928 777-1231 Tax & Licensing Supervisor

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# PRESCOTT PRIVILEGE TAX

**SIGN  
PAINTERS**

