

Date Issued: June 6, 2014  
Georgia Letter Ruling: LR SUT-2014-03  
Topic: Fabrication

This letter is in response to your request for guidance on the application of Georgia sales and use tax to calligraphy services.

### **Facts as presented by Taxpayer**

Taxpayer is a home-based calligraphy business. Taxpayer addresses envelopes by hand using a dip pen and ink with the customer supplying the envelopes. No calligraphy is performed by computer. Taxpayer pays tax on all supplies either as sales tax at the time of purchase or remitted as use tax when sales tax is not charged at the time of purchase. On occasion, Taxpayer supplies the paper on which the calligraphy is performed.

### **Issues**

1. Are charges for calligraphy service subject to the tax when the customer provides the paper stock?
2. Are charges for calligraphy service subject to the tax when Taxpayer provides the paper stock?
3. Can Taxpayer purchase tangible personal property used in providing its calligraphy services exempt from the tax?

### **Analysis**

Georgia levies and imposes a tax (subject to certain specific exemptions) on the retail purchase, retail sale, storage, use, or consumption of tangible personal property and on certain enumerated services.<sup>1</sup> “Retail sale” or “sale at retail” means a sale of tangible personal property or taxable services to any person other than for resale.<sup>2</sup> “Sale” means any transfer of title or possession, exchange, barter, lease, or rental, conditional or otherwise, in any manner, by any means, of any kind of tangible personal property for a consideration.<sup>3</sup>

“Sale” also means the fabrication of tangible personal property for consumers who directly or indirectly furnish the materials used in such fabrication.<sup>4</sup> An operation which changes the form or state of the property is one of fabrication.<sup>5</sup> Because calligraphy changes the form or state of the property on which it is performed calligraphy is fabrication labor whether performed on dealer’s property purchased for resale or property provided by the purchaser.

The amount subject to tax is the “sales price”. “Sales price” means the total amount of consideration, including cash, credit, property, and services, for which personal property or services are sold, leased, or rented, valued in money, whether received in money or otherwise without any deduction for the following:

- (i) The seller's cost of the property sold;
- (ii) The cost of materials used, labor or service cost, interest, losses, all costs of transportation to the seller, all taxes imposed on the seller, and any other expense of the seller;
- (iii) Charges by the seller for any services necessary to complete the sale; and
- (iv) Delivery charges.<sup>6</sup>

---

<sup>1</sup> O.C.G.A. §§ 48-8-1 and 48-8-30(a).

<sup>2</sup> O.C.G.A. § 48-8-2(31).

<sup>3</sup> O.C.G.A. § 48-8-2(33)(A) (1).

<sup>4</sup> O.C.G.A. § 48-8-2(33).

<sup>5</sup> Ga. Comp. R. & Regs. r. 560-12-2-.37.

<sup>6</sup> O.C.G.A. § 48-8-2(34).

Custom printing is the production or fabrication of printed matter, in accordance with a customer's order or copy, for the customer's use or consumption.<sup>7</sup> The sale of custom printing is the sale of tangible personal property and is subject to sales and use tax imposed on the total invoice charge made on the transaction. The total invoice charge includes the charge made for any engraved, lithoplated, or other type photoprocessed plate, die, or mat, involved in the printing and includes the charge made for printing and imprinting when the customer furnishes the printing stock.<sup>8</sup> Purchases by the printer of ink, printing stock, staples, stapling wire, binding twine, glue, and other tangible personal property which become a component part of the printed matter, or are coated upon or impregnated therein, are purchases of industrial materials and, when properly certificated, are not subject to sales and use tax.<sup>9</sup>

Purchases by the printer of machinery, equipment, tools, replacement and repair parts, type, stock engraved, photo-processed, lithoplated, or other types of plates, dies, or mats, and supplies, including blotting papers and drying powders, which do not become a component part of the printed matter, or which are not coated upon or impregnated therein, are purchases subject to the tax imposed by the Act.<sup>10</sup>

Calligraphy is a manual form of printing and taxable in the same manner as printing produced by mechanical means. Taxpayer is engaged in custom printing when performing calligraphy according to a customer's order. Thus, Taxpayer's charges for calligraphy are subject to the tax, which is computed on the total invoice charge. The total invoice charge includes charges made by Taxpayer for any tangible personal property used in the calligraphy as well as any charges made by Taxpayer for calligraphy when the customer furnishes the printing stock.

Taxpayer's purchases of ink, printing stock, staples, stapling wire, binding twine, glue, and any other tangible personal property that becomes a component part of the printed matter, are not subject to the tax. Taxpayer's purchases of any tangible personal property that is coated upon or impregnated into the printed matter are also not subject to the tax.

Taxpayer's purchases of tangible personal property which do not become a component part of the printed matter, or which are not coated upon or impregnated into the printer matter, are subject to the tax unless otherwise exempt.

### **Rulings**

Calligraphy is a manual form of printing and taxable in the same manner as printing produced by mechanical means. Calligraphy performed according to a customer's order is custom printing and subject to the tax whether performed on paper stock provided by Taxpayer or paper stock provided by Taxpayer's customer. Additionally, calligraphy is taxable as fabrication labor.

Taxpayer's purchases of ink, printing stock, staples, stapling wire, binding twine, glue, and any other tangible personal property are not subject to the tax when the property becomes a component part of the printed matter. Taxpayer's purchases of any tangible personal property that is coated upon or impregnated into the printed matter are also not subject to the tax. Taxpayer's purchases of tangible personal property that does not become a component part of the printed matter, or is not coated upon or impregnated into the printer matter, are subject to the tax unless otherwise exempt.

1. Charges for calligraphy are subject to the tax when the customer provides the paper stock on which the calligraphy is performed.
2. Charges for calligraphy are subject to the tax when the customer does not provide the paper stock on which the calligraphy is performed.

---

<sup>7</sup> Ga. Comp. R. & Regs. r. 560-12-2-.75(1)(a).

<sup>8</sup> Ga. Comp. R. & Regs. r. 560-12-2-.75(1)(b).

<sup>9</sup> Ga. Comp. R. & Regs. r. 560-12-2-.75(1)(e).

<sup>10</sup> Ga. Comp. R. & Regs. r. 560-12-2-.75(1)(h).

3. Taxpayer may purchase ink, printing stock, staples, stapling wire, binding twine, glue, and other tangible personal property that becomes a component part of the printed matter, without payment of the tax. In addition, Taxpayer may purchase tangible personal property that is coated upon or impregnated into the printed matter, without payment of the tax.

The opinions expressed in this ruling are based upon the information contained in your request and limited to the specific transactions, facts, circumstances and taxpayer in question. Should the circumstances regarding the transactions change, or differ materially from those represented, then this ruling may become invalid. In addition, please be advised that subsequent statutory or administrative rule changes or judicial interpretations of the Statutes or Rules upon which this advice is based may subject similar future transactions to a different tax treatment than that expressed in this response.