The Taxability of Services

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Overview

Although many people believe that services are exempt from sales or use tax; in reality, only a few states exempt all services. On the other hand, only a few states actually tax all or almost all services, consistent with the imposition of their gross receipt tax, or based on the underlying presumption of taxability. When determining taxability of services, the biggest compliance challenge for most businesses is dealing with the majority of states that fall somewhere between the two extremes. There are four main components in this analysis:

1) Nexus issues relevant to the service industry,
2) Prevailing taxable or non-taxable presumptions relative to services
3) General categories and definitions of services, and
4) Taxability examples and use cases relative to services.

The goal of this whitepaper is to provide some additional clarification of the taxability of services, and to increase the reader’s awareness of some of the tax related complexities associated with the service industry.

Nexus issues relevant to the service industry

If you are a service provider it is advantageous to understand whether or not you are required to register for sales and use tax purposes in the state and locality where you are providing the service. In most cases, a service provider performing a service in a taxing jurisdiction creates nexus. In some cases, if the service you provide is not subject to tax, the state will not require you to register and obtain a sales tax permit number. However, in the majority of cases, the taxability of the service is not relevant and registration is mandatory based on having significant nexus in the state and locality. Speculatively speaking, the state wants to ensure that any use tax associated with the tangible personal property that is sold or used in performing the service is properly accounted for and remitted to the state.

The other important issue to consider for purposes of nexus is what the service provider is doing in the state and how long and how often they are there. The answer to these questions can determine in many cases whether or not a service provider is required to (or should) register.

If you are using contract labor to perform a service such as repair or installation as a part of sales transaction with your customers, it is extremely important to clearly understand the relationship or affiliation with the service provider, and to ascertain how the taxing jurisdiction defines the relationship or affiliation for sales and use tax nexus purposes.
Presumption of taxability or non-taxability of services

Consistent with general sales and use tax theory, the sale or use of tangible personal property is presumed to be taxable unless specifically exempted by statute; on the other hand, services in most states are presumed not to be taxable unless they are specially identified in statute as taxable. In layman’s terms, what this means for most states is that if the statutes don’t specifically say that a service is taxable, then in theory it won’t be. However, caution should always be exercised to avoid missing — occasional broad interpretation and application of state regulations and administrative rules that may suggest that even unspecified services may be taxable due to the nature of the service itself or based on similarities with other services that are specified as taxable.

In the few states where services are presumed to be taxable, it is important to keep in mind that services in those states would follow the same taxable default rule as tangible personal property unless they are specifically made exempt by statute. In other words, in these taxable service states, a service isn’t exempt just because it isn’t identified in the statutes as taxable. The only exempt services in these states are those that are specifically identified as exempt. Listed below is a breakdown of the presumptions applicable to the forty-six taxable states:

1) Presumed “Taxable” Service States (4) — HI, NM, SD and WV

2) Presumed “Non-Taxable” Service States including DC (42) — AL, AR, AZ, CA, CO, CT, DC, FL, GA, IA, ID, IL, IN, KS, KY, LA, MA, MD, ME, MI, MO, MN, MS, NC, ND, NE, NJ, NV, NY, OH, OK, PA, RI, SC, TN, TX, UT, VA, VT, WA, WI, and WY

Five main service categories

Even though there are hundreds of different types of services that can possibly be identified, most services can be categorized in one of five service categories:

1) Stand-alone services (professional and non-professional),
2) Tangible personal property services,
3) Real property services,
4) Bundled services, and
5) Digital and informational services.

Taxability of a service in a given state and/or locality is determined by one or more of the following: 1) nature or type of service being performed; 2) what the service is associated with; and 3) how closely connected a service is to tangible personal property or real property.

1) Stand-alone (Professional and Non-Professional) Services — Services that involve the use or exchange of knowledge, expertise or ability that is not usually associated with tangible personal property (TPP) even though there may be an inconsequential exchange of tangible personal property (e.g. legal documents, training material, feasibility study). The primary (if not the sole) objective — or the “true-object” — of these services is to acquire or benefit from the knowledge, expertise or ability offered and not the transfer of tangible personal property. Some common examples of this category of service would include legal, accounting, architectural, consulting, engineering, private investigations, training, design, or employment services.

2) Tangible Personal Property (TPP) Services — Services that are performed directly on TPP in some form or another. Tangible personal property services will usually (if not always) involve the use of specialized knowledge, expertise or ability but will usually involve direct contact with the tangible personal property itself. In performing services related to tangible personal property there may or may not be a transfer of other tangible personal property, and if so, the transfer of tangible personal property may or may not be separately stated on an invoice or billing statement. Examples of TPP services include equipment repair and installation.

3) Real Property Services — Services that are performed directly on real property (i.e. land, building or other structure) in some form or another. In many cases, the provider of the real property service is deemed to be the consumer (rather than a retailer) of the tangible personal property that they use in performing or carrying out their real property service. Real property services include trades such as electrical, air-conditioning and heating, drywall, roofing, masonry and painting.

4) Bundled Service — A separately identifiable service that is combined (or packaged) together with tangible personal property and sold at a single price. For sales and use tax purposes, the taxability of the service component is usually determined in one of three ways: 1) taxable by virtue of combining the service with taxable tangible personal property under a single price, or 2) taxable or exempt based on the value of the taxable tangible personal property, or the value of the non-taxable service, in relationship to the total transaction price, or 3) a set percentage (e.g. 50%) of the total amount, based on established criteria under state and local law. Examples of bundled services are maintenance, service or warranty agreements, where tangible personal property and services are included.

5) Digital and Informational Services — Services that involve the compilation of information, digital images and the like, and/or the processing of information, digital images and the like. This could include such things as informational databases (e.g. tax rates, taxability rules, or credit information), performing data processing type services, on-line training, electronic security surveillance, music “piping,” as well as many others.
Standalone (Professional and Non-Professional) Services

It’s reasonable to assume that of the five categories of services that have been identified, this category would generate the least amount of taxable scenarios, both for those states that have no presumption of taxability on services and those states that do.

If we examine ‘professional’ services specifically, we will find based on state and local law that most taxable states do not impose tax on professional services. A professional service implies a service being performed by a recognized professional, or a service that requires extensive knowledge and expertise of a professional nature.

Perhaps the most important question relative to professional services is not whether or not professional services are exempt but rather how states actually define a professional service. It is easy to assume that if a service sounds or appears professional by its description then it probably is. However, for sales and use tax purposes, this assumption may need to be tested and verified in some states. Although not all states clearly articulate what constitutes a professional service, most states will align up closely in some form or another with West Virginia’s position as outlined in WV Regulation 110-15-8:

Professional services, as defined in Section 2 of these regulations, are rendered by physicians, dentists, lawyers, certified public accountants, public accountants, optometrists, architects, professional engineers, registered professional nurses, veterinarians, licensed physical therapists, ophthalmologists, chiropractors, podiatrists, embalmers, osteopathic physicians and surgeons, registered sanitarians, pharmacists, psychiatrists, psychoanalysts, psychologists, landscape architects, registered professional court reporters, licensed social workers, enrolled agents, professional foresters, licensed real estate appraisers and certified real estate appraisers licensed in accordance with W. Va. Code 37-14-1 et seq., nursing home administrators, licensed professional counselors and licensed real estate brokers...

Furthermore, in the same regulation it provides additional insight into how the West Virginia views other services that are of a professional nature. It includes the following:

...The determination as to whether other activities are “professional" in nature will be determined by the State Tax Division on a case-by-case basis unless the Legislature amends W. Va. Code § 11-15-1 et seq. to provide that a specified activity is “professional.” When making a determination as to whether other activities fall within the “professional” classification, the Tax Department will consider such things as the level of education required for the activity, the nature and extent of nationally recognized standards for performance, licensing requirements on the State and national level, and the extent of continuing education requirements.

The state of Connecticut, which is a “presumed” non-taxable service state, appears to have an expanded definition of professional services as identified under Connecticut law. Some of the professional services that are specifically identified as taxable include the following ((G.S. Sec. 12-407(a)(37); Reg. Sec. 12-426-27)):

1) Employment agency and personnel services
2) Business analysis, management, management consulting, and public relations services
3) Computer and data processing services generally
4) Lobbying or consulting services

Also included in the “standalone” category of services include other services that are not necessarily classified or viewed as professional services per se but involve the use of acquired knowledge and expertise. These services may include interior decorating, private investigations or security services, bookkeeping, design services, debt counseling, and various types of training. Although they require knowledge and expertise, they may not be included in a state’s definition of a “professional” service, but nonetheless may still follow the same non-taxable treatment as a “professional” service. A close examination of the listed taxable services in the presumably non-taxable services states (or the listed non-taxable services in the presumably taxable service states) should be sufficient to ascertain whether a service should be treated as taxable. A good example of this is the state of Iowa. Iowa Code §423.2.6 identifies a number of taxable services which includes the following:

1) Investment counseling
2) Barber and beauty
3) Dance schools and studios
4) Dating services
5) Flying services
6) Interior decorating
7) Executive search agencies
8) Private employment agencies
9) Security and detective services
10) Telephone answering services
Personal Property Services

In some states, services such as “labor-only” repair or installation of tangible personal property are generally not subject to tax because a service by statute does not constitute a sale of tangible personal property. The states that likely fall into this category include: AL, CA, CO, FL, GA, ID, IL, IN, KY, MA, MD, ME, MI, MN, MO, NC, ND, NV, OK, RI, SC, VA, and VT. Additionally, there may be other states that may also fall into a similar non-taxable category because personal property service is not specifically identified as taxable in the statutes or if the “labor-only” repair or installation is associated with a special statutory exemption that is applicable to machinery or equipment used in manufacturing, or other exempt uses.

On the other hand, there are other states that because of the fact that the service is being performed on tangible personal property that is taxable, the “labor-only” repair or installation service itself becomes taxable. The states that likely fall in this category include AR, DC, KS, LA, MS, NE, NJ, NY, OH, PA, TN, TX, UT, WA, WI, WV, and WY.

An additional level of complexity is added when a service such as repair or installation includes the transfer of tangible personal property (i.e. parts) in connection with the service, or the installation is associated with a sale of tangible personal property. Some of the things that can affect the taxability of the repair service under this scenario includes such things as whether or not the service is separately stated on any parts or an invoice, or whether the service provider is deemed to be a consumer of tangible personal property that is used in performing the service, or whether bundling of a service and tangible personal property is taking place. Bundling will be addressed a bit later.

Real Property Services

Generally speaking, a real property service is very different than a personal property service. The primary difference relates to the fact that real property is made up of tangible personal property that is consumed by a contractor or real property service provider during the process of performing the construction or service; hence, the tangible personal property in many instances loses its identity as tangible personal property as it becomes part of the real property. Consequently, in most cases this scenario changes the dynamics of the transaction, and the service performed on real property is treated as non-taxable because there is no sale of tangible personal property that by definition or by its very nature is taxable, nor is the service being performed on “taxable” tangible personal property.

In theory, real property services should be relatively simple, but in practice it is often a different story. In many cases, taxability treatment relating to real property services is very complex and requires careful and thorough tax research and planning to ensure compliance. Some of the variables that often add additional complexity to real property services include the following:

1) New construction v. remodeling
2) Contract differentiation — Lump Sum, Cost-Plus or Time and Material
3) Capital improvements v. non-capital improvements
4) Commercial v. residential
5) Exemption certificate requirements
6) Retail sale possibilities
7) Reduced tax rates applicability
8) Prime contractor v. sub-contractor

For purposes of illustration, let’s consider five different scenarios relative to real property services or construction contracts involving Arizona, New York, Texas, Utah and Washington.

Arizona

Generally speaking real property services in the state of Arizona are taxable under the Contracting Activities classification. Furthermore, the state of Arizona distinguishes between a “Prime” contractor and “Sub” contractor for sales tax purposes relating to construction contracts. A prime contractor is subject to transaction privilege tax under the Prime Contracting classification. The taxable basis relative to the Prime Contracting classification is 65% of the gross proceeds of the sales or gross income derived from the construction project. In other words, construction transactions (service and materials) are generally subject to tax; however, 35% of the total is exempt, making the taxable portion equal to 65% of the total charge.

Examples of taxable contracting activities include events such as construction or demolition of a building, installation of floor covering, home remodeling, land excavation and landscaping.

New York

The state of New York defines real property to include things such as land, building and structures, utility lines, poles, heating, ventilation, and plumbing. For sales and use tax purposes, the state of New York classifies real property services into four main categories: 1) capital improvement, 2) repair, 3) maintenance and 4) installation.
Capital Improvements
Real property services that are performed as part of capital improvement are exempt from sales and use tax in the state of New York. As a general rule, new construction or complete replacement of existing real property would qualify as capital improvement. In the state of New York, in order to qualify as capital improvement the real property service must involve either additions or alterations to real property that:

1) Substantially adds to the value of the real property, or appreciably prolongs the useful life of the real property,

2) Becomes part of the real property or is permanently affixed to the real property so that removal would cause material damage to the property or article itself, and

3) Intended to become permanent installation

Also, as a general rule, leasehold improvements made for or by a tenant don’t qualify as capital improvement unless it can be demonstrated that the improvements are intended to be permanent.

Repair and Maintenance
Real property services that involve repair or maintenance are taxable.

Installation
Real property services that involve installation are taxable unless the item being installed becomes part of the real property and services render are part of a capital improvement project.

Exemption Certificate Management
In order for a construction project to be exempt in the state of New York, assuming that all the requirements are met to qualify as a capital improvement, a NYS form ST-124 Certificate of Capital Improvement Certificate is required that must be signed by both the customer and the contractor. (See http://tax.cchgroup.com/MultistateFormsExempt/NY_XC_ST-124_5-06.pdf for a copy of this form.)

Texas
In the state of Texas, real property services as defined under Texas law are generally taxable unless they are included as part of a construction contract qualifying as either new “commercial” (or nonresidential) construction or new or improvement of residential property. Relating to commercial construction, Texas differentiates between new construction and remodeling. For sales and use tax purposes, new commercial construction is non-taxable and remodeling construction is subject to tax. Relative to nonresidential or commercial property, new construction also includes all new improvements to real property that involves including initial finish out work to the interior or exterior of the improvement, as well as additions of new, usable square footage to an existing structure.

Examples of other real property services include landscaping, garbage removal, building or grounds cleaning, janitorial services, structural pest control and real property surveying.

Repair of Real Property
Real property services that involve repair are generally taxable services.

Maintenance of Real Property
Maintenance on real property is generally not subject to tax providing it meets the maintenance requirements defined in the statutes.

Utah
In the state of Utah, real property services are generally non-taxable. This includes new construction as well as improvement to existing building or structures. Non-taxable real property services also include services performed on tangible personal property that is permanently attached to real property. One important consideration in determining whether tangible personal property is permanently attached to real property or not is whether its removal from the real property would cause substantial damage to the tangible personal property or would require substantial alteration or repair to the real property it is attached to.

Installation
Charges for labor to install an item of tangible personal property to real property are not subject to tax, even if not converted to real property, providing charges are separately stated on the invoice. Examples would include attaching manufacturing equipment to the floor with bolts or screws, installing a satellite dish to a roof, and installation of insulation on above-ground pipes that are attached to real property but are part of the real property.

Repair
Repairs made to real property, or to tangible personal property that has become permanently attached to real property, are not subject to tax.

Washington
In the state of Washington, real property services associated with a construction contract are subject to retail sales tax. Contractors must collect from their customers the sales tax based on the full-contract price. Unlike most other states, contractors in the state of Washington are not viewed as consumers of the material used in the construction project; consequently, contractors in Washington can purchase construction material tax free with the use of a resale certificate as items intended for resale rather than paying the tax to their suppliers as the consumer, and then recouping the tax as part of the contract price. (RCW 82.04.050; WAC 458-20-170)

All service activities rendered in connection with the construction contract, such as engineering, architectural, and supervisory services, are also taxable; however, similar services that are not connected with a construction contract are not included in the definition of “sale at retail” as it relates to building construction services. (WAC 458-20-170)

Installation
Taxable (RCW 82.04.050; WAC 485-20-173)

Repair
Taxable (RCW 82.04.050; WAC 485-20-173)

Bundled Services
Services that involve the sale of both of tangible personal property and services for a single charge are often classified as a bundled transaction. A common example would be service, maintenance, or warranty agreements or contracts.
In a number of states, mandatory maintenance agreements that involve the transfer of both tangible personal property and services are usually subject to tax; however, if the contract is termed as optional, then in many cases the service portion is not subject to tax if separately stated from the tangible personal property that is transferred. There are a few states such as California and Virginia that only impose tax on a certain percentage (i.e. 50%) of the transaction if a software agreement is optional, allocating 50% to taxable software updates, and 50% to the non-taxable service portion. In the state of Nevada, if the value of the tangible personal property represents 51% or more, then the entire amount of the maintenance charge is subject to tax.

A common exception to the general rule involves maintenance agreements associated with custom or electronically transferred software. If a state does not impose tax on custom software or electronically transferred canned software, a charge for a maintenance contract associated with custom software or canned software that is electronically transferred would likewise be exempt from tax in many states.

In many states, a bundle transaction does not include a transaction that involves the transfer of tangible personal property as part of the service where the tangible personal property is inconsequential, and the “true-object” of the transaction is the service being performed.

Bundled transactions can often provide compliance difficulties relative to both interpreting the applicable state statutes as well as generating systemic accuracy. These difficulties can cause both under-collection of tax as well as an over-collection of tax.

**Washington Case Law Example**

A few years ago, a class-action lawsuit was settled involving “bundled” transactions in the state of Washington. The lawsuit involved the sale and taxation of extended warranties by Dell Computers and their customers in the state of Washington. At the time that the applicable transactions took place (1999–2005), extended warranties and maintenance agreements were not viewed as one and the same thing for sales tax purposes — maintenance agreements were subject to tax in Washington but extended warranties were not. It was confirmed in the courts that Dell was in fact erroneously imposing tax on a non-taxable service. Ultimately, it was determined that Dell customers in Washington were over charged tax in the amount of 24 million dollars. Ironically, shortly after the Dell case came to light in 2006, Washington passed legislation imposing sales and use tax on extended warranties. In addition to the state of Washington, there are five other states that have similar cases pending that could push the total amount to nearly 100 million dollars. (see http://redtape.msnbc.com/2006/07/can_you_trust_n.html for more information).

**Digital or Informational Services**

Several high-tech types of services could fall under this category but for purposes of this taxability overview we will limit our analysis to informational database type services. Generally speaking, access to informational databases are non-taxable in most states either because they are not included in the definition of tangible personal property, or they are not specially identified as taxable services in presumably non-taxable service states, or in a few cases they are specially made exempt by statute where the presumption of taxability for all transactions exist.

There are a few states that merit special attention because of the uniqueness of their law relative to informational type services. They include: Connecticut, District of Columbia, Hawaii, South Dakota, Texas and West Virginia.

**Connecticut**

Although not clearly articulated in the statutes, it appears that the “on-line” informational services could fall within the definition of taxable (at a reduced tax rate of 1%) Computer and Data Processing Services, as suggested in the following regulation and Policy Statement PS 2006(8). In Regulation 12-426-27(b) the following enumerated service is included in the listing of taxable services:

12-426-27(b)(1) Computer and data processing services. Such services mean and include providing computer time, storing and filing of information, retrieving or providing access to information, designing, implementing or converting systems providing consulting services, and conducting feasibility studies. The transfer of dominion and control of computer hardware and software for a consideration does not come within the purview of this section, since such transfer shall constitute a lease or rental of tangible personal property and be subject to tax under Section 12-426-25.

Also, in a Connecticut Department of Revenue Policy Statement PS 2006(8) issued in 2006, the following is provided:

Computer and data processing services, as described in Conn. Gen. Stat. §12-407(a)(37)(A), include programming, code writing, modification of existing programs, feasibility studies, and installation and implementation of software programs and systems even where these services are rendered in connection with the development, creation, or production of canned or custom software, or the license of custom software.

Computer and data processing services, as defined in Conn. Agencies Regs. §12-426-27(b)(1), include providing computer time, storing and filing information, retrieving or providing access to information, and providing consulting services.

The list of services in the regulation does not exclude other services from the scope of computer and data processing services. (See Conn. Agencies Regs. §12-426-27(k).) Data scanning, creating custom software, computer training, and online access to information are within the scope of taxable computer and data processing services. Computer and data processing services are subject to tax in Connecticut if the benefit of the services is received in this state.
Informational type services in the District of Columbia are subject to tax. Taxable informational services include the following as identified in DC Code §47-2001(n)(1)(N) and DCMR Reg. §475.4.

1) Furnishing by any method of general or specialized news or current information, including financial information
2) Electronic data retrieval or research, including newsletters, real estate listings, or financial, investment, circulation, credit, stock market, or bond rating reports
3) Mailing lists
4) Abstracts of title
5) News clipping services
6) Wire services
7) Scouting reports
8) Surveys
9) Bad check lists
10) Broadcast rating services
11) Music, videos, pictures, and greeting cards delivered electronically

Germany

Information services are specifically exempted and as such, they are exempted. Information services are not taxable and therefore tax is usually due on all transactions; however, based on a survey conducted by CCH in June of 2000, a subscription to information or research products is apparently exempt from use tax. (Response to CCH Survey on the Sales and Use Tax Aspects of Internet/Electronic Transactions, Hawaii Department of Taxation, June 15, 2000)

South Dakota

All services are subject to South Dakota sales and use taxes unless specifically exempted. Information services are not specifically exempted and as such, they are taxable. (Sec. 10-45-4, SDCL; Sec. 10-45-4.1, SDCL; Sec. 10-45-5, SDCL; CCH Internet/Electronic Commerce Survey, December 1999)

Texas

In the state of Texas, informational services are subject to tax but only an amount equal to 80% of the price. (Sec. 151.0101(a)(10), Tax Code; Sec. 151.351, Tax Code; 34 TAC Sec. 3.342(a)(2))

"Information services" are the furnishing of general or specialized news or other current information, including financial information, and electronic data retrieval or research. The information can be transmitted in print, mimeograph, electronically, by electrical transmission, or through the use of wires, cable, radio waves, microwaves, satellites, fiber optics, or any other method that exists or may be devised. (Sec. 151.0038, Tax Code; 34 TAC Sec. 3.342(a)(2)) Whether an item is offered in electronic form or on physical media does not alter the item's tax status. (Sec. 151.010, Tax Code)

Examples of taxable information services as identified in 34 TAC Sec. 3.342(a)(6) include the following:

1) Newsletters
2) Scouting reports and surveys, including those used in sports and the oil and gas and related industries
3) Mailing lists, and bad check lists (only that percentage which represents names of persons located in Texas is taxable)
4) Real estate listings
5) Financial, investment, stock market, or bond rating, or financial reports, other than charges to a person by a financial institution for account balance information
6) News clipping services and wire services
7) Abstracts of title and other information provided by title plants

West Virginia

All services are subject to West Virginia sales and use taxes unless specifically exempted. Information services are not specifically exempted and as such, they are generally taxable. (W.Va. Code Sec. 11-15-2(16), (17); W.Va. Code Sec. 11-15-8; Reg. Sec. 110-15-33). However, the state does not define information services; consequently, certain information type services may be exempt.

Electronic data processing services. — Sales of electronic data processing services and related software are exempt from the consumers sales and service tax and use tax. “Electronic data processing services” means the processing of another’s data, including the processes incident to processing the data such as keypunching, keystroke verification, rearranging, or sorting of previously documented data for the purpose of data entry or automatic processing, and changing the medium on which data are sorted.

Tax-exempt electronic data processing services also include providing access to computer equipment to process data or examining or acquiring data stored in or accessible to the computer equipment. (W.Va. Code Sec. 11-15-9(a)(21), Reg. Sec. 110-15-9.3.11)

Such services are exempt only if the services are done for a person who is not a part of the entity performing the services and if the charge does not include charges for other activities. It is therefore necessary to determine the nature of what is being purchased by the customer. Using a computer does not necessarily result in a service being exempt. For example, a computerized billing service that prints and mails bills based on client information and collects payments is subject to tax. (Reg. Sec. 110-15-9.3.11, Reg. Sec. 110-15-76)

Conclusion

Perhaps the biggest mistake that companies make relative to the taxability of services is to embrace the comfortable notion that all or almost all services are non-taxable. This is just not the case.

It is advantageous for both “service providers” and “purchasers of service” to have a reasonable understanding of how and what constitutes nexus in the service industry, as well as the taxability rules associated with services in the states and localities that they are located in or otherwise have sufficient nexus by virtue of an agency or affiliated relationship.

About the Author

Phil Schlesinger has been in the sales and use tax field for 22 years and has extensive knowledge and experience in many areas such as compliance, audit (internal and external), tax research, and automation, both in a corporate environment and in a consulting role. While in consulting, he prepared taxability matrices for dozens of companies representing numerous types of industries such as software, manufacturing, services, food, medical, advertising and construction. Over his career, Phil has also been heavily involved in the design, testing and/or operation of several sales and use tax software tax calculation engines and tax return processing systems including CCH, Vertex, Taxware and AvaTax.