



Sales and Use Tax Exemptions

Benefits:

- Allows for exemption from sales and use tax on direct manufacturing equipment
- Gas and Electricity used in the manufacturing process can be exempted from sales tax.

Eligibility Criteria:

- Applies to all machinery and equipment used in the direct manufacturing process.
- Applies to new machinery bought in Texas or machinery less than one year old brought into Texas for the purpose of manufacturing.
- Gas and Electricity used in the manufacturing process:
 - Exemption requires predominant use study
 - Study must be certified by registered engineer

Procedure:

- Manufacturing equipment not taxed at point of sale.
- Utility exemption applied for by delivering predominant use study to Utility and;
- Exemption form must be filed for Gas and Electricity sales tax exemption

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