



SEPTEMBER 2015

TAX TOPICS

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Texas Comptroller of
Public Accounts

SALES AND USE TAX

Fireworks Tax

NOTE: As of Sept. 1, 2015, the 2 percent fireworks tax on the sale of fireworks was repealed. Fireworks sellers are no longer required to collect and remit fireworks tax on their fireworks sales on or after this date.

Fireworks sellers must collect and remit the fireworks tax on fireworks sales made before Sept. 1, 2015.

Fireworks retailers must collect a 2 percent fireworks tax in addition to sales and use taxes. The fireworks tax is an additional state tax and does not affect the 2 percent local sales and use tax cap.

Fireworks may legally be sold to the general public throughout Texas each year only from June 24 through July 4 (Independence Day period) and from Dec. 20 through Jan. 1 (New Year's Eve period).

Fireworks may also be sold legally from May 1 through May 5 (Cinco de Mayo period), but only at a location that is not more than 100 miles from the Texas-Mexico border and in a county in which the commissioner's court of the county has approved the sale of fireworks during that period.

The tax applies to small fireworks such as firecrackers, rockets, roman candles and fountains that are included in the U.S. Department of Transportation's 1.4G category.

The fireworks tax does not apply to:

- devices that use paper or plastic caps (such as toy guns and party poppers);
- model rockets and motors;
- charcoal and potassium mixed and used as a propelling or expelling charge;
- novelty or trick fireworks that may be sold legally year round (such as sparklers, snaps, glow snakes and smoke bombs);

- pyrotechnic emergency signaling devices for marine, aviation or highway use;
- fuses or railway torpedoes used by railroads;
- blank cartridges used in radio, television, film or theater productions; for signal or ceremonial purposes in athletic events; or for industrial purposes;
- pyrotechnic devices for use by a military organization; or
- large fireworks classified as 1.3G that are not sold to the general public.

Each seller of fireworks must have a Texas sales tax permit issued by the Comptroller and hold a permit issued by the Texas Department of Insurance, which regulates fireworks sales by manufacturers, distributors, jobbers and retailers.

All fireworks sellers who make retail sales must collect and report the fireworks tax in addition to sales tax. Fireworks tax reports must be filed or postmarked on or before Feb. 20 of each calendar year for the New Years Eve sales and Aug. 20 of each calendar year for the Cinco de Mayo and Independence Day sales.

Fireworks tax is reported and paid separately from sales tax. The due dates for sales and use tax returns are different than the due dates for fireworks tax returns. Sales and use taxes are due the 20th of the month following the reporting period.

FOR MORE INFORMATION,
VISIT OUR WEBSITE AT
Comptroller.Texas.Gov.

TO RECEIVE TAX HELP, SEE
[comptroller.texas.gov/
taxhelp](http://comptroller.texas.gov/taxhelp)

OR CALL
1-800-252-5555.

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FIREWORKS TAX

Consignment Sales

Consignment sales occur when a purchaser (consignee) pays the distributor only for items that the consignee sells and returns any unsold items.

The Comptroller regards all distributors who make consignment sales of fireworks to be the retailers of those fireworks for both sales tax and fireworks tax purposes. Distributors who make consignment sales of fireworks must collect and remit sales tax and fireworks tax on all Texas sales made by their consignees.

Resale and Exemption Certificates

Retailers, distributors, manufacturers and jobbers must collect sales tax and the fireworks tax on each sale of fireworks unless the purchaser provides a valid resale or exemption certificate.

Sellers may accept resale certificates for fireworks that will be resold within the United States or Mexico. A seller who fails to collect the fireworks tax or sales tax without receiving a resale or exemption certificate is liable for the uncollected tax.

A seller may accept an exemption certificate in lieu of the tax on sales to exempt entities and on sales of fireworks that will be used in an exempt manner. Exempt entities include organizations qualifying under Section 501(c)(3), (4), (8), (10) or (19) of the Internal Revenue Code such as Rotary Clubs, Chambers of Commerce and Lions Clubs. Exemption certificates do not require tax exemption numbers.

Need Assistance?

LICENSES AND PERMITS

For questions about licenses for manufacturers, distributors and jobbers or retailer permits issued by the Texas Department of Insurance, please contact the Texas Department of Insurance, Post Office Box 149221, Austin, Texas 78714-9221 or by phone at 1-800-578-4677. In Austin, the number is 512-305-7900.

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