

## Indirect/Sales/Use:

### Texas Supreme Court Denies Reviewing Case Awarding Taxpayer a Manufacturing Exemption

*Case No. 22-0098*, Tex. (petition for review denied 4/29/22). The Texas Supreme Court denied reviewing a Texas Court of Appeals ruling from earlier this year [see *Case No. 07-20-00301-CV*, Tex. Ct. App. (1/3/22) and *State Tax Matters*, Issue 2022-1, for more details on this earlier ruling ], which held in a taxpayer's favor that its printing of third-party advertising on the reverse side of its produced cash register tapes qualifies as "manufacturing" under Texas Tax Code section 151.318, thus exempting it from sales tax for electricity use during its production process. Among other reasons, the Texas Court of Appeals had explained that the taxpayer successfully showed that to fulfill its agreements with its customers, the equipment at issue was "necessary and essential" to the actual manufacture of the cash register tapes it sold. Please contact us with any questions.

**URL:** <https://www.txcourts.gov/supreme/orders-opinions/2022/april/april-29-2022/>

**URL:** <https://search.txcourts.gov/SearchMedia.aspx?MediaVersionID=9c8d9c17-0ca5-4e23-b102-e619f6d1b1a0>

**URL:** [https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2022/STM/220107\\_20.html](https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2022/STM/220107_20.html)

— Robin Robinson (Austin)  
Senior Manager  
Deloitte Tax LLP  
rorobinson@deloitte.com

Chris Blackwell (Austin)  
Senior Manager  
Deloitte Tax LLP  
cblackwell@deloitte.com

This document contains general information only and Deloitte is not, by means of this document, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This document is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor. Deloitte shall not be responsible for any loss sustained by any person who relies on this document.

#### About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities (collectively, the "Deloitte organization"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more.