

Rule 103
Hand Tools
Discussion Draft 1

103. HAND TOOL, COMPONENT, AND UNIT PRICE (RULE 103).

[Sections 63-3622S, 63-3622T, 63-3622W, 63-3622JJ, Idaho Code.](#)

01. Exempt Hand Tools. The Idaho sales tax law exempts hand tools with a unit price of over one hundred dollars (\$100) if the hand tools are used directly and primarily in any of the following operations: (7-1-93)

~~**a.** Manufacturing, processing, mining, farming or fabricating, Section 63-3622D, Idaho Code;~~ (7-1-93)()

ba. Broadcasting, Section 63-3622S, Idaho Code; (7-1-93)

eb. Certain newspaper publishing, Section 63-3622T, Idaho Code; (7-1-93)

dc. Agricultural irrigation, Section 63-3622W, Idaho Code; (7-1-93)

ed. Logging, Section 63-3622JJ, Idaho Code. (7-1-93)

02. Unit. A unit, as applied to hand tools, means a single, distinct part or object which can be used by itself to perform a specific function. For example, a screwdriver can be used by itself to tighten or loosen a screw. When units, such as screwdrivers, are sold in sets to a manufacturer who will use the tools primarily and directly in the production process, i.e., to assemble product, a per unit price must be computed to determine if the purchase qualifies for the over one hundred dollars (\$100) per unit exemption. When a manufacturer purchases a set of twenty (20) wrenches for one hundred twenty-five dollars (\$125) to be used in product assembly, the purchase is taxable because the per unit price of the hand tools is less than one hundred dollars (\$100). (7-1-93)

03. Component. A unit may be composed of two (2) or more components. A component is a distinct part which must be physically attached to another part to perform a specific function. A component alone has no utility. For example, a drill bit must be physically attached to a drill in order for the bit or the drill to have utility. Together they become a unit which can perform a specific function. Single components or sets of components, sockets, drill bits, etc., are taxable unless they will be physically joined to another component, ratchet, drill, etc., to form a unit which exceeds one hundred dollars (\$100) in cost. For example, drill bits which are physically attached to a five hundred dollar (\$500) drill press to perform a specific function in a production process are exempt from the tax. (7-1-93)

04. Unit Price. The total amount extended on a purchase invoice for multiple units is not the unit price. The unit price must be computed to determine whether the hand tool exceeds one hundred dollars (\$100) and qualifies for a given exemption. (7-1-93)