

## New York City Sales and Use Tax Rate Decrease Effective June 1, 2005

### Attention:

**All persons required to collect sales tax, pay compensating use tax, or both:** New York City's additional  $\frac{1}{8}\%$  sales and use tax rate will expire. **As of June 1, 2005, the combined state and local tax rate imposed in New York City is decreased to  $8\frac{3}{8}\%$  (0.08375).**

This includes the 4% state tax, the  $\frac{3}{8}\%$  Metropolitan Commuter Transportation District (MCTD) tax, and the 4% city tax. This change will affect your tax collections and payments if you make taxable sales or deliveries to customers, or if you make taxable uses, in New York City.

Please see Important Notice N-05-8 for an explanation of the decrease to 4% of the state tax rate, and notice ST-05-4 for an explanation of the increase to  $\frac{3}{8}\%$  of the tax imposed within the MCTD. The resulting new tax rates discussed in notices N-05-8 and ST-05-4 also take into account the decrease in the New York City sales and use tax rate described in this notice.

### Reporting requirements

All taxable sales made within New York City reported on sales and use tax returns Form ST-100, Form ST-101, Form ST-102, and Form ST-810, must be reported on the New York City  $8\frac{3}{8}\%$  entry line.

All **Schedule B** filers reporting sales of **residential** gas (including propane in containers of 100 pounds or more), electricity, and steam must enter this information on the New York City 4% entry line for Schedule B, Part 1. Report sales of coal, fuel oil, and wood (for heating) for **residential** use, on the New York City 4% entry line for Schedule B, Part 2.

All **Schedule N** filers reporting sales of hotel/motel room occupancy must enter this information on the New York City  $8\frac{3}{8}\%$  and 4% entry lines, as applicable. All **Schedule N** filers reporting sales of cleaning and maintenance services (fewer than 30 days), cleaning and maintenance services (30 days or more), or sales of protective and detective services, must enter this information on the appropriate  $8\frac{3}{8}\%$  New York City entry line. All **Schedule N** filers reporting sales of credit rating and reporting services, or sales of miscellaneous personal services, must enter this information on the appropriate New York City 4% entry line. The rates of tax imposed in New York City on sales of parking, garaging, or storing of motor vehicles, and on interior decorating and design services, are not affected by the rate decrease described in this notice. They are, however, affected by the rate changes in notices N-05-8 and ST-05-4.

All **Schedule Q** filers reporting sales of property or services eligible for exemption to a Qualified Empire Zone Enterprise (QEZE) must enter this information on the New York City 4% entry line.

All **Schedule FR** filers reporting retail sales of motor fuel and diesel motor fuel must enter this information on the New York City  $8\frac{3}{8}\%$  entry line.

### Special transitional provisions

All sales and uses occurring on or after June 1, 2005, are taxed at the rate of  $8\frac{3}{8}\%$ , except as provided below:

#### (a) Layaway sales

The new tax rate will apply to all sales in which the purchaser takes delivery of the merchandise on or after June 1, 2005.

#### (b) Utility bills for gas and electricity based on meter readings

If the meter is read on or after June 1, 2005, and the number of days from June 1, 2005, to the date of the meter reading is more than half the total number of days covered by the bill, report sales of these services at the new residential rate of 4% or nonresidential rate of  $8\frac{3}{8}\%$ .

#### (c) Telephone bills

Report charges for services furnished on or after the date of the first bill dated in June 2005 at the new rate of  $8\frac{3}{8}\%$ . Report charges for services furnished before the date of the first bill dated in June 2005 at the old rate, even though the services may be furnished after June 1, 2005.

#### (d) Telephone answering services

Prorate receipts that cover a period beginning before and ending after June 1, 2005. Receipts for the period prior to June 1, 2005, must be reported at the old rate. Report receipts for the period on and after June 1, 2005, at the new rate of  $8\frac{3}{8}\%$ .

#### (e) Social and athletic club dues

Regardless of the date a bill is mailed, report all bills covering any period that begins on or after June 1, 2005, at the new rate of  $8\frac{3}{8}\%$ . Report all bills covering periods that begin before June 1, 2005, at the old rate.

#### (f) Admissions

Report taxable admissions to an event occurring on or after June 1, 2005, at the new rate of  $8\frac{3}{8}\%$ , whether or not the admission charge was paid before that date, unless the tickets were sold and delivered before June 1, 2005, to the person attending the event.

#### (g) Hotel occupancy

Report all taxable daily rentals occurring on or after June 1, 2005, at the new rate of  $8\frac{3}{8}\%$  or 4%, as applicable. Report all taxable daily rentals occurring before June 1, 2005, at the old rates. If the rental is on other than a daily basis, prorate the amount of rent between the number of days taxable at the old rate and the number of days taxable at the new rate.

## Need help?



**Internet access:** [www.nystax.gov](http://www.nystax.gov)  
(for information, forms, and publications)



**Fax-on-demand forms:** Forms are  
available 24 hours a day,  
7 days a week. 1 800 748-3676



**Telephone assistance** is available from 8:00 A.M. to  
5:00 P.M. (eastern time), Monday through Friday.

To order forms and publications:	1 800 462-8100
Business Tax Information Center:	1 800 972-1233
From areas outside the U.S. and outside Canada:	(518) 485-6800



### **Hotline for the hearing and speech impaired:**

If you have access to a telecommunications device for the deaf (TDD), contact us at 1 800 634-2110. If you do not own a TDD, check with independent living centers or community action programs to find out where machines are available for public use.



**Persons with disabilities:** In compliance with the Americans with Disabilities Act, we will ensure that our lobbies, offices, meeting rooms, and other facilities are accessible to persons with disabilities. If you have questions about special accommodations for persons with disabilities, please call 1 800 972-1233.