

## **Tax on Medallion Taxicab Rides in the Metropolitan Commuter Transportation District**

Beginning November 1, 2009, a tax of 50 cents per taxicab ride is imposed by Article 29-A of the Tax Law on every taxicab vehicle owner for each taxicab ride that originates in New York City and terminates within the territorial boundaries of the Metropolitan Commuter Transportation District (MCTD). The MCTD consists of New York City (that is, the five counties of New York (Manhattan), Bronx, Kings (Brooklyn), Queens, Richmond (Staten Island)), and the counties of Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk, and Westchester.

A *taxicab ride* means a ride provided to one or more passengers to a given destination. It is presumed that every taxicab ride that originates in New York City is subject to tax, unless the taxicab vehicle owner proves otherwise. However, taxicab rides that terminate outside the MCTD are not subject to tax.

### **Examples of taxable and nontaxable rides**

**Example (1):** XYZ taxicab picks up a couple in Brooklyn. The couple request to be driven to upper Manhattan where one passenger will disembark and the second passenger will continue on to the Bronx. Since the ride originates in NYC and terminates within the boundaries of the MCTD, the ride is subject to a tax of 50 cents.

**Example (2):** ABC taxicab picks up a passenger in Staten Island. The passenger wants to be driven to Poughkeepsie (Dutchess County). Since the ride originates in NYC and terminates within the boundaries of the MCTD, this ride is subject to a tax of 50 cents.

**Example (3):** Pete's Taxicab Service picks up a passenger on 42nd Street in Manhattan. The passenger wants to be driven to Newark Airport in New Jersey. Although the ride originates in NYC, it will terminate outside the boundaries of the MCTD. Therefore, the ride is not subject to tax.

**Example (4):** RAF Company hires a car service to pick up its executives in Manhattan and drive them to a seminar in Westchester. The car operated by the car service is not a taxicab. Therefore, it is not providing a taxicab ride and its service is not subject to this taxicab ride tax, though it may be subject to the sales tax on transportation service. See TSB-M-09(2)S, *Sales Tax Imposed on Certain Transportation Services*, and TSB-M-09(7)S, *Additional Guidance Relating to the Sales Tax on Certain Transportation Services*.

### **Who must pay the tax**

The taxicab vehicle owner is liable for and must pay the tax. If the taxicab vehicle owner leases or rents the taxicab for less than 30 days to an unrelated person who will drive the taxicab and provide rides to passengers, the taxicab vehicle owner is deemed to provide the rides provided by the unrelated person and is liable for, and must pay the tax on the number of rides provided by the unrelated person. (See definition of *taxicab vehicle owner* on page 3 for rules regarding leases of 30 days or more.)

Although the tax is imposed on the taxicab vehicle owner, the vehicle owner must pass along the economic incidence of the tax to the passenger by adjusting the fare. The Taxi and Limousine Commission (TLC) of New York City must adjust taxicab fares to include the tax, as the rate may change from time to time. The TLC must also require taxicab vehicle owners to adjust taximeters to reflect the tax. The failure of the TLC to adjust fares or of the taxicab vehicle owner to adjust the taximeter will not relieve any person liable for the tax of the obligation to pay the tax on time, at the correct rate.

### **Returns**

Taxicab vehicle owners must file a return for each calendar quarter on Form MT-75-MN, *MTA Quarterly Tax Return for Taxicab Rides*, and remit 50 cents for each taxicab ride subject to tax. Taxicab vehicle owners are liable for timely paying the total amount of tax due for the quarterly period, even if they fail to file the return. The Tax Department may also require the returns to be filed electronically. Form MT-75-MN must be filed within 20 days after the end of the quarterly period. The quarterly periods and filing due dates are:

<b>Quarterly period</b>	<b>Due date for filing return</b>
January 1 through March 31	April 20
April 1 through June 30	July 20
July 1 through September 30	October 20
October 1 through December 31	January 20

When the due date falls on a Saturday, Sunday, or legal holiday, you may file the return on the next business day. There is no extension of time allowed to file a return.

Because the new law takes effect November 1, 2009, the first return will cover the short period of November 1, 2009, through December 31, 2009. This return will be due January 20, 2010.

The Tax Department may also require returns to be made for shorter periods than prescribed, on specified dates. Further, the Tax Department may require amended returns and other required information to be filed within 20 days after notice is given.

Form MT-75-MN will be available at the Tax Department's Web site ([www.nystax.gov](http://www.nystax.gov)).

## **Records**

Every taxicab vehicle owner must keep records of every taxicab ride originating in New York City, including rides provided by an unrelated person to whom the vehicle owner has rented or leased a taxicab for a period of less than 30 days. The records must include:

- all amounts paid, charged or due for every ride and of the tax payable for the ride; and
- a true and complete copy of every contract, agreement, or arrangement concerning the lease, rental, or license to use a taxicab.

The records must be maintained for a period of three years, unless the Tax Department consents to their destruction within that period or requires that they be kept longer. The records may be kept by photographic, photostatic, microfilm, micro-card, miniature photographic, or another process that actually reproduces the originals. These records must be made available for inspection and examination at any time upon demand by the Tax Department. If the records are maintained in an electronic format, they must be made available and accessible to the Tax Department in electronic format.

## **Cooperation of the TLC**

Article 29-A of the Tax Law provides that the TLC must cooperate with and assist the Tax Department to effect the administration of the taxicab ride tax by providing the names, addresses, and all other information concerning every taxicab vehicle owner, operator, and driver (including unrelated persons) of taxicabs in New York City, together with any other information the Tax Department requests.

## **Procedural provisions and penalties (Article 27 of the Tax Law)**

The provisions of Article 27 of the Tax Law relating to Corporate Tax Procedure and Administration apply to the tax on medallion taxicab rides in the MCTD. However, the provisions of Article 27 will not apply in cases when they are either inconsistent or irrelevant. Accordingly, procedures including, but not limited to, notices of deficiency, assessments, civil penalties, overpayments, refunds, interest, appeals, hearings, collections, levies, and liens apply.

## **Definitions**

*Taxicab* - a motor vehicle carrying passengers for hire in New York City, duly licensed by the TLC and permitted to accept hails from prospective passengers in the street.

*Taxicab vehicle owner* - a person owning a taxicab (vehicle), and includes a purchaser under a reserve title contract, conditional sales agreement, or vendor's lien agreement. In addition, a taxicab vehicle owner is deemed to include any lessee, licensee, or bailee having the exclusive use of a taxicab, under a lease or otherwise, for a period of thirty days or more.

*Taximeter* - an instrument or device which, when affixed to a motor vehicle, is so constructed as to operate as a fare indicator and a time and distance register for the purpose of automatically determining the charge for which a passenger becomes liable.

*Passenger* - an individual seated in a taxicab for travel for hire to a given destination.

*Person* - an individual, partnership, limited liability company, society, association, joint stock company, corporation, estate, receiver, trustee, assignee, referee or any other person acting in a fiduciary or representative capacity, whether appointed by a court or otherwise, any combination of individuals, and any other form of unincorporated enterprise owned or conducted by two or more persons.

*Unrelated person* - a person other than a related person as defined for purposes of Tax Law, section 14.

NOTE: A TSB-M is an informational statement of existing department policies or of changes to the law, regulations, or department policies. It is accurate on the date issued. Subsequent changes in the law or regulations, judicial decisions, Tax Appeals Tribunal decisions, or changes in department policies could affect the validity of the information presented in a TSB-M.