

SALES TAX EXEMPTION FOR  
TRACTORS, TRAILERS & SEMI-TRAILERS

Effective January 1, 1988 the purchase of certain tractors, trailers and semi-trailers, as well as certain property installed on these vehicles, is exempt from New York State and local sales and use taxes under section 1115 of the Tax Law. Certain installation, repair and maintenance services performed on these vehicles are also exempt. Effective April 1, 1988 any New York State or local sales or use taxes paid on the purchase of such vehicles, property or services during the period July 1, 1987 through December 31, 1987 will be refunded or credited under provisions contained in section 1139 of the Tax Law. These refund provisions also apply to certain purchases made on or after January 1, 1988.

Exempt Purchases

A qualifying purchase for purposes of the exemption from sales and use tax is a purchase of any of the following:

- a tractor, trailer or semi-trailer, as such term is defined under Article 1 of the Vehicle and Traffic Law, which is used in combination where the gross vehicle weight of such combination exceeds 26,000pounds;
- all property with which the qualifying tractor, trailer or semi-trailer is originally equipped;
- property installed by or through the seller at the time of purchase on a qualifying tractor, trailer or semi-trailer for the purpose of equipping, maintaining or repairing the vehicle. This includes but is not limited to:
  - vehicle repair and replacement parts such as headlights, horns and fenders,
  - vehicle fluids (oil, brake fluid, transmission fluid, coolant, etc.) other than motor fuel or diesel motor fuel,
  - filters,
  - windshield washer blades and washer fluid, - anti-theft devices,
  - safety decals,
  - wind deflectors,

- splash guards,
- cargo restraint systems,
- tractor hose retrievers, and
- dollies (which are used to convert semi-trailers to trailers);
- installation, maintenance or repair services performed on a qualifying tractor, trailer or semi-trailer; and
- installation, maintenance or repair services performed on property that is installed on a qualifying tractor, trailer or semi-trailer for the purpose of equipping, maintaining or repairing the vehicle. If the property is removed from the vehicle for these services to be performed, then the services are exempt only if the property is reinstalled by or through the provider of the service at the time such service is performed.

The exemption applies to all property with which a qualifying tractor, trailer or semi-trailer is originally equipped.

Example 1. On February 3, 1988, an individual who is an independent trucker purchases a tractor and trailer which he uses in combination; the gross vehicle weight of the combination exceeds 26,000 pounds. The original equipment on the tractor includes a sleeper unit, a built-in stereo radio, a built-in tool box with hand tools included, splash guards, and a wind deflector mounted on the roof. The total purchase price of the tractor and trailer, including the cost of the property with which the tractor is equipped, qualifies for the exemption from New York State and local sales and use taxes.

Property, other than that which is part of the original equipment on a qualifying tractor, trailer or semi-trailer, is not exempt from tax if it is not installed on the vehicle. For example, items such as hand tools, road flares and road reflectors are not exempt from tax even when purchased for a qualifying vehicle.

Property which is installed on a qualifying tractor, trailer or semi-trailer for its equipping, maintenance or repair is exempt from tax only if it is installed by or through the seller of such property at the time of purchase. If property is purchased and later installed on a qualifying vehicle, then the taxes paid on such purchases may qualify for a refund or credit.

Example 2. The owner of a qualifying tractor purchases six sets of windshield wiper blades for the vehicle. One set of the blades was installed by the seller at the time they were purchased; the remaining sets were purchased as spares. The purchase of the set of blades that was installed on the vehicle qualifies for the exemption from tax. However, the purchaser must pay the tax on the cost of the five uninstalled sets of blades but when the

blades are installed on a qualifying vehicle, the purchaser may then apply for a refund or credit of the tax paid.

When it is necessary to remove parts from a vehicle in order to repair them, such as when tires are recapped, radiators are recored, brake drums are turned and trued, engines are rebuilt, etc., the charge for such services are exempt from tax if the part is reinstalled by or through the provider of the service at the time such services are performed. When such services are performed but the part is not reinstalled on a qualifying tractor, trailer or semi-trailer by or through the provider of the service at the time the service is rendered, tax is due on the charges for the service. However, the purchaser may qualify for a refund or credit of such taxes.

Example 3. The owner of a small fleet of qualifying tractors, trailers and semi-trailers generally has maintenance and repair services for these vehicles performed by his employees, except for repairs such as recapping tires or placing new cores in radiators. When tires are sent out to be recapped, they are returned to the owner's shop and installed on a qualifying vehicle, as needed, by his employees. When a radiator needs recoring, the vehicle is sent to a repair shop where the radiator is removed, serviced and reinstalled on the vehicle. The owner must pay the tax on charges for recapping tires since the tires are not reinstalled on his qualifying vehicles by the seller of the recapping service. He may, once the tires are reinstalled on a qualifying vehicle, be eligible for a refund of the taxes paid. The charges for the repairs to the radiators, on the other hand, qualify for the exemption from tax since the radiators are reinstalled on the qualifying vehicle by the person who performed the repair services.

Regardless of when a vehicle was purchased, if it qualifies as a tractor, trailer or semi-trailer under Article 1 of the Vehicle and Traffic Law, and is used in combination where the gross vehicle weight of such combination exceeds 26,000 pounds, then the installation, repair and maintenance services described above are exempt when performed on that vehicle on or after January 1, 1988. In addition, the purchase of property installed on the vehicle by or through the seller at the time of purchase for the purpose of equipping, maintaining or repairing the vehicle is exempt.

Example 4. A trucker owns a tractor-trailer combination with a gross vehicle weight that exceeds 26,000 pounds which was purchased in March, 1986. The trucker purchases a dolly and a semi-trailer in February, 1988 which the seller hooks up to the existing tractor-trailer combination. The purchase of the dolly and semi-trailer qualify for the exemption from tax.

In April, 1988, the trucker has his tractor serviced. The services performed consist of changing the oil and oil filter, checking all fluid levels, flushing the radiator and refilling it with coolant, changing the air filter and adjusting the pressure in the tires. Charges for these

services as well as charges for all of the parts and supplies qualify for the exemption from tax.

To be exempt from New York State and local sales and use taxes, the qualifying purchase must be made on or after January 1, 1988. Form ST-121.1, *Exemption Certificate for Tractors, Trailers or Semi-Trailers*, must be used for making exempt purchases. The certificate must be properly completed and presented to the seller within 90 days of the date the qualifying purchase was made. If a properly completed exemption certificate is not provided, the seller must collect the appropriate sales tax on the purchase. The purchaser may then apply for a refund or credit of the tax paid.

When qualifying property is installed or maintenance or repair services are performed on a tractor, trailer or semi-trailer, the invoice must contain enough information to identify the vehicle on which such installation, maintenance or repair services were performed. For example, the invoice may show the Highway Use Tax Permit number if the vehicle is a tractor, or the vehicle registration/license plate number if the vehicle is a trailer.

#### Refund/Credit Provisions

Effective April 1, 1988, New York State and local sales and use taxes paid on certain purchases made on or after July 1, 1987 are refundable. A purchase that qualifies for a refund or credit of taxes paid is a purchase of:

- a tractor, trailer or semi-trailer, as such term is defined under Article 1 of the Vehicle and Traffic Law, which is used in combination with another vehicle where the gross vehicle weight of such combination exceeds 26,000 pounds;
- all property with which the qualifying tractor, trailer or semi-trailer is originally equipped;
- property which is installed on a qualifying tractor, trailer or semi-trailer for the purpose of equipping, maintaining or servicing the vehicle;
- installation, maintenance or repair services performed on a qualifying tractor, trailer or semi-trailer; or
- installation, maintenance or repair services, performed on property that is installed on a qualifying tractor, trailer or semi-trailer for the purpose of equipping, maintaining or repairing the vehicle.

The refund/credit provisions apply to all qualifying purchases made on or after July 1, 1987. This includes purchases made on or after January 1, 1988 which were not exempted from the tax at the time of purchase because:

- property was purchased to equip, maintain or repair a qualifying tractor, trailer or semi-trailer but was not installed on the vehicle by the seller of the property at the time of purchase;

- parts were removed from a qualifying tractor, trailer or semi-trailer for repair but were not reinstalled on the vehicle by the provider of the repair services; or
- a properly completed exemption certificate was not presented to the seller of the qualifying vehicle, property or services within 90 days of the date the vehicle or property was delivered or the services were performed.

A refund or credit of taxes paid on qualifying purchases of property or services may be applied for only after the property is installed (or reinstalled) on a qualifying tractor, trailer or semi-trailer.

Form AU-11, *Application for Credit or Refund of State and Local Sales or Use Tax*, must be used to apply for a refund or credit of taxes paid on a qualifying purchase. In addition to the information requested in the instructions for Form AU-11, the refund or credit application must also include the following:

- the gross vehicle weight as defined below, and
- the Highway Use Tax Registration number of the purchaser *and* the Highway Use Tax Permit number of the vehicle.\*

*\*For household goods movers only: The Interstate Commerce Commission number or the Department of Transportation number may be used in lieu of the Highway Use Tax Registration and Permit numbers.*

An application for refund or credit must be filed in processable form within three years of the date the tax was payable. Applications should be sent to:

New York State Tax Department  
Central Office Audit Bureau - Sales Tax  
W. A. Harriman Campus, Building #9  
Albany, New York 12227

For qualifying purchases made prior to April 1, 1988, interest will be computed on the amount to be credited or refunded from the date the tax was deemed to have been paid through March 31, 1988. Additional interest will be paid on any credit or refund that is not issued within 90 days after a properly completed application is received in processable form by the Tax Department. Such interest will be computed from the 91st day following receipt of the application. Any application filed and received in processable form prior to April 1, 1988 will be considered to have been filed as of April 1, 1988 for purposes of computing interest due on the credit or refund.

For qualifying purchases made on or after April 1, 1988, interest will be paid on any credit or refund not issued within 90 days of the date a processable application is received. Such interest will be computed on the amount to be credited or refunded from the 91st day following the date the application for refund or credit is received.

Credits for these taxes may be claimed on a sales tax return only after Form AU-11.6, *Credit Voucher for State and Local Sales and Use Tax*, has been issued. The credit voucher must be attached to the sales tax return on which the credit is being claimed.

#### Nonqualifying Purchases

Certain purchases are not eligible for the exemption from, or a refund or credit of, sales and use taxes. These include purchases of:

- trucks;
- mobile homes and/or factory manufactured homes;
- "tractors" used exclusively in the transport of mobile homes;
- tractors, trailers or semi-trailers which, when used in combination, have a gross vehicle weight of 26,000 pounds or less;
- motor fuel and/or diesel motor fuel;
- shop equipment, including service jacks, tire changers, battery chargers, parts washers, truck/tractor washers, work stands and wheel balancers;
- property that is not installed on a qualifying tractor, trailer or semi-trailer (other than that sold as part of the original equipment of the vehicle), such as hand tools, road flares and road reflectors;
- parts and supplies that are used in servicing a qualifying tractor, trailer or semi-trailer but which are not installed on the vehicle;
- services, other than installation, maintenance or repair services, performed on a qualifying tractor, trailer or semi-trailer, or qualifying property installed on such vehicle.

#### Definitions

Gross Vehicle Weight - the unloaded weight of the vehicle plus:

- the unloaded weight of the heaviest motor vehicle, trailer, semi-trailer, dolly or other device to be used in combination with such vehicle, and
- the weight of the maximum load, exclusive of the weight of the driver and passengers, which may be carried or drawn by such vehicle.

"Unloaded weight" is the actual weight of the vehicle including all equipment necessary for the vehicle to function as a vehicle, all equipment necessary for the safety of the vehicle, all equipment permanently attached to the vehicle, all equipment used exclusively for the protection of the load carried by the vehicle, and all equipment used exclusively for the loading or unloading of the vehicle.

Purchase - Any transaction (exchange, barter, rental, lease or license to use or consume) in which there is a transfer of title or possession, or both, of tangible personal property for a consideration.

Semi-trailer - Any trailer which is so designed that when operated the forward end of its body or chassis rests upon the body or chassis of the towing vehicle.

Tractor - A motor vehicle designed and used as the power unit in combination with a semi-trailer or trailer, or two such trailers in tandem. Any such motor vehicle shall not carry cargo except that a tractor and semi-trailer engaged in the transportation of automobiles may transport motor vehicles on part of the power unit.

Trailer - Any vehicle not propelled by its own power, drawn on the public highways by a motor vehicle (as defined in section 125 of the Vehicle and Traffic Law), except for motorcycle side cars, vehicles being towed by a non-rigid support and vehicles designed and primarily used for other purposes and only occasionally drawn by such a motor vehicle.