

Orange County Sales and Use Tax Rate Increase Effective June 1, 2004

Attention:

All persons required to collect sales tax, pay compensating use tax, or both: Orange County has enacted legislation to increase its local sales and use tax rate. **As of June 1, 2004, the combined state and local tax rate imposed in Orange County is increased to 8¼%.** This includes the 4¼% state tax, the ¼% Metropolitan Commuter Transportation District tax, and the 3¾% Orange County local 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 Orange County.

Therefore, beginning June 1, 2004, **all taxable sales and uses in Orange County are subject to tax at the 8¼% rate,** except as otherwise provided by the special transitional provisions below.

Reporting requirements

All taxable sales made within Orange County 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 Orange County 8¼% entry line.

All **Schedule B** filers reporting sales of **nonresidential** gas (including propane in containers of 100 pounds or more), electricity, refrigeration, and steam, must enter this information on Schedule B, Part 3, on the Orange County (outside the Middletown School District (S. D.), the city of Newburgh, and the city of Port Jervis) 8¼% entry line, the Middletown S. D. 11¼% entry line, the Newburgh (city) 8¼% entry line, or the Port Jervis (city) 8¼% entry line, as applicable.

All **Schedule B-ATT** filers reporting sales of **nonresidential** gas (including propane in containers of 100 pounds or more), electricity, refrigeration, and steam, to a Qualified Empire Zone Enterprise (QEZE) must enter this information on the Orange County (outside the Middletown S. D., the city of Newburgh, and the city of Port Jervis) 3¾% entry line, the Middletown S. D. 6¾% entry line, the Newburgh (city) 3¾% entry line, or the Port Jervis (city) 3¾% entry line, as applicable.

All **Schedule H** filers reporting sales in Orange County of clothing and footwear eligible for exemption must enter this information on the Orange County 4% entry line.

All **Schedule T** filers reporting sales of telephone services, telephone answering services, and telegraph services, must enter this information on Schedule T, on the Orange County (outside the Middletown S. D., the city of Newburgh, and the

city of Port Jervis) 8¼% entry line, the Middletown S. D. 11¼% entry line, the Newburgh (city) 8¼% entry line, or the Port Jervis (city) 8¼% entry line, as applicable.

All **Schedule T-ATT** filers reporting sales of telephone services, telephone answering services, and telegraph services, to a QEZE must enter this information on Schedule T-ATT, on the Orange County (outside the Middletown S. D., the city of Newburgh, and the city of Port Jervis) 3¾% entry line, the Middletown S. D. 6¾% entry line, the Newburgh (city) 3¾% entry line, or the Port Jervis (city) 3¾% entry line, as applicable.

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 Orange County 3¾% entry line.

All **Schedule FR** filers reporting retail sales of motor fuel and diesel motor fuel, and fuel taken from inventory, as explained in the Schedule FR instructions, must enter this information on the Orange County 8¼% entry line.

Special transitional provisions

All sales and uses occurring on or after June 1, 2004, are taxed at the rate of 8¼%, except as provided below:

(a) Layaway sales

Receipts may be reported at the lower rate of 7½% only if the following conditions are met:

- (1) before February 1, 2004, a written agreement was made and the item sold was segregated from other similar property in the possession of the vendor; and
- (2) before June 1, 2004, the purchaser has paid at least 10% of the sales price.

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

If the meter is read on or after June 1, 2004, and the number of days from June 1, 2004, 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 higher rates. Orange County does not impose sales or use tax on **residential energy sources and services.**

The Orange County tax increase effective June 1, 2004, **does not affect** the rate of tax imposed on sales or uses of **residential energy sources and services** in the Middletown S. D., the city of Newburgh, and the city of Port Jervis.

(c) Telephone bills

Report charges for services furnished on or after the date of the first bill dated in June 2004, at the higher rates effective June 1, 2004. Report charges for services furnished before the date of the first bill dated in June 2004 at the lower rates, even though the services may be furnished on or after June 1, 2004.

(d) Telephone answering services

Prorate receipts that cover a period beginning before and ending on or after June 1, 2004. Receipts for the period prior to June 1, 2004, must be reported at the lower rates. Report receipts for the period on and after June 1, 2004, at the higher rates.

(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, 2004, at the higher rate of 8¼%. Report all bills covering periods that begin before June 1, 2004, at the lower rate of 7½%.

(f) Admissions

Report taxable admissions to an event occurring on or after June 1, 2004, at the higher rate of 8¼%, whether or not the admission charge was paid before that date, unless the tickets were sold and delivered before June 1, 2004, to the person attending the event.

(g) Hotel occupancy

Report all taxable daily rentals occurring on or after June 1, 2004, at the higher rate of 8¼%. Report all taxable daily rentals occurring before June 1, 2004, at the lower rate of 7½%. If the rental is on other than a daily basis, prorate the amount of rent between the number of days taxable at the higher rate and the number of days taxable at the lower rate.

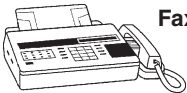
(h) Pre-existing lump sum or unit price construction contracts

Contractors purchasing materials in Orange County for use in construction contracts pay the rate of 7½% on purchases made before June 1, 2004, and 8¼% on purchases made on or after that date. Contractors who irrevocably entered into a pre-existing lump sum or unit price construction contract before April 2, 2004 (the date on which the local legislation was adopted), may receive a credit or refund of the additional ¾% local sales and use tax paid on or after June 1, 2004. This credit or refund applies only to purchases of tangible personal property used solely in the performance of such contract.

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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.