

Important Information Regarding Locality Changes Effective March 1, 2006, Related to New York State Sales and Use Tax Exemption For Residential Solar Energy Systems Equipment

This notice is being sent to inform you of legislative actions taken by localities relating to New York State's sales and use tax exemption for retail sales and installations of residential solar energy systems equipment. All changes described in this notice take effect **March 1, 2006**.

Residential solar energy systems equipment means an arrangement or combination of components installed in a residence that utilizes solar radiation to produce energy designed to provide heating, cooling, hot water, or electricity. Effective September 1, 2005, retail sales and installations of these systems are exempt from the 4% New York State sales and use tax. The exemption also applies to the $\frac{3}{8}\%$ tax imposed by New York State in the Metropolitan Commuter Transportation District (MCTD). The MCTD consists of New York City and the counties of Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk, and Westchester. This exemption applies to locally imposed sales and use tax only if the county or city imposing the tax elects to provide for it.

The following localities have enacted the exemption from their local tax for sales and installations of residential solar energy equipment effective **March 1, 2006**:

- Montgomery County
- Orange County
- Schuyler County
- Auburn (city)
- Ithaca (city)

Therefore, effective March 1, 2006, sales and installations of residential solar energy equipment in Montgomery, Orange, and Schuyler counties,

and the city of Ithaca, are fully exempt, as are sales and installations made in localities listed in Notice ST-05-11, *Important Information Regarding Locality Changes Effective December 1, 2005, Related to New York State Sales and Use Tax Exemption For Residential Solar Energy Systems Equipment*. Report these sales on page 1, step 1 of your sales tax return as part of your *gross sales* only. See Publication 718-S, *Local Sales and Use Tax Rates on Sales and Installations of Residential Solar Energy Systems Equipment*, for a listing of the local jurisdictions that enacted this exemption and the rates in effect in those localities that did not enact the exemption.

Special reporting rules for sales and installations made within the city of Auburn: Although the city of Auburn enacted this exemption, Cayuga County did not. Therefore, sales and installations of residential solar energy systems equipment in the city of Auburn are subject to a local Cayuga County tax at the rate of 2%. Report receipts from sales and installations of this equipment at the full tax rate in effect for the city of Auburn on the Auburn (city) line of your sales tax return. Claim the 6% credit for the New York State and city of Auburn tax in Step 5 of your sales tax return on the *Credits against sales or use tax* line. **The credit must be substantiated.** Attach a statement to your return explaining the basis for the credit claimed, including the amount of taxable sales against which you are claiming the credit and the jurisdiction in which the sale was made and reported. For your return to be properly processed, at the top of page 1 of your return you must write ***Solar energy exemption*** and the name of the city for which you are reporting these sales and credits.