

Amendments to the Tax on Medallion Taxicab Trips in the Metropolitan Commuter Transportation District

Article 29-A¹ of the Tax Law has been amended, effective July 1, 2010, to change the liability for the 50 cents per trip tax from the taxicab vehicle owner to the medallion owner or, if applicable, the medallion owner's agent. In addition, Article 29-A was amended to eliminate provisions regarding leased vehicles, modify certain terms and definitions, and expand provisions related to record-keeping, administration, and enforcement.

Concurrent with these changes, the Tax Department will convert from a paper return filing system to a Web return filing system. Taxicab vehicle owners (including certain lessees) that have not already done so must file their last paper returns on Form MT-75-MN, *MTA Quarterly Tax Return for Taxicab Rides*, for the period April 1, 2010, through June 30, 2010. This return was due July 20, 2010. Taxicab vehicle owners that are not also medallion owners are not liable for the tax and are not required to file a return for any quarter beginning after June 30, 2010.

Medallion owners or their agents must file online at the Tax Department's Web site (www.nystax.gov) beginning with the quarter July 1, 2010, through September 30, 2010, and remit 50 cents tax for each applicable taxicab trip during the quarter. This return must be Web filed and payment electronically remitted by October 20, 2010.

Article 29-A continues to require that the economic incidence of the tax be passed through to the passenger by increasing the fare. The amount of the taxes received as part of the fares should continue to be turned over to the person liable for the tax and remitted under the return filing systems described above.

For background information, see TSB-M-09(9), *Tax on Medallion Taxicab Rides in the Metropolitan Commuter Transportation District*.

Key terms and related provisions

Taxicab trip

The term *taxicab ride* has been changed to *taxicab trip*. A *taxicab trip* means a trip provided to one or more passengers, regardless of the number of stops, for which the taximeter is required to be in the recording or hired position. It is presumed that every taxicab trip that

¹ Article 29-A of the Tax Law (Article 29-A) imposes a tax of 50 cents on each medallion taxicab trip that originates in New York City (NYC) and terminates within the territorial boundaries of the Metropolitan Commuter Transportation District (MCTD). The MCTD includes the counties of New York (Manhattan), Bronx, Kings (Brooklyn), Queens, Richmond (Staten Island), Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk, and Westchester.

originates in New York City is subject to tax. This presumption will prevail until the contrary is proven, and the burden of proving the contrary will be on the taxicab owner. Taxable and nontaxable taxicab trips will be determined in the same manner as taxicab rides described in TSB-M-09(9)M.

Taxicab owner

The definition of *taxicab owner* or *owner* was amended to mean the person licensed by the Taxi and Limousine Commission of New York City (TLC) to own and operate a medallion taxicab. Prior to the amendment, *taxicab owner* referred to the person owning a taxicab. The change in this definition moves the liability for the tax from the taxicab vehicle owner to the medallion owner. Unless otherwise indicated, any reference to a taxicab owner or owner in this TSB-M refers to a medallion owner.

If the medallion owner has designated an agent, the agent is jointly liable with the owner for the tax on trips occurring during the period that the designation is in effect. Even if the TLC has specified that the owner's agent cannot operate as an agent, that agent is still jointly liable with the owner if the agent has acted for the owner.

Although the tax is imposed on the owner, the economic incidence of the tax must be passed through to the passenger by adjusting the fare. New York City or the TLC must adjust fares to include the pass-through of the tax, as the tax rate may change from time to time, and taxicab owners must adjust taximeters in the taxicabs to reflect the pass-through amount. The failure of the TLC to adjust the fares or the failure of the taxicab 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.

For the meanings of other terms, see *Definitions* on page 4.

Returns

Beginning with the quarter July 1, 2010, through September 30, 2010, medallion owners or their agents must Web file returns for each calendar quarter and remit 50 cents tax for each applicable taxicab trip. To access the return, go to the *Online Services* link on the Tax Department's Web site (www.nystax.gov). Separate instructions will be sent to medallion owners and agents to guide them through the online process. The quarterly periods and filing due dates are:

Quarterly period	Due date for filing return
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, the return may be Web filed on the next business day.

Records

Every medallion owner or agent (as applicable) must keep:

- records of every taxicab trip originating in New York City and of all amounts paid, charged or due for every trip and of the tax payable for the trip;
- a true and complete copy of every contract, agreement, or arrangement concerning the lease, rental, or license to use a taxicab;
- a true and complete copy of every contract, agreement, or arrangement concerning the appointment of an agent;
- true and complete copies of any records required to be kept by the TLC; and
- any other records and information required by the Tax Department.

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 any other process that actually reproduces the originals. These records must be available for inspection and examination upon demand by the Tax Department at any time during regular business hours. If the records are maintained in an electronic format, they must be made available and accessible to the Tax Department in electronic format.

Procedural provisions (Article 27 of the Tax Law)

The provisions of Article 27 of the Tax Law shall apply with respect to the administration and procedure of the tax on medallion taxicab trips in the MCTD. However, the provisions of Article 27 will not apply to the extent they are either inconsistent or irrelevant. Accordingly, Article 27 procedures including, but not limited to, notices of deficiency, assessments, civil penalties, overpayments, refunds, interest, appeals, hearings, collections, levies, and liens apply.

Cooperation between the Tax Department and TLC

The Tax Department may permit the TLC to inspect any return filed by a medallion owner or agent under Article 29-A. The TLC will cooperate with the Tax Department in the administration of Article 29-A, and will furnish the names, addresses, and all other information concerning every taxicab owner, operator, and driver of taxicabs in New York City, and information concerning every agent, vehicle owner, trip records, and other records.

TLC prohibited from issuing or renewing taxicab licenses when Article 29-A taxes not paid

Section 19-504 of the Administrative Code of the City of New York was amended to prohibit the TLC from issuing or renewing a taxicab license unless the applicant or holder, as the case may be, swears under penalty of perjury that the person has fully paid all and any tax imposed under Article 29-A. The TLC may ask the Tax Department for confirmation that the person has paid the tax. This provision does not prevent a licensee from moving the medallion which evidences the license to a standby vehicle if the TLC's regulations permit the person to do so.

Other violations (Article 37 of the Tax Law)

Any willful act or omission that constitutes a violation of any of the provisions of Article 29-A will constitute a misdemeanor.

Definitions

Agent means a person, including an individual, partnership, corporation, or other entity, that acts, by employment, contract or otherwise, on behalf of one or more taxicab owners to operate or provide for the operation of a licensed medallion taxicab in accordance with the TLC's rules. *Agent* does not include an attorney or representative who appears on behalf of one or more owners before the TLC or the TLC Hearing Tribunal, the Tax Department, or the State Division of Tax Appeals, and taxicab drivers licensed under Chapter 5 of Title 19 of the Administrative Code of the City of New York when acting in that capacity.

Medallion means a plate issued by the TLC as the physical evidence of a taxicab license and that is affixed to the outside of the taxicab.

Medallion taxicab means a taxicab to which a medallion has been affixed in accord with applicable law and regulations.

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

Taxicab means a motor vehicle licensed by the TLC to carry passengers for hire and authorized to accept hails from prospective passengers in the street. (When used in this memorandum, the terms *taxicab* and *medallion taxicab* generally have the same meaning.)

Taxicab license means the authority granted by the TLC to an owner to operate a designated vehicle as a taxicab in the city.

TLC means the Taxi and Limousine Commission of New York City.

Trip record (including a trip sheet or trip log) means the written, computerized, automated or electronic accounting of a taxicab trip. The trip data to be transmitted or recorded must include:

- the taxicab license number (medallion number);
- the taxicab driver's license number;
- the location and time of trip initiation;
- the number of passengers;
- the location and time of trip termination;
- the itemized metered fare for the trip (tolls, surcharge, and tip if paid by credit or debit card);
- the distance of the trip;
- the trip number;
- the method of payment;
- the total number of passengers; and
- any other information as may be required by the TLC.

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.