

DEMURRAGE CHARGES

At a Tax Commission open meeting on March 22, 1978, the following proposed amendment to section 526.5 of the Sales and Use Tax Regulation exempting charges (demurrage) for the retention of a railroad car, trailer, semi-trailer, vessel or marine cargo container was approved and the Secretary of State has been notified of the proposed agency action:

"A charge to a shipper or consignee for the retention of a railroad car, trailer, semi-trailer, commercial vessel or marine - cargo container is considered part of the transportation charge and not subject to the sales or compensating use tax, although such charge may be designated as 'demurrage'."

The proposed amendment exempts from sales and use tax certain charges, variously referred to as retention charges, penalties, holding charges, demurrage, etc., imposed in the transportation industry. Demurrage or retention charges for gas cylinders and other tangible personal property not included above remain subject to the sales and use tax.

Any comments on the proposed amendment should be submitted by May 10th, in writing, to Berthlynn J. Davis, Secretary to the State Tax Commission, Room 213, Building 9, State Campus, Albany, New York 12227.