

NEWCAR LEMON LAW SALES TAX REFUND

CHAPTER 145 - LAWS OF 1986

Chapter 145 of the Laws of 1986, which amended the General Business Law, also amended section 1139 of the Tax Law by adding a new subdivision (f). Subdivision (f) provides the following changes, retroactive to September 1, 1983.

- (1) The New York State Tax Commission will refund sales tax paid by a consumer on the purchase price or a portion thereof, of a new motor vehicle when the consumer recovers the purchase price, or a portion thereof, of the motor vehicle from the manufacturer, pursuant to the provisions of section 198-a of the General Business Law, generally known as the "New Car Lemon Law."
- (2) Sales tax to be refunded will not exceed the actual sales tax which was computed and paid on receipts which were subject to tax (i.e., the purchase price, less any trade-in allowance, license fees, registration fees and any similar governmental charges). If only a portion of the purchase price is refunded to the consumer, the sales tax to be refunded will be prorated accordingly.
- (3) The sales tax refund claim must be filed within three years of the date the consumer received the refunded purchase price from the manufacturer, as awarded pursuant to the provisions of section 198-a of the General Business Law (New Car Lemon Law).
- (4) Interest on the sales tax to be refunded is payable beginning three months after the date the refund application is received by the Tax Commission in processible form. That is, the application must be complete, legible and accurate, signed by the applicant and accompanied by the proper supporting documentation.

Any consumer who has received a full or partial refund of the purchase price of a new motor vehicle from an automobile manufacturer, in a manner consistent with the provisions of the "New Car Lemon Law", may apply directly to the Tax Department for a refund of sales tax paid on the refunded amount. Form AU-11, Application for Credit or Refund of State and Local Sales or Use Tax, should be used for this purpose. The application should be obtained and filed as soon as possible, even if an AU-11 was previously filed, and even if the consumer's previous application was denied. This is to insure that such application is received within the three year period allowed by the New Car Lemon Law.

The Lemon Law requires that a manufacturer provide the consumer, at the time the manufacturer makes refund of the purchase price or a portion thereof, (1) with the proper application for credit or refund of state and local sales taxes as published by the Department of Taxation and Finance, and (2) with a notice that the sales tax paid on the refunded purchase price or portion thereof is refundable by the State Tax Commission in accordance with section 1139(f) of the Tax Law.

If you do not have a copy of Form AU-11, you may obtain one by calling:

Within NYS - 1-800-462-8100 (toll-free)  
Outside NYS - 1-518-438-1073

Send all completed refund claims, which must be accompanied by a copy of the arbitration agreement or other evidence of settlement received from the manufacturer, and a copy of the bill of sale showing the original purchase price, amount of sales tax paid and trade-in information, if any, to:

New York State Tax Department  
Sales Tax Refund Unit  
W. A. Harriman Campus  
Albany, New York 12227