

New York State Department of Taxation and Finance
Taxpayer Services Division
Technical Services Bureau

TSB-M-90 (3) S
Sales Tax
March 12, 1990

UNIFORM SALES AND USE TAX RATE FOR
DUTCHESS COUNTY BEGINS MARCH 1, 1990

Actions taken by the City of Poughkeepsie and Dutchess County have resulted in a uniform local sales and use tax rate for all taxable sales of tangible personal property and services made within Dutchess County effective March 1, 1990.

The City of Poughkeepsie repealed its 2% local sales and use tax as of March 1, 1990. Therefore, beginning that date, the City of Poughkeepsie no longer imposes a local sales or use tax on taxable sales or uses made within its city limits. However, effective March 1, 1990 Dutchess County increased its county wide local sales and use tax from 1% to 3%. On March 1, 1990, when the 3% Dutchess County tax becomes effective, all taxable sales made anywhere within Dutchess County (including the City of Poughkeepsie) will be subject to the 3% county sales and use tax.

Residential utility services that were subject to tax at the reduced rate of 2% within the City of Poughkeepsie, will not be subject to tax after March 1, 1990 since the Dutchess County sales tax that replaces the city sales tax does not provide for the imposition of tax on residential energy sources or services.*

For the area of Dutchess County outside the City of Poughkeepsie, the 3% county sales tax means a 2% increase in tax over the 1% rate which was in effect prior to March 1, 1990. The 3% county rate does not result in an increase in tax within the City of Poughkeepsie, since the combined city/county rate had been 3%, however, it does result in a change in reporting. Taxable sales made within the City of Poughkeepsie on and after March 1, 1990 are to be reported on the Dutchess County line on sales and use tax returns filed for taxable periods that include March 1, 1990 and thereafter.

As of March 1, 1990 all sales of tangible personal property and services that are subject to the combined New York State and Dutchess County sales taxes are to be taxed at the rate of 7 1/4% (4% New York State, 1/4% MCTD and 3% Dutchess County). Sales of property and services subject to the local tax only are to be taxed at the rate of 3%.

* See TSB-M-78(7)S for information on residential energy sources and services.

For proper collection and distribution of state and county sales and use tax revenues, the reporting codes and tax rates for Dutchess County will be changed on all returns and affected schedules that are to be filed for periods beginning on or after March 1, 1990. Taxable sales made in Dutchess County on and after that date are to be reported using the following tax rates and codes:

<u>Return or Schedule</u>	<u>Tax Rate</u>	<u>Code</u>
ST-100, 101, 102, 810	7 1/4%	1303
Schedule FR	7 1/4%	R1303
Schedule U	3%	1305

TRANSITIONAL PROVISIONS

With respect to rate changes only, the following transitional provisions will apply to sales in Dutchess County outside the City of Poughkeepsie. Since the combined tax rate in the city both before and after the changes is 3%, these transitional provisions do not apply to transactions occurring in the city.*

Layaway Sales

The increased county tax applies to all layaways where the purchaser takes possession of (picks up) the merchandise on or after March 1, 1990, unless:

- the merchandise was purchased under a written agreement that was entered into prior to November 1, 1989; and
- the merchandise was taken out of inventory and set aside for the customer before November 1, 1989; and
- at least 10% of the sale price was paid before March 1, 1990.

If all three of the above conditions are met, then the sale will be taxed at the pre-March 1, 1990 tax rate.

* See exception, page 4.

Utility Bills Based on Meter Readings (Bills for non-residential service only)

When a bill is issued based on a meter reading that occurred before March 1, 1990 the increased tax rate does not apply to any charges based on such reading. When a meter is read on or after March 1, 1990, the increased tax rate applies to the total amount billed, based on such reading, if more than one-half the number of days included in the period covered by the bill fall on or after March 1, 1990. If more than one-half the number of days in the billing period fall before March 1, 1990, then the pre-March 1, 1990 tax rate applies.

Telephone Bills

Charges for telephone service which appear on the first bill dated on or after March 1, 1990, (other than charges for which a bill was previously issued) are subject to the increased sales and use tax rate unless they are charges for services furnished prior to the date of the bill.

Any charges for service furnished before the date of the first bill dated on or after March 1, 1990, will be subject to the pre-March 1, 1990, tax rate, regardless of when such charges are actually billed.

Hotel/Motel Room Bills

When hotel or motel room occupancy is charged at a daily rate, the increased tax rate applies to charges for occupancy occurring on or after March 1, 1990.

When charges for hotel or motel room occupancy are billed on other than a daily basis, the increased tax rate applies only to that portion of the bill which covers the days falling on or after March 1, 1990; the balance of the billing is subject to the pre-March 1, 1990 tax rate.

When the occupant of the hotel or motel room is a permanent resident (that is, occupies the room for 90 or more consecutive days), then there is to be no tax charged on the rental of the room.

Admission Charges

The increased sales tax applies to taxable admissions for any event occurring on or after March 1, 1990, unless the admission tickets were actually sold and delivered to the purchaser before March 1, 1990.

Social and Athletic Club Dues

Dues paid for membership (including membership renewals) in a social or athletic club are subject to the increased sales and use tax rate if the membership period begins on or after March 1, 1990. The increased tax rate applies regardless of when the dues are billed, or paid, or the payment terms.

Dues paid for memberships which begin before March 1, 1990, are not subject to the increased sales and use tax rate even though payment may actually be made on or after March 1, 1990. Such dues are subject to the pre-March 1, 1990 sales and use tax rate.

Lump-sum or Unit-Price Construction Contracts

If a lump-sum or unit-price construction contract was irrevocably entered into before December 11, 1989, (the date the Dutchess County resolution was adopted), the contractor will be allowed a credit or refund of the increased sales or use tax paid on purchases of tangible property used solely in the performance of this contract.

TRANSITIONAL PROVISION - City of Poughkeepsie Only

Utility Bills Based on Meter Readings (Bills for residential service)

When a bill is issued based on a meter reading that occurred before March 1, 1990 the pre-March 1, 1990 tax rate of 2% must be added to any charges based on such reading. When a meter is read on or after March 1, 1990, the 2% tax rate applies to the total amount billed, based on such reading, if more than one-half the number of days included in the period covered by the bill fall before March 1, 1990. If more than one-half the number of days in the billing period fall on or after March 1, 1990, then no sales tax is to be charged on such bill.

Utility bills rendered for non-residential services are not affected since charges for non-residential energy services are taxed at 7 1/4% both before and after March 1, 1990.