

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

TSB-M-90 (4) S  
Sales Tax  
March 28, 1990

City of Norwich Increases the Scope  
of its Local Sales and Use Tax  
Beginning March 1, 1990

(Reporting Code Changes Chenango County)

Effective March 1, 1990 all taxable sales of tangible personal property and services made within the City of Norwich are subject to a combined state and local sales and use tax of 7%.

Before March 1, 1990 only sales of food and drink made by restaurants, taverns and similar establishments located within the City of Norwich and sales of telephone, telegraph and certain utility services made in the City of Norwich were subject to sales tax at the rate of 7%, all other taxable sales were taxed at the combined state and county sales tax rate of 6%. As a result of actions taken by the City of Norwich Common Council, the city restructured its imposition of the sales tax; the city repealed the local law that imposed the sales tax only on food and drink, telephone and telegraph service and certain utility services and enacted a new local law that imposes a general sales tax. The general sales tax is imposed on all sales that are currently subject to the general sales taxes imposed by New York State and/or local sales taxes imposed by Chenango County, and since the city sales tax is also imposed on sales of residential energy sources and services\*, the city retains its tax on residential utility services (i.e. electric and gas service) and adds a tax to residential energy sources (i.e. home heating oil, propane, coal, etc.\*).

Taxable sales made within the City of Norwich that are subject to local sales taxes only, are taxed at the rate of 3% after March 1, 1990. All vendors who make taxable sales in the City of Norwich must separately account for such sales for reporting purposes.

For proper distribution of state, county and city sales and use tax revenues, a reporting line for the City of Norwich will be added to all affected returns and schedules that are to be filed for periods beginning on or after March 1, 1990. Taxable sales made in the City of Norwich 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-810 - Quarterly Return for Part-Quarterly Filers	7%	0844
ST-100/ST-102 - Quarterly Return	7%	0844
ST-101 - Annual Return	7%	0844
Schedule FR - used to report tax on motor fuel and diesel motor fuel	7%	R0844
Schedule U - used to report tax on services to production machinery, equipment, parts, tools and supplies	3%	L0844
Schedule B - Part III - used to report tax on residential energy and energy service	3%	0845

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

### Transitional Provisions

#### Layaway Sales

The City of Norwich tax applies to all layaway sales where the purchaser takes possession of (picks up) the merchandise on or after March 1, 1990 unless:

- 6 the merchandise was purchased under a written agreement that was entered into prior to November 1, 1989; and
- 6 the merchandise was taken out of inventory and set aside for the customer before November 1, 1989; and
- 6 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 is not subject to the City tax and is to be reported as a Chenango County sale.

#### Hotel/Motel Room bills

When charges for hotel or motel room occupancy are billed on a daily basis, then the City of Norwich tax applies to all such charges billed on or after March 1, 1990.

When charges for hotel or motel room occupancy are billed on other than a daily basis, the City of Norwich tax rate applies only to that portion of the bill which covers the days falling after March 1, 1990; the balance of the billing is subject to the Chenango County tax rate, and is to be reported on the Chenango County line.

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 no tax charged on the rental of the room.

#### Admission Charges

The City of Norwich sales and use 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. This is true whether or not the admission charge was paid prior to March 1, 1990.

Taxable admissions for events occurring before March 1, 1990 are subject to the Chenango County sales and use tax, as are admission tickets which are sold and delivered prior to March 1, 1990. These admission charges are to be reported on the Chenango County line.

#### Social and Athletic Club Dues

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

The dues paid for memberships which begin before March 1, 1990 are not subject to the Norwich sales and use tax even though payment may actually be made on or after March 1, 1990. Such dues are subject to the Chenango County tax and are to be reported on the Chenango County line.

Lump-sum or Unit-price Construction Contracts

If a lump-sum or unit-price construction contract was irrevocably entered into before June 27, 1989, (the date the City of Norwich 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.

Reporting Code Changes-Chenango County

Taxable sales and uses that occur throughout Chenango County outside the City of Norwich are not affected by the changes inside the City of Norwich. However, restaurants, taverns and similar establishments selling food and drink outside the city who were required to report such sales on Schedule A (Part II) of the sales tax return, will not report these sales on Schedule A for periods after February 28, 1990. Beginning March 1, 1990, the tax collected on these sales are to be reported on the Chenango County line which appears on Page 2 of the ST-100, ST-101 and ST-810 or Page 1 of the ST-102. Vendors selling telephone service, telegraph service, refrigeration service and non-residential gas, electric or steam service who reported such sales on Schedule B (Part I) will now report those sales on Page 2 (Page 1 ST-102) of their sales tax returns.

While there is no change in the rate of tax charged within Chenango County outside the City of Norwich, there is a change in the distribution of certain sales and use tax revenues collected within this taxing jurisdiction, resulting in a change in reporting codes. The codes to be used on and after March 1, 1990 for Chenango County are as follows:

<u>Return or Schedule</u>	<u>Tax Rate</u>	<u>Code</u>
ST-100, 101, 102 and 810	6%	0803
Schedule FR	6%	R0803
Schedule U	2%	L0803