



Important Notice

February 2001

Information for Sales Tax Vendors on Sales Made to Qualified Empire Zone Enterprises

Effective March 1, 2001, Qualified Empire Zone Enterprises (QEZE) are granted an exemption from New York State sales and use tax on certain purchases of goods and services used in an empire zone in which the QEZE has qualified for benefits. As a sales tax vendor, you should be aware of the Qualified Empire Zone Enterprise program and what you may expect when a QEZE makes a purchase.

Sales to QEZEs are exempt from the 4% New York State sales and use tax rate and the ¼% tax rate in the Metropolitan Commuter Transportation District (MCTD). Sales to QEZEs are exempt from local sales and use tax only if the local taxing jurisdiction where delivery takes place has enacted the QEZE exemption. If a locality has enacted the exemption, sales to QEZEs made in that locality will be fully exempt.

A QEZE can purchase most tangible personal property and services exempt from tax. To qualify for exemption, the property or service (other than utility services) must be directly and predominantly (at least 50%) used or consumed by the QEZE in an empire zone in which it has qualified for benefits.¹

A QEZE can purchase utility services (gas, electricity, refrigeration, and steam) exempt from tax. These utility services must be directly and exclusively (100%) used or consumed by the QEZE in an empire zone in which it has qualified for benefits. A QEZE can also purchase telephone and telegraph services, and telephone answering services exempt from tax; however, these services must be delivered and billed to the QEZE at an address in an empire zone in which it has qualified for benefits.

A QEZE can purchase or rent motor vehicles exempt from tax. The QEZE must predominantly use the vehicles in an empire zone in which it has qualified for benefits.

Enclosed is Publication 718-Q, *Local Sales and Use Tax Rates on Sales to a Qualified Empire Zone Enterprise (QEZE)*. Use Publication 718-Q to determine the appropriate local sales tax to charge, if any, when you make a qualified exempt sale. Generally, the tax rate to charge, if any, will be based on where the property or service is delivered. However, sales of motor vehicles are taxed at the local rate in effect in the empire zone where the motor vehicles will be predominantly used, regardless of where delivery takes place.

We will revise Publication 718-Q throughout the year as local tax rates change and on March 1 of each year as localities choose to enact or not to enact the QEZE exemptions. We will mail revised Publication 718-Q to you as these changes occur.

If you file sales tax return ST-100, ST-810, or ST-101, use new Schedule Q (and, if applicable, Schedules B-ATT and T-ATT) to report any sales made to QEZEs. Schedules Q, B-ATT, and T-ATT will list each locality where local tax is due, as well as the tax rate and reporting code for each locality.

¹ Most food or drink purchased at a grocery store is exempt from tax. A QEZE may also make exempt purchases of otherwise taxable items, such as soda, candy, fruit drinks, or bottled water, at a grocery store. However, a QEZE may not purchase items such as sandwiches, hot food, hot drink, or restaurant meals exempt from tax. Nor do the exemptions apply to rent for hotel occupancy or charges for admission to a place of amusement.

If you file sales tax return ST-102 or ST-102-A, a new, separate line will be used to report sales made to QEZEs. Use new schedule ST-102.2, which will be mailed with your return, to determine the correct tax rate and reporting code to enter on your return.

To make an exempt purchase, the QEZE must give you Form ST-121.6, *Qualified Empire Zone Enterprise (QEZE) Exempt Purchase Certificate*. If you make a sale to a contractor who is purchasing property or services for use in a qualifying project for a QEZE, the contractor is required to provide you with Form ST-120.1, *Contractor Exempt Purchase Certificate*. A properly completed exemption document accepted in good faith relieves you, the vendor, from responsibility for collecting the sales tax.

For more information about QEZE exemptions, see TSB-M-01(1)S, *Qualified Empire Zone Enterprise (QEZE) Exemptions (Articles 28 and 29)*. You can obtain TSB-M-01(1)S through fax-on-demand, Internet access, or by calling one of the telephone assistance numbers listed in the Need help? section below.

Need help?



Telephone assistance is available from 8:30 a.m. to 4:25 p.m. (eastern time), Monday through Friday.

For business tax information, call the New York State Business Tax Information Center:	1 800 972-1233
For general information:	1 800 225-5829
To order forms and publications:	1 800 462-8100
From areas outside the U.S. and outside Canada:	(518) 485-6800



Fax-on-demand forms: Forms are available 24 hours a day, 7 days a week. 1 800 748-3676



Internet access: www.tax.state.ny.us



Hotline for the hearing and speech impaired:

1 800 634-2110 from 8:30 a.m. to 4:25 p.m. (eastern time), Monday through Friday. If you do not own a telecommunications device for the deaf (TDD), check with independent living centers or community action programs to find out where machines are available for public use.



Persons with disabilities: In compliance with the Americans with Disabilities Act, we will ensure that our lobbies, offices, meeting rooms, and other facilities are accessible to persons with disabilities. If you have questions about special accommodations for persons with disabilities, please call 1 800 225-5829.



If you need to write, address your letter to:

NYS TAX DEPARTMENT
TAXPAYER ASSISTANCE BUREAU
W A HARRIMAN CAMPUS
ALBANY NY 12227