
Important Notice

May 2003

New York State Sales and Use Tax Rate Increase Effective June 1, 2003

New York State has enacted legislation to increase the state sales and use tax rate. **As of June 1, 2003, the state sales and use tax rate is increased to 4¼%.** This change will affect your tax collections and payments if you make taxable sales or deliveries to customers, or if you make taxable uses, within New York State. This increase will apply to **all taxable sales and uses in New York State**, except as otherwise provided by the special transitional provisions listed below. Please see the chart on the back of this notice regarding the new combined state and local sales and use tax rates in effect as of June 1, 2003.

Note: Whenever a sales and use tax rate changes, the corresponding jurisdictional reporting code is replaced with a new code. Therefore, you should be aware that all tax rates affected by the state tax increase described in this notice have been assigned **new jurisdictional reporting codes**. The new codes will be reflected in the sales and use tax returns and related schedules for June 1, 2003, through August 31, 2003.

Also, if you report sales in one of the following jurisdictions:

- Dutchess County
- Livingston County
- Montgomery County
- Schenectady County
- the city of Fulton (Oswego County)

You recently received notice of an increase in your local sales and use tax rate effective June 1, 2003. Please be aware that the ¼% increase in the state rate of sales and use tax described in this notice is in addition to the local sales and use tax rate increase described in the notice you previously received.

Special transitional provisions

(a) Layaway sales — Receipts may be reported at the lower rates in effect prior to June 1, 2003, only if the following conditions are met:

- (1) before February 1, 2003, a written agreement was made and the item sold was segregated from other similar property in the possession of the vendor; and
- (2) before June 1, 2003, the purchaser has paid at least 10% of the sales price.

(b) Utility bills — Where the bill for a sale of nonresidential energy sources and services is based on a meter reading that occurs on or after June 1, 2003, and the number of days from June 1, 2003, to the date of the meter reading is more than half the total number of days covered by the bill, you must report the sale at the higher rates effective June 1, 2003. **The state sales and use tax rate does not apply to sales of residential energy sources and services.**

Unless the sales are based on meter readings, sales of nonresidential energy sources and services made on or after June 1, 2003, will be subject to sales tax at the rate in effect at the time of delivery to the customer, whether or not these sales were contracted for prior to any change in the sales tax rates.

(c) Telephone bills — Report charges for services furnished on or after the date of the first bill dated in June 2003, at the higher rates. Report charges for services furnished before the date of the first bill dated in June 2003, at the lower rates, even though the services may be furnished after June 1, 2003.

(d) Telephone answering services — Prorate receipts that cover a period beginning before and ending after June 1, 2003. Report receipts for the period prior to June 1, 2003, at the lower rates. Report receipts for the period on and after June 1, 2003, at the higher rates.

(e) Social and athletic club dues — Regardless of the date a bill is mailed, report all bills covering any period that begins on or after June 1, 2003, at the higher rates. Report all bills covering periods that begin before June 1, 2003, at the lower rates.

- (f) Admissions** — Report taxable admissions to an event occurring on or after June 1, 2003, at the higher rates, whether or not the admission charge was paid before that date, unless the tickets were sold and delivered before June 1, 2003, to the person attending the event.
- (g) Hotel occupancy** — Report all taxable daily rentals occurring on or after June 1, 2003, at the higher rates, unless the occupant pays no tax because he or she is a permanent resident (90 days of consecutive occupancy). Report all taxable daily rentals occurring before June 1, 2003, at the lower rates. If the rental is on other than a daily basis, prorate the amount of rent between the number of days taxable at the higher rates and the number of days taxable at the lower rates.
- (h) Pre-existing lump sum or unit price construction contracts** — Contractors purchasing materials for use in construction contracts pay the lower rates on purchases made before June 1, 2003, and the higher rates on purchases made on or after that date. Contractors who irrevocably entered into a pre-existing lump sum or unit price construction contract before May 15, 2003, may receive a credit or refund of the additional ¼% state sales and use tax paid on or after June 1, 2003. This credit or refund applies only to purchases of tangible personal property used solely in the performance of such contract.

The following chart shows the new state tax rate of 4¼% combined with any county and city tax in effect as of June 1, 2003.

New York City comprises five counties. These counties are also boroughs whose names are more widely known. The counties, with borough names shown in parentheses, are Bronx (Bronx), Kings (Brooklyn), New York (Manhattan), Queens (Queens), and Richmond (Staten Island).

See Publication 717, *New York State Communities*, for the alphabetical list of localities, followed by the counties in which they are located.

For sales tax rates previously in effect, see Publication 718-A, *Enactment and Effective Dates of Sales and Use Tax Rates*.

County or other locality	Tax rate %	County or other locality	Tax rate %	County or other locality	Tax rate %
Albany	8¼	*Kings (Brooklyn) — see <i>New York City</i>		*Rockland	8½
Allegany	8¼	Lewis	7¼	St. Lawrence	7¼
*Bronx — see <i>New York City</i>		Livingston	8¼	Saratoga — except	7¼
*Brooklyn — see <i>New York City</i>		Madison — except	7¼	Saratoga Springs (city)	7¼
Broome	8¼	Oneida (city)	7¼	Schenectady	8¼
Cattaraugus — except	8¼	*Manhattan — see <i>New York City</i>		Schoharie	7¼
Olean (city)	8¼	Monroe	8¼	Schuyler	8¼
Salamanca (city)	8¼	Montgomery	8¼	Seneca	8¼
Cayuga — except	8¼	*Nassau	8¾	*Staten Island — see <i>New York City</i>	
Auburn (city)	8¼	*New York (Manhattan) — see <i>New York City</i>		Steuben — except	8¼
Chautauqua	7¼	*New York City	8½	Corning (city)	8¼
Chemung	8¼	Niagara	8¼	Hornell (city)	8¼
Chenango — except	8¼	Oneida — except	8¼	*Suffolk	8¾
Norwich (city)	8¼	Rome (city)	8¼	Sullivan	7¾
Clinton	7¼	Sherrill (city)	8¼	Tioga	7¾
Columbia	8¼	Utica (city)	8¼	Tompkins — except	8¼
Cortland	8¼	Onondaga	7¼	Ithaca (city)	8¼
Delaware	7¼	Ontario — except	7¼	Ulster	8¼
*Dutchess	8¼	Canandaigua (city)	7¼	Warren — except	7¼
Erie	8¼	Geneva (city)	7¼	Glens Falls (city)	7¼
Essex	7¼	*Orange	7½	Washington	7¼
Franklin	7¼	Orleans	8¼	Wayne	7¼
Fulton — except	7¼	Oswego — except	7¼	*Westchester — except	7
Gloversville (city)	7¼	Fulton (city)	8¼	*Mount Vernon (city)	8½
Johnstown (city)	7¼	Oswego (city)	7¼	*New Rochelle (city)	8½
Genesee	8¼	Otsego	7¼	*White Plains (city)	8
Greene	8¼	*Putnam	7½	*Yonkers (city)	8½
Hamilton	7¼	*Queens — see <i>New York City</i>		Wyoming	8¼
Herkimer	8¼	Rensselaer	8¼	Yates	7¼
Jefferson	7¼	*Richmond (Staten Island) — see <i>New York City</i>			

*Rates in these jurisdictions include ¼% imposed for the benefit of the Metropolitan Commuter Transportation District.