



# Important Notice

**N-94-3**

(2/94)

## Sales Tax Exemptions for Services to Qualified Barges

Section 1115(q) has been added to the Tax Law to provide an exemption from sales and compensating use taxes for certain services to qualifying barges. This notice provides information that may affect you if you own and operate a barge in the conduct of your business. It may also interest you if you operate a business that repairs barges.

Effective December 1, 1993, charges for installing, maintaining, repairing or servicing tangible personal property, when these services are performed on a qualifying barge, are exempt from state and local sales and use taxes. Tangible personal property purchased and used by the service provider in performing such services is also exempt from sales and use taxes where the tangible personal property becomes a physical component part of the barge. A qualifying barge is one that:

- is not self-propelled;
- has a cargo capacity of at least 1,000 short tons;
- is used exclusively by the owner, lessee or operator of the barge to transport goods or other property in the conduct of the owner's, lessee's or operator's business; and
- is primarily engaged in interstate or foreign commerce.

Vendors who maintain, repair or service a qualifying barge should use Form ST-120, *Resale Certificate*, to purchase,

exempt from tax, property used in performing such services where the property becomes a physical component part of the barge.

The exemption applies to services performed on or after December 1, 1993, even if they are rendered under a contract entered into before December 1, 1993.

To claim exemption from tax on the purchase of services to a qualifying barge, you can use Form ST-121, *Exempt Use Certificate*. On Form ST-121, check the box **other**, enter the reason the exemption applies (e.g., repairing an exempt barge), and add **section 1115(q) of the Tax Law**.

This exemption does not apply to the purchase of a barge itself or to purchases of tangible personal property by the barge owner to maintain, repair or service the barge.

**Note:** Purchases of certain services and tangible personal property with respect to **commercial vessels** primarily engaged in interstate or foreign commerce may be eligible for exemption pursuant to sections 1105(c)(3)(iv) and 1115(a)(8) of the Tax Law.

Purchases of certain services and tangible personal property with respect to **commercial fishing vessels** may be eligible for exemption pursuant to sections 1105(c)(3)(vii) and 1115(a)(24) of the Tax Law.