

The current version of Publication 840, dated 8/98, contains an error on page 26 in the list of **Exempt Foods and Beverages**. Specifically, *Maple sugar candy* should not be listed as an exempt food. *Maple sugar candy* is listed correctly as taxable on page 27 of this publication under **Taxable Food and Beverages**.

Publication 840 (8/98) begins below.

A Guide To
Sales Tax
For
Drugstores
and
Pharmacies

Rx

About This Publication

This publication is a guide for owners, managers, and other operators of drugstores, pharmacies, and similar businesses. It contains a general discussion of how the New York State Sales and Compensating Use Tax Law applies to retail sales made by these establishments.

The information contained in this publication will assist in answering questions generally encountered in the operation of a drugstore or pharmacy. This information is current as of the print date of this publication. **In instances where there seems to be a discrepancy between the information presented in this publication and the Tax Law or regulations, the law and regulations govern.**

Using drugstore and pharmacy industry classifications as a guideline, the publication is set up alphabetically, by product category, and includes discussions of:

- Beverages
- Cigarettes and Tobacco Products
- Cosmetics and Toiletries
- Drugs and Medicines
- Food and Food Products
- General Merchandise (Auto Supplies, Housewares, Clothing, Etc.)
- Medical Equipment and Supplies
- Pet Accessories and Supplies
- Prosthetic Aids

This publication also contains information on topics such as:

- Use of Coupons
- Food Stamp Purchases
- Sales to Exempt Purchasers
- Sales for Resale

While the discussions of the general categories provide the general rule and exceptions relating to the taxation of retail sales of particular products, it is important to remember that **there are special rules for exempt purchasers**. For that reason, a section on exempt purchasers is included in the discussion.

While the information contained in this publication is not all-inclusive, it will provide you with a general overview of which retail sales are subject to sales tax and which are not.

Telephone numbers and addresses for obtaining forms, publications, or other information appear on the back cover of this publication.

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Part I

Taxability of Product Sales

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Audio and Video

Sales of audio and video equipment are subject to sales tax

Sales or rentals of audio and video equipment and supplies are subject to sales tax. This includes sales or rentals of:

- audio and video cleaning devices
- blank audio and video cassette tapes
- compact discs and disc players
- miniature cassette tapes
- prerecorded audio and video cassette tapes
- radios / boom boxes
- tape players / recorders
- televisions
- VCRs (video cassette recorders)
- video game systems / cartridges
- portable cassette/radio players with headphones

Automotive Supplies

Sales of automotive supplies are subject to sales tax

Sales of automotive supplies are subject to sales tax. This includes sales of:

- antifreeze
- brake fluid
- car deodorizers
- car polish
- car wax
- carburetor cleaner
- dry gas
- motor oil
- transmission fluid
- windshield washer fluid

Beverages

Taxability of the sale depends on type of beverage sold

The taxable or exempt status of the sale of a beverage depends on the nature of the beverage. This is true whether the beverage is sold in liquid, frozen, or solid form. The list below contains examples of some common beverages and gives the taxable or exempt status of the sale of each.

TYPE OF BEVERAGE	TAXABLE	EXEMPT*
Alcoholic beverages (beer, wine, liquor, etc.)	x	
Bottled water	x	
Carbonated beverages	x	
Carbonated water	x	
Coffee		x
Cocktail mixes (such as <i>Collins Mixers</i>)	x	
Cocoa		x

TYPE OF BEVERAGE	TAXABLE	EXEMPT*
Fruit drinks with less than 70% natural fruit juice	x	
Fruit juices with at least 70% natural fruit juice		x
Milk		x
Sodas and soft drinks (colas, ginger ale, root beer, etc.)	x	
Sports drinks (e.g., <i>Gatorade</i>)	x	
Tea		x
Vegetable juices		x
Wine coolers	x	

* For the sale of these beverages to be exempt from sales tax, the beverage must be sold in the same form, packaging, quantity, and condition as sold by food stores (such as grocery stores) that are not principally engaged in selling foods that are prepared and ready to be eaten. That is, the beverage must be sold in the same form, packaging, quantity, and condition in which the manufacturer prepared it for market. For example, the sale of a glass of iced tea is subject to sales tax, but the sale of a package of iced tea mix is not.

In addition, the beverage must be sold for off-premises consumption. The sale of any beverage that is intended for consumption on the premises where the beverage is sold is taxable, regardless of the type of beverage. Thus, otherwise exempt sales of these beverages will be subject to sales tax if the beverage is intended for on-premises consumption (for example, at a soda fountain, or at a table or a booth within the establishment).

The sale of any beverage in a take-out container (such as a cup, glass, or sports bottle) is also subject to sales tax.

Books

Sales of books, whether hardcover or paperback, are subject to sales tax

The sale of a publication that does not meet the definition of a newspaper or periodical is subject to sales tax. (See page 13 for information on newspapers and periodicals). Taxable sales include sales of:

- audio books (such as books on tape or compact disc)
- children’s books
- books on health and diet
- coloring books
- cookbooks
- hardcover novels, histories, biographies, etc.
- paperback novels, histories, biographies, etc.
- religious texts (for example, the Holy Bible, the Torah, and the Koran)
- television program listings
- textbooks

Candy and Confections

Sales of candy and confections are taxable unless the item is marketed for use as a cooking ingredient

Sales of candy and confections are subject to sales tax. (*Confections* are preparations of fruits, nuts, popcorn, or grains in combination with chocolate, sugar, honey, candy, etc.)

Exception. Sales of confections that are marketed for use in cooking are not subject to sales tax. For example, sales of items advertised and sold for use in cooking and baking are not subject to sales tax. The method used in packaging and advertising products such as chocolate, including the kind and size of container used, will be considered in determining the primary use for which these products are sold.

Examples of candies and confections on which tax must be collected when sold are:

- candy bars
- candy jellies
- caramel
- chewing gum
- chocolate
- chocolate-coated nuts and raisins
- coated candies
- cream candies
- fudges
- hard candy
- honey-roasted nuts
- jelly beans
- licorice
- malted milk balls
- nougats
- sugar-coated nuts and raisins
- toffee

Examples of items which are not subject to sales tax when sold are:

- chocolate morsels
- glazed fruit
- candy sprinkles (jimmies)
- butterscotch morsels

Cigarettes

Retail sales of cigarettes are subject to sales tax

The sales tax due on the sale of a pack or carton of cigarettes is determined by multiplying the retail selling price of the cigarettes by the applicable state and local sales tax rate in effect in the locality in which the sale takes place. **There is an exception for sales made in New York City. See the discussion under *New York City Rule* below.**

Example: John Jones operates a neighborhood pharmacy in upstate New York where the combined state and local sales tax rate is 7%. He sells many standard brands of cigarettes for \$2.50 per pack (composed of the minimum retail sales price

of \$2.00 per pack, plus Mr. Jones's markup of \$.50 per pack). Mr. Jones should compute the sales tax on the cigarettes, and the total tax due, as follows:

Selling price per pack	\$ 2.50
Multiply by tax rate (7%)	<u>x.07</u>
Sales tax due on sale	<u>\$.18</u>

New York City Rule

In calculating the sales tax for sales made within New York City, the vendor must first subtract the New York City excise tax (80 cents per carton, 8 cents per pack of twenty cigarettes) from the retail selling price, and then compute the sales tax due.

Example: Assume that Mr. Jones operates his neighborhood pharmacy in New York City, where the combined state and local sales tax rate is 8¼ %. Mr. Jones should compute the sales tax on the cigarettes, and the total tax due, as follows:

Selling price per pack of 20 cigarettes	\$ 2.50
Less: NYC excise tax on 1 pack of 20 cigarettes	<u>-.08</u>
Amount subject to sales tax	\$ 2.42
Multiply by tax rate (8¼ %)	<u>x.0825</u>
Sales tax due on sale	<u>\$.20</u>

New York City consists of the boroughs of Bronx (Bronx County), Manhattan (New York County), Brooklyn (Kings County), Queens (Queens County), and Staten Island (Richmond County).

Registration Requirements

All dealers, wholesalers, or retailers of cigarette products must be licensed or registered by the Tax Department. See page 20 for more information.

Cigars and Other Tobacco Products

Retail sales of tobacco products are subject to sales tax

Tobacco products include any cigar or roll for smoking (other than a cigarette) made in whole or in part of tobacco, and any other tobacco product (other than cigarettes), intended for consumption by smoking, chewing, or as snuff. All retail sales of tobacco products are subject to sales tax.

All dealers, wholesalers, or retailers of tobacco products must be licensed, appointed, or registered by the Tax Department. See page 21 for more information.

Cosmetics and Toiletries

Sales of cosmetics and toiletries are subject to sales tax, except sales of those products specifically designed to treat illnesses or diseases

Sales of cosmetics and toiletries are subject to sales tax, even though there may be medicinal ingredients in the products. *Cosmetics* are items used by human beings for cleansing, beautifying, promoting their attractiveness, or altering their appearance. *Toiletries* are items customarily used for grooming purposes.

Exception: Sales of products that are specifically designed to be used in the cure, mitigation, treatment, or prevention of illnesses or diseases in human beings are not subject to sales tax. For example, the sale of styptic pencils and creams that are recommended for stopping blood flow is exempt, as is the sale of peroxide that is recommended for use as an antiseptic or for other medicinal purposes. The following table contains examples of taxable and exempt cosmetics and toiletries.

Product	Taxable	Exempt
Antiperspirants	x	
Baby oil, powder, shampoo, lotion	x	
Body creams, lotions, makeup, oils, powder, rubs, etc.	x	
Dandruff preparations		x
Deodorants	x	
Hair coloring preparations, including peroxide used for bleaching hair	x	
Hair shampoos, conditioners, cream rinses, dressings, sprays	x	
Hair styling products (e.g., permanent kits, mousse, gels, sprays, brushes, combs, picks)	x	
Lip products (e.g., lipstick, liquid lip color, lip pomade)	x	
Men's hair dressing products	x	
Makeup (eye, face, body)	x	
Nail care products (e.g., manicure implements, nail polish, polish remover)	x	
Oral hygiene products (toothpaste, mouthwash, dental floss, etc.)	x	
Personal cleanliness products (e.g., soap, bubble bath, talcum powder)	x	
Shaving products (e.g., aftershaves, depilatories, and pre-shave products)	x	
Skin care products (non-medicated)	x	
Sunscreens with an SPF factor of 2 or greater		x

Note: Generally, products that contain coloring, perfume, or similar additives are considered to be cosmetic or toiletry products, and the sale of such products is subject to sales tax. For example, sales of lip products that are colored or perfumed, such as lipstick, are subject to sales tax. Sales of lip products that are uncolored, unscented, and recommended for use in treating lips, such as a product for treating cold sores, are not subject to sales tax.

See pages 24 and 25 for a more detailed listing of cosmetics and toiletries.

Dietary Foods

Sales of dietary foods are exempt from sales tax

Sales of infant food and infant formula are not subject to sales tax

A *dietary food* is any food that purports to be or is represented to be for special dietary use as a food for humans. The labels of dietary foods should bear a statement of the dietary properties upon which the product's use is based. Sales of dietary foods are not subject to sales tax.

A food fabricated from two or more ingredients which purports to be or is represented to be for special dietary use, such as a food for infants, should contain on the label the common or usual name of each such ingredient including spice, flavoring, and coloring. A food for special dietary use for infants by reason of its simulation of human milk or its suitability as a complete or partial substitute for human milk should contain information on the label about its content of moisture, protein, fat, carbohydrate, minerals, calories and vitamins. Sales of infant (baby) food and infant formula are not subject to sales tax. See page 9 for more information on the sale of food and food products.

Drugs and Medicines

All sales of drugs and medicines for use by human beings are exempt from sales tax

Sales of drugs and medicines are exempt from sales tax if the drug or medicine is intended for use, internally or externally, in the diagnosis, cure, mitigation, treatment, or prevention of illnesses or diseases in **human beings**. *Drugs and medicines* are products, whether or not a prescription is required for their purchase, that are recognized as drugs or medicines in either the *United States Pharmacopeia*, the *Homeopathic Pharmacopeia of the United States*, or the *National Formulary*.

The base or medium used to contain the drug or medicine (such as oil, ointment, cream, talc, or alcohol), and the medium used for delivery of the drug or medicine (such as disposable wipe, atomizer, syringe, or saturated pad) will not affect its exempt status. Drugs and medications are classified as either:

- prescription drugs and medicines;
- non-prescription drugs and medicines (commonly called *packaged medication*);
- or
- other medicinal products.

Prescription drugs and medicines

Prescription drugs and medicines are products that are ordinarily used under the supervision of a medical practitioner licensed by law. The category includes, for example, antibiotics, barbiturates, narcotics, and other controlled substances.

Non-prescription (packaged) drugs and medications

Non-prescription drugs and medicines are products that are listed in either the *United States Pharmacopeia*, the *Homeopathic Pharmacopeia of the United States*, or the *National Formulary*, and that are intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in humans. Sales of non-prescription drugs and medicines are exempt from sales tax. Non-prescription drugs and medicines include packaged medications such as:

- analgesics
- antacids
- antihistamines

- antiseptics
- aspirin
- boric acid
- burn remedies
- cough and cold remedies
- dandruff preparations
- diarrhea remedies
- hemorrhoid medications
- insulin
- pain relievers
- products used to kill lice that infest humans
- products that prevent or treat mange or ringworm in humans
- products that are intended as a hair regrowth treatment for use by human beings who experience hair loss or gradually thinning hair
- vaginal infection remedies

Other medicinal products

Other medicinal products are those used (internally or externally) by humans for the preservation of their health, and products (other than food) that are intended to affect the structure or a function of the human body. Such products, which are not ordinarily considered drugs or medicines, include:

- acne preparations
- castor oil and cod liver oil
- contact lens preparations
- eye drops
- laxatives
- lip products that treat lips for exposure
- products that treat nicotine withdrawal symptoms
- products that prevent athlete's foot or other fungus infections

Sales of these products are also exempt from sales tax.

Sales of drugs and medicines for treatment of non-humans are generally subject to sales tax

Sales of drugs and medicines that are intended for use in treating non-humans (such as birds, dogs, cats, and reptiles) are subject to sales tax regardless of whether or not a prescription is written for such drug or medicine. See, however, the exception for guide, hearing, and service dogs on page 13, under *Pet Accessories and Supplies*.

Family Planning

Sales of family planning products, whether by prescription or over-the-counter, are exempt from sales tax. Examples are:

Sales of family planning products are exempt from sales tax

- birth control pills
- condoms
- contraceptive creams
- contraceptive foams
- contraceptive jellies
- female contraceptive sponges
- pessaries
- vaginal suppositories

Feminine Hygiene

Sales of feminine hygiene products are generally subject to sales tax

Feminine hygiene products are generally used to control a normal bodily function and to maintain personal cleanliness. Sales of these products are, therefore, generally subject to sales tax (see exception below). Examples are:

- douches
- sanitary napkins
- tampons
- vaginal creams, foams, ointments, jellies, powders, and sprays (other than contraceptive creams, foams, ointments, and jellies)

The exception is for those products that are used to treat a specific medical condition

Exception: If the product is intended to function as a treatment for a specific medical condition, then the product may be sold tax exempt. For example, the sale of a product that is used to treat a vaginal infection is exempt from sales tax.

Food and Food Products

Sales of food and food products for human consumption are not subject to sales tax

Sales of food and food products for human consumption are exempt from sales tax. The phrase “food and food products” includes:

- cereals and grain products (e.g., bran, oats, grains)
- chocolate (for cooking purposes)
- meat and meat products
- frozen meals and desserts
- nuts and nut products
- baked goods and snacks (except candy and confections)
- oils, fats, and shortenings (e.g., cooking oil, salad oil, lard)
- sweetening agents (e.g., sugar and sugar substitutes)
- food coloring, preservatives, and flavoring preparations
- spices, herbs, seasonings, dressings, relishes, sauces, gravies, and condiments
- baby foods

Exception: Sales of food are subject to sales tax when the food is sold for consumption on the premises where the sale is made. Sales of prepared foods such as sandwiches are also subject to sales tax, whether sold for on- or off-premises consumption. Moreover, all sales of heated foods are also subject to sales tax.

Sales of dieting aids, diet substitutes, and supplements are not subject to sales tax

Sales of dieting aids, diet substitutes, diet supplements, and dietary foods are not subject to sales tax.

See pages 26 and 27 for a more detailed listing of exempt and taxable food items.

Sales of exempt and taxable items together as a single unit (such as gift baskets) are subject to sales tax

When taxable tangible personal property is sold in combination with nontaxable food items as a single unit, the entire charge is subject to sales tax unless the price of the exempt components are separately stated. Therefore, the sale of items such as gourmet gift baskets which contain fruits, nuts, cheese, cider, smoked meats, and candy is subject to sales tax on the full selling price of the item, unless the price of the nontaxable food items are separately stated. This rule also applies to food sold in decorative tins, decorative glass containers, and similar containers.

General (Miscellaneous) Merchandise

*Sales of general merchandise
are subject to sales tax*

Sales of general merchandise are subject to sales tax. General merchandise includes such items and categories as:

- artificial trees
- cameras and film (including film processing services)
- clothing
- cotton balls, swabs, squares
- electrical appliances
- electronics (record, tape, and compact disc players)
- eyeglasses (non-prescription)
- flowers and plants
- gift wrap
- greeting cards
- hair accessories
- hardware
- hosiery (stockings, socks)
- household products (e.g., detergents, paper towels, waxes, etc.)
- housewares (e.g., lawn furniture, kitchenware, etc.)
- ice (cubes, blocks)
- jewelry
- pet foods, pet medications, and pet supplies *
- school supplies
- stationery supplies
- sunglasses (nonprescription)
- toys
- writing implements

* See the exception on page 13 for such items used in caring for guide, hearing, and service dogs.

Hair Care Products

*Sales of hair care products are
generally subject to sales tax*

*Exceptions are medicinal
dandruff preparations and hair
restoratives*

Hair care products are, like cosmetics and toiletries, used for cleansing, beautifying, promoting one's attractiveness, altering one's appearance, and grooming. As a result, the sale of hair care products is generally subject to sales tax.

Exception. Sales of all dandruff preparations, including dandruff shampoos, are exempt from sales tax if the preparation contains a recognized drug or medicine that is listed in the *United States Pharmacopeia*, the *Homeopathic Pharmacopeia of the United States*, or the *National Formulary*. In addition, sales of products (such as Rogaine) that are intended as a hair regrowth treatment for use by individuals who experience hair loss or gradual thinning of the hair are exempt from sales tax.

Health Supplements

*Sales of vitamins and minerals
are not subject to sales tax*

Health supplements are products that are intended to substitute for natural food, or supplement natural food in the ordinary diet. Sales of health supplements (such as vitamins and minerals) are not subject to sales tax.

The label for the vitamin or mineral product should bear a statement of the proportion of the minimum daily requirement or daily requirement supplied by the product, when the product is consumed in a specified quantity during a specified period by infants, children, or adults. For example, the statement on the label may read “One ounce provides 10% of the minimum daily adult requirement (or MDR) of vitamin B1.” The statement on a label for a mineral product may read “One ounce provides 5% of the minimum daily adult requirement (or MDR) of iron.”

If the nutritional value of the product has not been established, then the label for the product should contain a statement of the quantity of the vitamin or mineral provided by a specified dosage, and the statement “*The need for (name of vitamin or mineral) in human nutrition has not been established*” or a similar statement.

Housewares

All sales of housewares are subject to sales tax

All sales of housewares are subject to tax. This includes sales of:

- bakeware
- barbecue grills and accessories
- beverage containers
- cutlery
- drinking glasses
- flatware (table knives, spoons, forks)
- glassware (ornamental, novelty, etc.)
- kitchen appliances and gadgets (dicers, slicers, etc.)
- kitchen towels
- kitchen utensils
- microwave cookware
- pans
- paper plates and cups
- plastic utensils
- pots
- silverware
- table linen (tablecloths and napkins)
- tableware (utensils such as china, glass, or silver for table use)

Medical Equipment and Supplies

Sales of medical equipment and supplies are exempt unless sold to a provider of a medical service

Sales of medical equipment and supplies are exempt from New York State and local sales taxes.

Exception: All medical equipment and supplies purchased for use in providing medical or similar services (such as services of physicians, hospitals, clinical laboratories, and ambulance companies) for compensation are taxable.

The term *medical equipment* includes items such as hospital beds, wheelchairs, hemodialysis equipment, respirators, crutches, back and neck braces, trusses, trapeze bars, walkers, inhalators, nebulizers, traction equipment, orthodontic devices, and intrauterine birth control devices, all of which are primarily or customarily used for medical purposes.

For sales tax purposes, the sale of certain equipment is not exempt even if the equipment is used for medical reasons

The sale of medical supplies is exempt from sales tax

The sale of replacement parts for medical equipment is exempt from sales tax unless sold to a provider of medical services who receives compensation for the services rendered

Charges for servicing or repairing exempt medical equipment are exempt from sales tax

The term *medical equipment* does not include air conditioners, air purifiers, water filtration systems, and similar equipment. For tax purposes, such equipment is considered to be nonmedical in nature. This is so even though the equipment may have been purchased to alleviate an existing illness.

The term *medical supplies* includes bandages, callous pads, condoms, contraceptive diaphragms, first aid kits, surgical gauze, incontinence liners, pads and pants, inhalers, nasal aspirators, pregnancy test kits, arm slings, and surgical stockings.

The sale of medical supplies is exempt from sales tax unless the supplies are purchased by a provider of medical services who receives compensation for the medical services provided. For example, bandages, gauze, dressings, and so forth are not exempt when purchased by a physician who will use them in performing a medical service for compensation. Likewise, the sale of dental supplies such as porcelain or acrylic denture base is not exempt when the items are purchased by a dentist who will use them in performing a dental service for compensation.

The sale of replacement parts for medical equipment is exempt from tax provided the replacement parts are identifiable as medical equipment replacement parts. If the part is not identifiable as a replacement part for medical equipment, the purchaser must pay sales tax at the time of purchase and apply to the Tax Department for a refund of the tax paid. The purchaser, in applying for a refund of the taxes paid, must show that the part was used to replace a defective part on exempt medical equipment. Form AU-11, *Application for Credit or Refund*, should be used to apply for the refund.

The sale of replacement parts for medical equipment is subject to sales tax if the sale is made to a provider of medical services (such as a physician, hospital, clinical laboratory, or ambulance company) for use in providing medical or similar services for compensation.

Charges for servicing or repairing exempt medical equipment are exempt from sales tax. Charges for servicing or repairing medical equipment that is not eligible for exemption from tax when purchased are subject to sales tax.

A detailed listing of medical equipment and supplies can be found on pages 29 through 31 of this publication.

Nail Care Products

Sales of nail care products are generally subject to sales tax

However, sales of products designed to treat a specific nail problem are exempt from sales tax if the product contains a recognized drug or medicine

Nail care products are, like cosmetics and toiletries, used by human beings for cleansing, beautifying, promoting one's attractiveness, altering one's appearance, or grooming. As a result, the sale of nail care products is generally subject to sales tax.

Exception. Sales of products designed to treat a specific nail problem, such as nail fungus, are exempt from sales tax if the preparation contains a recognized drug or medicine that is listed in the *United States Pharmacopeia*, the *Homeopathic Pharmacopeia of the United States*, or the *National Formulary*.

Newspapers and Periodicals

Sales of newspapers and periodicals (magazines) are exempt from sales tax

The sale of newspapers and periodicals (such as magazines) is exempt from sales tax. To be considered a newspaper, a publication must be printed at stated short intervals, usually daily or weekly, be available for circulation to the public, and contain articles of general interest and reports of current events. To be considered a periodical, a publication must be printed *at least four times a year*, have the same general title and content from issue to issue, and contain a variety of articles by different authors. Any publication that either singly or when successive issues are put together constitutes a book does not qualify as a newspaper or periodical.

Sales of comic books are exempt from sales tax, provided the comic is published serially under the same title at least once quarterly.

Sales of crossword puzzle magazines are also exempt from sales tax if the magazine is published at least quarterly under the same title. For example, the sale of a crossword puzzle magazine that is published and distributed monthly is exempt from sales tax since the magazine qualifies as a periodical.

Packaged Medications

The sale of packaged medications that are intended for use, internally or externally, in the cure, mitigation, treatment, or prevention of illnesses or diseases in human beings is **exempt** from sales tax, provided the medication contains a recognized drug or medicine. See *Drugs and Medicines* (page 7) for more information.

The sale of packaged medications that are intended for use in treating non-humans (such as birds, dogs, cats, and reptiles) is subject to sales tax. See the exception for guide, hearing, and service dogs under *Pet Accessories and Supplies* below.

Pet Accessories and Supplies

Sales of pet food, medications, equipment, accessories, and supplies are subject to sales tax. However, sales of items that are necessary for the acquisition, sustenance, or maintenance of a guide dog, a hearing dog, or a service dog are exempt from sales taxes

Sales of pet food, medications, equipment, accessories, and supplies are subject to sales tax. For example, sales of dog biscuits, dog collars, dog shampoos, flea or tick collars, grooming brushes, combs and rakes, and pharmaceutical supplies specifically designed for use on non-humans (such as birds, dogs, and cats), are subject to sales tax.

Exception: Sales of items that are necessary for the acquisition, sustenance, or maintenance of a guide dog, a hearing dog, or a service dog that is used by a person with a disability, are exempt from sales tax. Those eligible to claim this exemption are a person with a disability, an individual whose dependent is a person with a disability, or a person who has been given express authority by an eligible person to make purchases on the eligible person's behalf. To claim the exemption, the purchaser should give the seller Form ST-860, *Exemption Certificate for Purchases Relating to Guide, Hearing and Service Dogs*. A list of eligible items appears on the back of this certificate.

Prosthetic Aids

The sale of prosthetic devices (hearing aids, prescription eyeglasses, braces, artificial limbs, and other prosthetic aids) is exempt from sales tax

Sales of repair and maintenance services for prescription eyeglasses, hearing aids, and other prosthetic devices are exempt from sales tax

Sales of supplies to be used in conjunction with hearing aids, prescription eyeglasses, and other prosthetic devices are subject to sales tax

The sale of prosthetic devices is exempt from sales tax. In order to qualify for the exemption, the device must either completely or partially replace a missing body part, or the function of a permanently inoperative or permanently malfunctioning body part. In addition, the item must primarily and customarily be used for such purposes, and not generally be useful in the absence of illness, injury or physical incapacity.

Prosthetic devices include braces (ankle, arm, elbow, knee, leg, spinal), prescription eyeglasses, hearing aids, artificial limbs (hands, arms, legs), breast forms for post-mastectomy patients, closed-captioning devices, sound amplification devices for the hearing impaired, and telecommunications devices for the deaf (TDDs).

Sales of parts, special controls, special attachments, special lettering, and similar devices that are added or attached to items (such as appliances) so that a person with a disability may use the items, are exempt from sales tax.

If an item is sold with special controls, lettering, or devices, the additional charge for the added features is exempt from sales tax if the additional charge is separately stated on the bill or other receipt given to the purchaser.

Sales of repair or maintenance services for exempt prosthetic devices, including hearing aids, prescription eyeglasses, and other artificial devices, are also exempt.

This exemption extends to the purchase of replacement parts for exempt prosthetic devices (that is, hearing aids, prescription eyeglasses, and other artificial devices). The replacement part must be clearly identified by the manufacturer as a replacement part for such item. For example, the sale of batteries for hearing aids, which are clearly labeled as such by the manufacturer, is exempt from sales tax.

If the part is not identifiable as a replacement part for an exempt prosthetic aid, the purchaser must pay sales tax at the time of purchase and apply to the Tax Department for a refund of the tax paid. At the time of applying to the Tax Department for a refund of the tax paid, the purchaser must show that the part was used to replace a defective part on an exempt prosthetic device. Form AU-11, *Application for Credit or Refund*, should be used to apply for this refund.

Sales of supplies that are used in conjunction with prosthetic devices, including hearing aids, and prescription eyeglasses, are subject to sales tax. For example, the purchase of lens tissue for cleaning eyeglasses is subject to sales tax even though the eyeglasses are prescription eyeglasses, as is the purchase of cushioned eyeglass nose pads.

Part II

General Information

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Medical Insurance

Method of payment does not affect taxable or exempt status of the sale

Payment by a medical insurance plan does not affect the taxable or exempt status of the sale of drugs, medicines, medical equipment, medical supplies, and prosthetic aids. That is, sales that qualify for exemption from sales tax are exempt even when payment is made by or through a medical insurance fund, employer medical contract, or government agency (such as Medicare or Medicaid), on behalf of an insured individual.

Likewise, sales of items that are not eligible for exemption as a drug or medicine, or as medical equipment, a medical supply, or a prosthetic aid, are still subject to sales tax even though payment is made by or through a medical insurance fund, employer medical contract, or government agency such as Medicare or Medicaid. For example, the purchase of an air conditioner may be approved under a health insurance contract, but such a purchase is not exempt from sales tax.

Coupons

Store coupons

Only those store coupons that entitle the customer to a discount on the item purchased can be used to reduce the amount on which sales tax is to be computed

Sales tax is due on the entire amount of the consideration received by a vendor for the item being sold, including any reimbursement by a third party.

When a store issues a coupon entitling the customer to a discount on the price of an item sold by the store, and the store receives no reimbursement from the manufacturer, sales tax must be collected from the customer based on the price of the item reduced by the value of the coupon. This is illustrated by the following example in which the customer purchases an item that the store is selling for \$1.00. The customer has a coupon issued by the store valued at 25 cents. Assuming a 7% tax rate, the tax should be computed as follows.

Selling price of the product	\$1.00
Subtract: face value of the coupon	<u>- .25</u>
Subtotal	\$.75
Add: tax computed on the net selling price (7% x \$.75)	<u>.05</u>
Total due from customer	<u><u>\$.80</u></u>

When accounting for the sale, the store must remit sales tax on the discounted selling price of the item which, in this example, is 75 cents. Thus, the store must remit sales tax of five cents on the sale.

When a store issues a coupon involving a manufacturer's reimbursement, but does not reveal this fact on the coupon, the store must collect sales tax from the customer on the discounted price of the product. This is illustrated by the following example (assuming a 7% tax rate) in which the customer purchases an item that the store is selling for \$1.00, and the customer presents the store clerk with a coupon issued by the store valued at 25 cents.

Selling price of the product	\$1.00
Subtract: face value of the coupon	<u>- .25</u>

Subtotal	\$.75
Add: tax computed on the net selling price (7% x \$.75)	<u>.05</u>
Total due from customer	<u><u>\$.80</u></u>

When accounting for the sale, however, the store must remit sales tax of seven cents (7% of \$1.00, the full sales price of the item).

When a store issues a coupon entitling the customer to a credit on the item purchased, and the store will be reimbursed by the manufacturer for the amount of the coupon, the customer must pay tax on the cost of the item before the allowance for the coupon, as shown in the following example. (In this situation, the coupon should show that the discount is a manufacturer's promotion. The coupon should be encoded by the abbreviation "Mfg." or some similar code.)

Selling price of the product	\$ 1.00
Add: tax computed on the selling price (.07 x \$1.00)	<u>.07</u>
Subtotal	\$ 1.07
Subtract: face value of the manufacturer's coupon	<u>-.25</u>
Total due from customer	<u><u>\$.82</u></u>

A manufacturer's coupon does not reduce the price on which sales tax is to be computed

When a manufacturer issues a coupon entitling a customer to a credit on the item purchased, sales tax is due on the regular selling price of the product, without deduction for the coupon. The amount subject to tax, therefore, is composed of the amount the customer pays for the item plus the amount that will be reimbursed by the manufacturer. This is illustrated by the following example (assuming a 7% tax rate) in which the customer purchases an item that the store is selling for \$1.00, and the customer presents the store clerk with a manufacturer's coupon valued at 25 cents.

Selling price of the product	\$1.00
Add: tax computed on the selling price (.07 x \$1.00)	<u>.07</u>
Subtotal	\$1.07
Subtract: face value of coupon	<u>-.25</u>
Total due from customer	<u><u>\$.82</u></u>

When accounting for the sale, the store must remit sales tax on the full sales price of the item (\$1.00). Thus, the store must remit sales tax of \$.07 (seven cents) on the sale.

Double Coupons

When a store redeems a manufacturer's coupon, and also gives a store discount equal to the amount of the manufacturer's coupon (double coupons), sales tax is due from the customer based on the discounted price of the item (the amount the item usually sells for less the store discount) **plus** the value of the manufacturer's coupon. If an item is priced at \$2.00 and a store matches the value of a fifty-cent manufacturer's coupon for that item with its own discount, the tax due from the customer is calculated as follows:

Price of the item	\$2.00
Less: Store discount (equal to value of manufacturer's coupon)	<u>.50</u>
Subtotal	\$1.50
Sales tax (7% x \$1.50)	<u>.11</u>

Total	\$1.61
Less: Value of manufacturer's coupon	<u>.50</u>
Amount due from customer	<u>\$1.11</u>

When accounting for this sale, the store must remit sales tax of eleven cents on the sale.

Food Stamps

Purchases of certain food items that are ordinarily subject to sales tax are exempt if purchased with food stamps

If a business is qualified to accept food stamps, such stamps can be applied to purchases of any food or food product intended for human consumption. Purchases of certain items that would ordinarily be subject to sales tax are exempt when the purchase is made with food stamps. For example, sales of the following items are exempt if purchased with food stamps:

- bottled water
- candy and confections (e.g., candy bars, lollipops, chewing gum, etc.)
- candy-coated popcorn
- carob-coated nuts, fruits and candy
- caramel-coated nuts, popcorn, etc.
- chocolate-coated fruits, nuts, raisins, pretzels, popcorn, etc.
- cold sandwiches
- fruit drinks containing less than 70% of natural fruit juice
- fruit plants and seeds
- ice
- soft drinks (regular and dietetic)
- sodas (regular and dietetic)
- sugar-coated nuts, popcorn, etc.
- vegetable plants and seeds

Paying with a combination of food stamps and cash

If a customer purchases taxable and nontaxable eligible food items and pays with a combination of food stamps and cash, the vendor must apply the food stamps to the payment of the taxable food items first. The balance of food stamps, if any, is then applied to the other food purchases. Only the portion of a purchase of taxable food actually paid for with food stamps is exempt from sales tax.

When a customer purchases only taxable food items with food stamps and cash, sales tax must be collected on the amount of the cash payment.

Paying with a combination of cash, food stamps, and coupons

When a customer uses coupons, food stamps, and cash to purchase food and beverages the vendor must:

- first, apply any **store coupon** to reduce the purchase price of the item to which the store coupon relates;
- second, apply any **manufacturer's coupon** to the purchase price of the item to which it relates. Where the item is taxable, collect tax on the value of the manufacturer's coupon;
- third, apply the food stamps against the remaining purchase price of any taxable,

eligible items and then to the remaining purchase price of any exempt eligible items; and

- finally, if the customer does not have enough food stamps to cover the entire bill, collect the tax on any remaining balance due on taxable items paid for with cash.

Exempt Purchasers

Sales to certain individuals and organizations are not subject to sales tax. Exempt purchasers include federal government agencies, New York State and local government agencies, exempt organizations such as religious, charitable, scientific and educational institutions, and certain Indian nations, tribes or individuals. In each case, the purchaser must exercise the right to exemption by submitting the proper documentation to the vendor of the products or services.

Government Agencies

In the case of a governmental entity (such as a New York State agency or an agency of the United States government), the entity must exercise its right to exemption through the issuance of a governmental purchase order or other appropriate exemption document. The governmental entity must be the direct purchaser and payer of record for the sale to be exempt from sales tax.

In addition, sales made to the United Nations or any other international organization of which the United States of America is a member are not subject to sales tax. The organization must exercise its right to exemption by issuing Form ST-119.1, *Exempt Organization Certification*. The organization must be the direct purchaser and payer of record.

Other Exempt Organizations

In the case of other exempt organizations (such as charities, and religious, scientific, and educational organizations), the organization must exercise its right to exemption by presenting the seller with Form ST-119.1, *Exempt Organization Certification*. The exempt organization must be the direct purchaser and payer of record. The following Indian nations or tribes residing in New York State are also exempt organizations: Cayuga, Oneida, Onondaga, Poospatuck, Saint Regis Mohawk, Seneca, Shinnecock, Tonawanda Band of Senecas, and Tuscarora.

Diplomatic Missions and Diplomatic Personnel

Diplomatic missions and diplomatic personnel must be the direct purchasers and payers of record in order to exercise their entitlement to exemption from sales taxes. The person making the purchase must be the holder of a valid tax exemption card issued by the United States Department of State, or by the American Institute in Taiwan (in which case the exemption card must bear the purchaser's picture identification), or the person must be the holder of other documentation evidencing the person's entitlement to exemption as provided by the United States Department of State. In addition to verifying that they hold a valid tax exemption card, the mission or person must exercise their right to exemption by presenting the seller with Form DTF-950, *Certificate of Sales Tax Exemption for Diplomatic Missions and Personnel*, a single purchase certificate, or Form DTF-951, which is the corresponding blanket purchase certificate, and which may be used only for purchases paid for with a charge card.

Indian Individuals

Sales to members of recognized Indian nations or tribes are not subject to sales tax

provided the merchandise sold is delivered to the person on a qualified reservation. The purchaser must exercise the right to the exemption by giving the seller Form DTF-801, *Certificate of Individual Indian Exemption from State Taxes on Property or Services Delivered on a Reservation*. The qualified reservations are Allegany, Cattaraugus, Oil Spring, Oneida, Onondaga, Poospatuck, St. Regis Mohawk (Akwasasne), Shinnecock, Tonawanda, and Tuscarora.

Resale Exclusion

The purchase of items by a person for resale to another is not subject to sales tax. It is immaterial whether the item is purchased singly or in bulk. To claim the exclusion for resale, the customer must present Form ST-120, *Resale Certificate*. The *Resale Certificate* may only be used if the purchaser is registered as a vendor for sales tax purposes. The purchaser's vendor identification number must be included with the information required to be entered on the certificate.

Note: Medical equipment and supplies purchased for use in providing medical or similar services by physicians, hospitals, clinical laboratories, ambulance companies, and other medical providers, for compensation, may not be purchased with a resale certificate.

Cigarette Dealers, Retailers

Cigarettes are any roll for smoking that is made wholly or in part of tobacco or any other substance, regardless of size or shape and regardless of whether or not such tobacco or other substance is flavored, adulterated or mixed with other ingredients, the wrapper or cover of which is made of paper or any other substance or material except tobacco.

Retail Dealers of Cigarettes

A *retail dealer of cigarettes* is any person who sells cigarettes in New York State, other than a wholesale dealer or an operator of a vending machine. Every retail dealer of cigarettes in New York State must file Form DTF-716, *Application for Registration of Retail Dealers and Vending Machines for Sales of Cigarettes or Tobacco Products*. These registrations are valid for a calendar year and must be renewed annually. Any registration applied for after January 1 will only be valid for the balance of the calendar year in which it is issued; the \$100 registration fee will not be prorated.

A registered retail dealer of cigarettes must publicly display a Form DTF-720, *Retail Dealer Certificate of Registration for Cigarettes and/or Tobacco Products*, in each place of business in New York State in which sales of cigarettes or tobacco products are made.

Vending machine operators

Vending Machine Operators. An operator of a vending machine is anyone who sells cigarettes or tobacco products through a vending machine. Each vending machine must be registered by the operator. To register a vending machine, the vending machine operator must file Form DTF-716, *Application for Registration of Retail Dealers and Vending Machines for Sales of Cigarettes or Tobacco Products*, and obtain a registration for each machine. Form DTF-721, *Vending Machine Registration Certificate for Cigarettes and Tobacco Products*, must be

conspicuously displayed on each vending machine that is registered. Any registration applied for after January 1 will only be valid for the balance of the calendar year in which it is issued; the \$25 registration fee will not be prorated.

Pass-through of the Prepaid Sales Tax on Cigarettes

Beginning September 1, 1995, any wholesale dealer selling cigarettes to a retail dealer or vending machine operator must pass the prepaid sales tax through to the purchaser. (The prepayment amount is subject to adjustment annually, as of the first day of September.) The wholesaler must furnish the purchaser with Form ST-133, *Certificate of Prepayment of Sales Tax on Cigarettes*, for each invoice or other billing document the wholesaler gives the purchaser. The purchaser is required to attach this certificate to the invoice or delivery ticket covering the purchase indicated on the certificate, and keep these documents as part of his or her records for a period of three years.

Claiming a refund or credit of the prepaid sales tax

When the retailer or vending machine operator files a sales and use tax return, he or she may claim a credit or refund for the prepaid sales tax he or she paid on purchases of cigarettes. The prepaid sales tax credit or refund is computed by multiplying the number of packs (or cartons) sold times the prepaid sales tax paid on each pack (or carton). The prepaid sales tax should not be used to figure the amount for which the cigarettes will be sold at retail, or the amount of tax to be collected on the sale.

Dealers of Cigars and Other Tobacco Products

All dealers of tobacco products must be licensed, appointed, or registered by the Tax Department

Tobacco products include any cigar or roll for smoking (other than a cigarette) made in whole or in part of tobacco, and any other tobacco product (other than cigarettes), intended for consumption by smoking, chewing, or as snuff. All retail sales of tobacco products are subject to sales tax.

Wholesale Dealer. A wholesale dealer is any person who sells tobacco products to retail dealers or to other persons for resale. A wholesale dealer is also any person who owns, operates or maintains one or more tobacco product vending machines at premises owned or occupied by another person. All wholesale dealers must be licensed by the Tax Department.

Distributor. A distributor is any person who imports, or causes to be imported into New York State any tobacco products in excess of 50 cigars or one pound of tobacco for sale; or any person who manufactures any tobacco product within New York State; or any person who is located outside New York State and ships tobacco products into the state. All distributors must request appointment as a distributor from the Commissioner of Taxation and Finance.

Retail Dealer. A retail dealer is any person, other than a wholesale dealer, engaged in selling cigarettes or tobacco products. Every retail dealer of cigarettes or tobacco products in New York State must file Form DTF-716, *Application for Registration of Retail Dealers and Vending Machines for Sales of Cigarettes or Tobacco Products*. These registrations are valid for a calendar year and must be renewed annually. Any registration applied for after January 1 will only be valid for the balance of the calendar year in which it is issued; the \$100 registration fee will not be prorated.

Vending machine sales

See the discussion of vending machine operators on page 20 for information relating to sales of tobacco products through vending machines.

**Returns,
Allowances, Bad
Debts**

Allowances. When an allowance is made to the customer for defective merchandise, the customer is required to pay sales tax only on the balance due after subtracting the allowance from the selling price.

Bad Debts. If a charge is determined to be uncollectible, either in whole or in part, the seller may be eligible to apply for a refund or credit of the tax paid on the sale within three years from the date the tax was payable to the Tax Department.

Canceled Sales and Returned Merchandise. If a sales contract has been canceled or merchandise has been returned before the tax collected on the sale was payable to the Tax Department, the seller may exclude such tax collections from his or her sales and use tax return, provided the amount paid for the merchandise plus the tax collected thereon has been returned to the customer. If, however, the contract was canceled or the merchandise was returned after the tax has been remitted to the Tax Department, an application for a refund or credit must be filed with the Tax Department, within three years from the date the tax was payable to the Department. If the vendor has returned the tax paid to the purchaser, then the vendor may file for a refund or credit. If the vendor has not returned the tax to the purchaser, then the purchaser, instead of the vendor, must file for the refund or credit of the tax paid.

Part III

Product Listings

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Cosmetics and Toiletries

(Taxable except as noted)

After shave creams	Eye shadow	Lipstick refill
After shave lotions	Eyebrow brushes	Liquid face powder
After shave powders	Eyebrow dyes	Liquid lip color
After shave moisturizers	Eyebrow pencils	Liquid stockings
Almond meal	Eyelash dyes	Manicure preparations
Almond paste	Eyelash mascara	Mascara
Antiperspirants	Face cream	Mask preparations
Astringents	Face lotion	Massage cream
Bath crystals	Face packs	Mittens containing toilet powder
Bath milks	Face powder	Moisturizers
Bath oils	Facial oil	Mousse
Bath powders	Fingerwave lotions	Mouthwash
Bath salts	Floral essences	Mustache wax
Bath tablets	Foundation makeup	Nail bleach
Bay rum	Freckle remover	Nail brushes
Beauty creams	Fuller's earth	Nail enamel
Bleaching creams and lotions	Glycerine *	Nail lacquer
Body powders	Hair bleach	Nail polish
Bouquet liquids	Hair brushes	Nail polish remover
Breath fresheners	Hair combs	Nail whitener
Breath sweeteners	Hair dressing	Olive oil (if scent or color added)
Brilliantine	Hair dye	Orris root
Bubble bath	Hair gel	Pancake makeup
Cleansing creams and lotions	Hair lotion	Perfume
Closet deodorants	Hair oils	Perfume kits
Cocoa butter *	Hair pomade	Perfume novelties
Cold creams	Hair remover	Permanent waving cream
Colognes	Hair restorative	Permanent waving kits
Combs	Hair rinse	Permanent waving lotion
Compact refills	Hair spray	Permanent wave neutralizers
Cosmetic stockings	Hair straightener	Peroxide (if for use in bleaching the hair or for other toiletry purposes)
Cuticle softeners	Hair tint	Petroleum jelly (if scent or color added)
Cuticle removers	Hair tonic	Plucking cream
Dental floss	Hand cream	Pore cleanser
Denture cleaners	Hand lotion	Powder base
Deodorants	Henna	Protective cream *
Depilatories	Lavender	
Dusting powders	Lip ice	
Eau de cologne	Lip pomade	
Essences and extracts	Lip salve *	
Exfoliants	Lipstick	

* The sale is not subject to sales tax if the product is labeled for use for medicinal purposes.

Cosmetics and Toiletries (Cont'd)

(Taxable except as noted)

Pumice stones	Skin lotion	Toilet ammonia
Rock salt bath crystals	Skin oil	Toilet cream
Rose water	Skin tonic	Toilet lanolin
Rouge	Skin whitener	Toilet water
Sachets (containing powder or other aromatic material)	Stain removers	Toothbrushes
Scalp lotion *	Styptics *	Toothpaste
Scalp ointment *	Sun screens **	Tooth powder
Shampoo (non-medicated)	Suntan creams **	Vanishing cream
Shaving cream	Suntan lotions **	Water softener
Shaving preparations	Suntan oils **	Wave set
Skin balm	Talcum powder	Witch hazel
Skin bleach	Texture cream	Wrinkle-concealing preparations
Skin cream	Tissue cream	

* The sale is not subject to sales tax if the product is labeled for use for medicinal purposes.

** Those suntan screens that contain an SPF factor of 2 or greater are not subject to sales tax.

Exempt Foods and Beverages

(Includes items listed in Publication 880)

Artificial sweeteners	Fruit juices (but only if they contain 70% or more of natural fruit juice)	<i>Ovaltine</i>
Baby food	<i>Fruit Rollups</i>	Peanut butter
Bakery products	Fudges	Peanuts
Baking products	Game (e.g., partridges, rabbits, wild turkeys)	Pepper
<i>Beefamato</i>	Grain products	Popcorn
Bouillon cubes	Granola bars	Potato chips
Bread	Gravies	Poultry
Brownies	<i>Great Shakes</i>	Poultry products
Butter	Health bars	Preservatives
Cereals	Health food	Pretzels
Chicory	Health supplements	<i>Quik</i>
<i>Chocko</i>	Herbs	Relishes
Chocolate (for cooking purposes only)	Honey	Salad dressings
<i>Clamato Juice Cocktail</i>	Ice Cream (prepackaged only)	Salad dressing mixes
Cocoa	Iced tea (frozen or canned)	Salt
<i>Cocomalt</i>	Iced tea mix	Sandwich spreads
Coconut	Instant breakfast mix	Sunflower seeds (salted)
Coffee	Jams (fruit preserves)	Sauces
Coffee creamers	Jelling agents	Seafood
Condiments (e.g., salt, pepper)	Jellies	Seasonings
Cookies	Ketchup	Sesame seeds (for baking)
Crackers	Lard	Sherbet
Cupcakes	Leavening agents	Shortening
Dehydrated fruit	Liquid diet products	<i>Slim Fast</i>
Dehydrated vegetables	Maple sugar candy	Soup
Diet foods (but not diet candy)	Mayonnaise	Spices
Diet substitutes	Meats and meat products	Starch (for cooking)
Diet supplements	<i>Metrecal</i>	<i>Start</i>
Doughnuts	Milk and milk products	Sugar
Dressings	<i>Moola Koola</i>	Sugar substitutes
Eggs and egg products	Mustard	Syrups
Fats	Non-stick cooking sprays	<i>Tang</i>
Fish and fish products	<i>Nutrament</i>	Tea
Flavorings (e.g., vanilla extract and almond extract)	Nuts and nut products (but not chocolate or candy coated nuts)	Vanilla extract
Flour	Oils (cooking, salad)	Vegetables
Food coloring	Oleomargarine	Vegetable juices
Frozen desserts	Olives	Vegetable oils
Frozen dinners		<i>V-8 Juice</i>
Fruit		Vitamins
		Yeast

Taxable Foods and Beverages

(Includes items listed in Publication 880)

<i>Awake</i>	Dietetic carbonated beverages	Lemonade
Beer	Dietetic soft drinks	Licorice
Bottled water	Fountain drinks (e.g., sodas, milkshakes, etc.)	Maple sugar candy
Candy and confectionery	French burnt peanuts	Mineral water
Candied apples	Fruit drinks *	Nuts (chocolate or candy coated)
Caramel-coated popcorn	Fruit nectars *	<i>Orange Crush</i>
Caramels	Fruit punch *	Pet foods **
Carbonated beverages	Fudge	Seltzer (water)
Carbonated water	<i>Gatorade</i>	Soft drinks
Chewing gum	Glazed fruit	Vegetable plants (used to grow food)
Chocolate candy	<i>Hi-C</i>	Vegetable seeds (used to grow food)
Chocolate-coated nuts	Ice	Vichy water
Chocolate-coated pretzels	Ice cream cones	Water
Coated candy	Ice cream sodas	<i>Yoo Hoo</i> (assorted flavor sodas)
Cocktail mixes	Ice cubes	
Collins mixer	<i>Jordan Almonds</i>	
Cranberry juice cocktails	<i>Kool-Aid</i>	
Dietetic candy		

* If product contains less than 70% real fruit juice.

** See the exemption for guide, hearing and service dogs under *Pet Accessories and Supplies* on Page 13.

General Merchandise

(Taxable except as noted)

Automotive supplies	Flatware	Pet medications *
Ballpoint pens	Flea collars *	Pet supplies *
Bath linens (towels, washcloths, etc.)	Flower pots	Photography equipment (disposable cameras, instant cameras, still cameras, etc.)
Bathroom scales	Flower seeds	Photography supplies (film, flash bulbs, flash cubes, etc.)
Batteries	Footwear (all types)	Picnic accessories (jugs, flatware, cutlery, etc.)
Bed linens (sheets, pillowcases, etc.)	Folders	Picnic baskets
Books (except for serial comic books and crossword puzzle magazines)	Furniture (e.g., folding chairs)	Plants
Calcium fluoride (for melting ice)	Furniture polish, wax, etc.	Plastic ware
Candles	Garden seed packets	Playing cards
Carpet cleaners	Garden furniture	Radios (including <i>Walkmans</i> and boom boxes)
Carpet fresheners	Garden tools and supplies	Reading glasses (non-prescription)
Chalk	Gift wrap	Rock salt
Charcoal	Glue	Room fresheners, deodorizers
Christmas trees (live or artificial)	Greeting cards	Sewing notions (needles, thread, thimbles, etc.)
Christmas tree ornaments	Highlighters	Scales (kitchen or bathroom)
Cigarette lighters	Hosiery	Shoe laces
Clock radios	Household cleaners, deodorizers	Shoes
Clocks	Housewares	Silverware
Clothing (gloves, hats, socks, shoes, underwear, etc.)	Ice (including ice cubes, ice chunks, ice blocks, and chipped ice)	Snow shovels
Coffee makers	Ink	Staplers
Comic books (non-serial)	Ink pens	Staples
Compact discs	Kitchen appliances	Stationery
Computer discs	Kitchen utensils	Stereos
Cookbooks	Lead pencils	Sunglasses (non-prescription)
Cookware	Lighter fluid	Table linen
Correction fluid (e.g., <i>White-out</i>)	Loose-leaf binders	Tableware
Crayons	Loose-leaf paper	Tape players, recorders, cassettes
Cutlery	Lunch boxes	Tea pots
Date books	<i>Magic Markers</i>	Thermos bottles, cups, jars, etc.
Diaries	Manila folders	Torch lights
Dish detergent	Mechanical pencils	Toys
Disposable cigarette lighters	Memo pads	Underwear
Dog collars *	Menorahs	Video cassette recorders and tapes
Dog food *	Message pads	Watches
Envelopes	Microwave cookware	Wrapping paper
Erasers	Notebooks	Writing tablets
Flashlights	Paper clips	
	Paper plates and cups	
	Pens and pencils	
	Pet accessories *	

* See the exemption for guide, hearing, and service dogs under *Pet Accessories and Supplies* on Page 13.

Medical Equipment and Supplies

(Includes items listed in Publication 822)

Purchases of the medical equipment, component parts, and medical supplies listed below **are exempt** from New York State and local sales taxes **unless** the items are purchased for use in providing medical or similar services for compensation (for example, services performed by physicians, dentists, hospitals, laboratories, and ambulance companies). However, hospitals and other organizations that have received certification of exemption from the Tax Department may purchase these items without payment of tax by issuing the vendor a properly completed Form ST-119.1, *Exempt Organization Certification*.

Ace bandages	Crutch tips, pads	Lymphedema sleeves
Adhesive bandages	Crutches	Mastectomy sleeves
Aspirators	Cushions, invalid	Medical oxygen regulators
Bandages (cotton, porous, etc.)	Diaphragms, contraceptive	Nasal aspirators
Bed boards, rails *	Disposable ostomy tubes	Nebulizers
Bedpans	Drainage sets (body, bedside)	Orthodontic devices (e.g., TMJ splints, positioners, retainers, etc.)
Bench, bathtub transfer	Elastic bandages	Ostomy pouches, tubes, barriers, supplies
Blood pressure gauges	Eye droppers	Oxygen inhalers, tents
Blood testing strips	Eye pads (non-cosmetic)	Oxygen therapy regulators
Braces, ankle	Finger splints	Pessaries
Braces, arm	First aid kits	Pregnancy test kits
Braces, elbow	First aid products	Raised toilet seats *
Braces, knee & ankle	Foot boards *	Razor, corn removal
Braces, leg	Forearm crutches	Rectal tubes
Braces, spinal	Fracture bed pans	Respirators
Breast pumps	Gauze (surgical or sterile)	Resuscitators
Breathing tubes	Heating pads	Rib belts
Bunion pads	Hemodialysis equipment	Rings, invalid
Bunion reducers	Hernia belts, supports and trusses	Roll-about chairs **
Callous pads	Hospital beds	Sinus masks
Canes *	Hot water bottles	Slings, arm
Cast covers, boots	Hypodermic needles	Slings, knee
Catheters, temporary	Hypodermic syringes	Slings, pelvic
Cervical collars	I P P B machines	Sphygmomanometers
Colles splint	I U Ds	Splints
Colon tubes	Ice bags, medical	Sponges, surgical
Colostomy bags, barriers, sets, supplies	Ileostomy bags, barriers, sets, supplies	Spray-on bandages
Commodos (portable toilets)	Incontinence liners	Sterile wound dressings
Condoms	Incontinence pads	Stethoscopes
Contraceptive applicators	Incontinence pants	Surgical tape
Corn pads	Inhalers	
Cotton (absorbent, sterile)	Insulin travel kits	
Cotton, sterile balls	Insulin units	
Cotton, sterile swabs	Iron lungs	

Medical Equipment and Supplies (Cont'd.)

(Includes items listed in Publication 822)

Stockings, surgical	Tourniquets	supplies
Swabs (butterfly, sterile)	Traction supports and devices	Vaccination shields
Syringes (ear, hypodermic, oral, rectal)	Tuberculin tine tests	Vaporizers
Tape, surgical	Urinals, medical	Walkers, invalid
Thermometers (oral and rectal)	Urinary drainage sets	Wheelchairs and cushions
Throat and spine bags	Urine drainage tubes	Wound cleansers
Tonsillectomy bags	Urine testing strips	
	Urostomy bags, barriers, sets,	

* To be exempt, these items must be used as medical equipment.

** To be exempt, roll-about chairs must be comparable to wheelchairs and have wheels which are at least 5 inches in diameter.

Purchases of the medical equipment, component parts, and medical supplies listed below **are exempt** from New York State and local sales taxes regardless of who makes the purchase (including doctors, dentists, and other medical professionals).

Arch supports	Crowns (permanently attached by a dentist)	Pacemaker (cardiac)
Artificial limbs	Eyeglasses, prescription	Parts, special lettering, special attachments to appliances for use by individuals with a handicap (e.g., blind, quadriplegic, etc.)
Artificial organs	Filler pads (mastectomy)	Sound amplification devices for the hearing-impaired
Artificial teeth	Garments with built-in-breast forms for post-mastectomy use	Space maintainers
Automobile controls (used by handicapped individuals)	Hair prosthesis *	Stairway lifts (for use by physically disabled in own residence)
Bath tub lifts	Hearing aid batteries	Surgical implants
Braille typewriters	Hearing aids	Telephone equipment for use by the hearing-impaired
Brassieres, surgical	Hydraulic patient lifts	
Breast forms, mastectomy	Hydraulic wheelchair lifts	
Cardiac pacemakers	Optical tactile converters	
Catheters, permanent	Orthopedic implants	
Closed-captioned TV program receivers	Otology implants	
Contact lenses, corrective		

* Since a hair prosthesis may be used for cosmetic purposes which do not relate to medical problems, sales tax must be paid when it is purchased. If the prosthesis is used as a result of a medical problem, the customer may file an application for a refund of the tax paid.

Medical Equipment and Supplies (Cont'd.)

(Includes items listed in Publication 822)

Purchases of the parts, equipment, and supplies listed below **are subject to** New York State and local sales taxes regardless of who makes the purchase (that is, medical practitioner or consumer), and regardless of the use to which the item is put (that is, whether or not the item is used for medical reasons).

Air conditioners	Fans	Posture shorts
Air purifiers and cleaners	Feminine hygiene syringes	Posture support chairs
Athletic supports	Foot baths	Prep brushes (surgical)
Basins	Funnels	Pumice
Bathtub safety rails	Garter belts	Rubber gloves
Bathtub safety seats	Glass drinking tubes	Rubber sheets
Bed baths	Gloves	Sanitary napkins
Blackhead removers	Grab bars	Sheets (plastic, rubber)
Braille books and games (except for the portion of the price in excess of the cost of similar non- braille books and games that is attributable to features added for use by a sight-impaired individual)	Heaters	Skin removers
Cast cutters	Humidifiers	Straws
Cotton (unsterile)	I.D. bracelets (medical)	Sunglasses (non-prescription)
Cotton balls (unsterile)	Massage devices	Sun lamp goggles
Cotton swabs (unsterile)	Mattress covers	Sun lamps
Dehumidifiers	Medical charts	Tongue blades
Dental floss	Medical diaries	Tongue depressors
Denture cushions	Nose clips	Tweezers
Denture liners	Nose shields	Ultraviolet lamps
Ear plugs	Nursers (baby bottles)	Veterinary equipment, instruments and supplies
Ear stopples	Nursing pads	Vibrators
Emesis basins	Orthopedic mattresses	Wheelchair trays
Exercise equipment	Overbed tables	Whirlpool baths
	Pads for eyeglasses	Whirlpool pumps
	Parallel bars	Whirlpool concentrate
	Plaster bandages	
	Poison records	
	Plaster splints	
	Plastic sheets	

New York State Department of Taxation and Finance

Electronic Services

The NYS Department of Taxation and Finance is continuing its efforts to provide our customers - the citizens and businesses of this state - with world-class service. We are using the latest technology to develop innovative ways to better serve you. Many of these initiatives are available on the Department's Web site at www.tax.state.ny.us. Visit our site to learn how our growing list of Electronic Services can assist you as a taxpayer in finding helpful tax information targeted to your needs.

General...

- ◆ Find forms and instructions.
- ◆ Visit our Subscription Service page and sign up for our free e-mail notifications.

Individuals...

- ◆ e-file your income tax return.
- ◆ Determine which income tax form to file.
- ◆ Pay your income taxes by credit card.
- ◆ Apply for an income tax installment payment agreement.
- ◆ Apply for an automatic time extension to file your return.
- ◆ Check the status of your income tax refund.
- ◆ Review your estimated tax account balance.



Businesses...

- ◆ Report newly hired and rehired employees.
- ◆ Use the sales tax penalty & interest calculator.
- ◆ Review your corporation tax payment summary.
- ◆ Review your promptax withholding tax payment summary.
- ◆ Search the corporation tax issuer's allocation percentage inquiry.

www.tax.state.ny.us

Need help?



Telephone assistance is available from 8 a.m. to 5:55 p.m. (eastern time), Monday through Friday.

For business tax information, call the

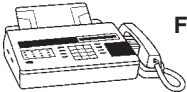
New York State Business Tax

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 a.m. to 5:55 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 CONTACT CENTER
W A HARRIMAN CAMPUS
ALBANY NY 12227