

## Important Information Regarding Locality Changes Effective December 1, 2005, Related to New York State Sales and Use Tax Exemption For Residential Solar Energy Systems Equipment

This notice is being sent to inform you of legislative actions taken by localities relating to New York State's sales and use tax exemption for retail sales and installations of residential solar energy systems equipment. All changes described in this notice take effect **December 1, 2005**.

*Residential solar energy systems equipment* means an arrangement or combination of components installed in a residence that utilizes solar radiation to produce energy designed to provide heating, cooling, hot water, or electricity. Effective September 1, 2005, retail sales and installations of these systems are exempt from the 4% New York State sales and use tax. The exemption also applies to the  $\frac{3}{8}\%$  tax imposed by New York State in the Metropolitan Commuter Transportation District (MCTD). The MCTD consists of New York City and the counties of Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk, and Westchester. This exemption applies to locally imposed sales and use tax only if the county or city imposing the tax elects to provide for it.

**The following localities** have enacted the exemption from their local tax for sales and installations of residential solar energy equipment effective **December 1, 2005**:

- Columbia County
- Essex County
- Hamilton County
- Nassau County
- Oneida County (outside the cities of Rome, Sherrill, and Utica; within the cities, the rates are: Rome 1½%, Sherrill 1%, and Utica 1½%)

- Rockland County
- Suffolk County
- Tompkins County (outside the city of Ithaca; within the city, the rate is 1½%)
- Warren County (outside the city of Glens Falls; within the city the rate is 1½%)
- Yates County
- New York City

Therefore, effective December 1, 2005, sales and installations of residential solar energy equipment in Columbia, Essex, Hamilton, Nassau, Rockland, Suffolk, and Yates counties and New York City are fully exempt. Also fully exempt are sales and installations of residential solar energy equipment in Oneida County outside the cities of Rome, Sherrill, and Utica; in Tompkins County outside the city of Ithaca; and in Warren County outside the city of Glens Falls. Report these sales on page 1, step 1 of your sales tax return as part of your *gross sales* only.

For all other localities other than the cities listed below, report receipts from sales and installations of residential solar energy systems equipment for the locality in which each sale was made and delivered at the full tax rate in effect for that locality. If a sale occurred in a jurisdiction outside the MCTD, use the *New York State only* 4% tax rate line on page 2 of your sales tax return to claim a credit for the state sales tax. If a sale occurred in the MCTD, use the *New York State/MCTD*  $4\frac{3}{8}\%$  tax rate line on page 3 of your return to claim a credit for the state and MCTD taxes. In claiming a credit, include the receipts from the sale as a negative number in Column C.

**Special reporting rules for sales and installations made within the cities of Rome, Sherrill, Utica, Ithaca, and Glens Falls:**

Sales and installations of residential solar energy systems equipment in the cities of Rome, Utica, Ithaca, and Glens Falls are subject to local tax at the rate of 1½%. In the city of Sherrill, the rate is 1%. For these cities, report receipts from sales and installations of residential solar energy systems equipment for the locality in which each sale was made and delivered at the full tax rate in effect for that locality. To claim a credit for the New York State, MCTD (if applicable), and county tax, determine the credit rate from the chart below and enter the amount of the credit in Step 5 of your sales tax return on the

*Credits against sales or use tax* line. The credit **must be substantiated**. Attach a statement to your return explaining the basis for the credit claimed, including the amount of taxable sales against which you are claiming the credit and the jurisdiction in which the sale was made and reported. For your return to be properly processed, at the top of page 1 of your return you must write ***Solar energy exemption*** and the name of the city for which you are reporting these sales and credits.

<b>City</b>	<b>Credit rate</b>
Rome	8%
Sherrill	8½%
Utica	8%
Ithaca	6½%
Glens Falls	5½%