

New York State Department of Taxation and Finance  
**Taxpayer Services Division**  
**Technical Services Bureau**

**TSB-M-97**  
**(1)C Corporation Tax**  
**(1)S Sales Tax**  
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## **IMPORTANT NOTICE**

### **Internet Access Charges Not Subject to Sales Tax and Telecommunications Excise Tax**

Effective on or after February 1, 1997 the Department is implementing the new Internet policy recommended in its January 1997 report on *Improving New York State's Telecommunications Taxes*. Internet access charges are considered an unenumerated service not subject to the New York State and local sales tax. Neither is Internet access considered a telecommunications service subject to the Section 186-e telecommunications excise tax.

Internet access is the connection provided to the Internet usually by a "dial-up" service using a modem or a direct connection. Access is often referred to as the "on-ramp" to the information super highway. Internet access charges may also include items such as communications/navigation software, E-mail privileges, news headlines, and certain website services. When these services are furnished as part of a combined Internet access charge, they are deemed incidental to the provision of Internet access and the charge is not subject to sales tax.

Nexus with the state is not created merely by having a non-New York company's advertising appear on a New York server or through a New York Internet service provider. This applies to both the corporate franchise taxes and the sales and use taxes.