

New York State Department of Taxation and Finance
Office of Tax Policy Analysis
Technical Services Division

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Sales Tax
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Amendments to the Sales and Use Tax Regulations
Relating to the Exemption for Flags
of the United States of America and the State of New York

The Department of Taxation and Finance has amended section 528.12 of the Sales and Use Tax Regulations with respect to the exemption for flags of the United States of America and the State of New York. The adopted amendments are effective September 1, 2001.

The amendments to the regulations expand the definition of the term *flag* to include related accessories to be used solely for the display of the flag, provided such accessories are sold with a flag of the United States of America or the State of New York for a single charge. Related accessories include, for example, a pole, rod, or staff; base or bracket; halyard; lanyard; or finial. As a result of this change, flag kits and flagpole kits containing flags of the United States of America or the State of New York sold on or after September 1, 2001, are exempt from sales and use tax and retailers are to stop collecting tax on those sales. Also exempt are flags of the United States of America and the State of New York when sold attached to a pole, rod, or staff. The separate purchase of related accessories, including a flagpole, rod, mounting bracket, etc., is still subject to tax.

In addition, the definition of the term *flag* in the regulations has been expanded to include flags of the United States of America and the State of New York made of light, flexible "material." The original regulation only exempted these flags when they were made of light, flexible "cloth" and did not exempt these flags when they were made of other light, flexible materials, such as plastic.

Amended Regulations

Section 528.12(b)(1) of the regulations is amended to read as follows:

(1) For purposes of this section, the term *flag* means a light, flexible material, usually rectangular, and bearing one or more symbols or designs to indicate nationality or party. The term also includes related accessories to be used solely for the display of the flag, provided such accessories are sold with the flag for a single charge. For example, this includes a pole, rod, or staff; base or bracket; halyard; lanyard; or finial.

Section 528.12(c) of the regulations, relating to the taxability of flag kits and poles, is repealed effective September 1, 2001.