

New York State Sales Tax Treatment of Purchases Made Under the Great Appliance Swap-Out Program

On December 1, 2009, the U.S. Department of Energy approved the New York State Energy and Research and Development Authority's (NYSERDA's) program for the Great Appliance Swap-Out Program. This memorandum provides some general information about how New York State and local sales and use taxes (sales tax) apply to the purchase of qualifying appliances made under the program.

The program will provide rebates to New York State residential consumers (customers) for purchasing new energy-efficient refrigerators, freezers, clothes washers, and dishwashers. To be eligible for the rebate, customers must purchase a qualifying appliance(s) individually or in a bundle between February 12, 2010, and February 21, 2010. The rebate can range from \$50 to \$555 depending upon the type and number of appliances purchased and whether the customer recycles the old appliances. For additional information about the program and eligibility requirements, see NYSEDA's program Web site at: *NYapplianceswapout.com*. You may also call the toll-free hotline at: (877) NYS-MART.

New York State and local sales and use tax

When a retailer sells a qualifying appliance under this program, the retailer must collect sales tax based on the full amount of the sale price. Payments (rebates) under the Great Appliance Swap-Out Program do not reduce the amount that is taxable.

Example: Individual X wishes to turn in his refrigerator for a new ENERGY STAR qualified refrigerator. Individual X goes to Retailer ABC and purchases a refrigerator for \$800. The purchase qualifies for the Great Appliance Swap-Out Program, and the retailer documents the recycling of the old refrigerator. Accordingly, under the program the customer would be entitled to a rebate of \$105. The retailer must collect sales tax on the full \$800 purchase price of the refrigerator. Any rebate due the customer does not reduce the amount of the purchase that is taxable. Assuming the sales tax rate in the locality where the purchaser took delivery is 8%, the sales tax is computed as follows:

<i>Sales price before the rebate:</i>	<i>\$800</i>
<i>Sales tax due at 8% (\$800 x .08):</i>	<i>64</i>
<i>Total due the retailer</i>	<u><u><i>\$864</i></u></u>

NOTE: A TSB-M is an informational statement of existing department policies or of changes to the law, regulations, or department policies. It is accurate on the date issued. Subsequent changes in the law or regulations, judicial decisions, Tax Appeals Tribunal decisions, or changes in department policies could affect the validity of the information presented in a TSB-M.