



Revised Tax Department Policy on Storage in Transit

This memorandum explains the Tax Department's revised policy regarding storage in transit services provided in conjunction with an exempt transportation service. This revised policy is effective with respect to contracts for transportation services executed on or after January 1, 2015.

The transportation of tangible personal property (for example, by a moving service) is generally exempt from New York state and local sales tax. However, the storage of tangible personal property in New York State is generally subject to sales tax (see *General storage*, below).

The Tax Department has long recognized that some incidental storage of tangible personal property, commonly referred to as *storage in transit*, is often provided as part of an exempt transportation service. Storage in transit usually occurs when:

- events delay the delivery of goods by the mover to the customer's destination, and
- the stored property is the responsibility of the mover.

Prior policy

The Tax Department's prior policy ¹ regarding storage in transit was as follows:

- If the storage-in-transit period was 30 days or less, the mover's charge to its customer for the storage was not subject to sales tax as long as the service was provided by the mover in connection with the transportation of goods by the mover. (If the mover paid a third party to provide the storage, that payment was subject to sales tax.)
- If the storage-in-transit period exceeded 30 days, the mover's entire charge to its customer for the storage was subject to sales tax. (If the mover paid a third party to provide the storage, the mover could purchase the storage for resale.)

Revised policy

The Tax Department has reconsidered this policy and will recognize storage in transit as incidental to the provision of an exempt transportation service, and thus not taxable, if all of the following conditions are met:

¹ The Tax Department's prior policy regarding storage in transit was expressed in TSB-M-82(22)S and is superseded by the revised policy described in this memorandum.

- The mover is providing its customer a transportation service. That is, the mover provides its customer with a bill of lading specifying a destination address that is:
 - different from the address where the mover picks up the property to be moved, and
 - different from the location where the mover would provide storage.
- The mover is responsible to the customer for any loss or damage to the property during the storage-in-transit period.
- The mover remains responsible, during the storage-in-transit period, to complete the moving process.
- Any charge for storage in transit made or identified prior to the commencement of the transportation service does not exceed the amount of the charge for the transportation.

Additionally, in determining whether an exempt storage-in-transit period has ended, the Tax Department will look at whether the provisions of [section 375.609 of Title 49 of the Code of Federal Regulations](#) have been complied with in the case of a moving service subject to the provisions of Part 375 of such Title.

When providing exempt storage in transit a mover cannot purchase the storage for resale and must pay sales tax to any third party from which the mover purchases storage services.

Movers should keep complete and accurate records to substantiate a period of exempt storage in transit and when that period ends.

This revised policy regarding storage in transit applies to both interstate and intrastate moves.

General storage

The Tax Department's revised policy regarding storage in transit **does not affect** the tax treatment of general storage services.

General storage refers to storage services that are provided outside the context of a moving service. The purpose of general storage is to have property stored at a facility by the storage service provider for a period of time, not to have property stored temporarily in the process of being moved from one location to another. General storage services provided in New York State remain subject to sales tax.

All charges shown on an invoice for a general storage service, including separately identified charges for pickup and delivery, are part of the taxable receipt for the storage service, regardless of the duration of the storage. Storage services are considered to be delivered at the location where the storage service originates for the customer; i.e., the location where the service provider **takes possession** of the property to be stored.

Example

A business contracts with A-Z Moving, a national motor carrier, to transport a truckload of office fixtures from Buffalo to a new office location in New York City. The total charge for the moving service is \$12,500.

When A-Z Moving's driver arrives in New York City, the new office is not yet ready due to electrical problems. A-Z Moving's driver takes the fixtures to a warehouse in New York City for storage. The warehouse is owned and operated by Bob's Moving and Storage, an independently owned local company that is an agent of A-Z Moving. Bob's Moving and Storage charges A-Z Moving \$40 per day to store the fixtures.

A-Z Moving's contract with its customer provides that A-Z Moving will be responsible for storage in transit of the fixtures, and for final completion of the move, for a period of up to 60 days for an additional charge of \$45 per day. The customer has no say in where the storage of the fixtures occurs. Since the storage is incidental to the exempt moving service, the additional charge is exempt as storage in transit.

If the new office is not ready by the end of the 60-day storage-in-transit period specified in the original moving contract, and no new moving contract is entered into by A-Z Moving and its customer, the storage is no longer considered to be exempt as incidental to the transportation service.

During the period of storage in transit, Bob's Moving and Storage is selling A-Z Moving taxable storage services. As a result, A-Z Moving cannot buy the storage services for resale and must pay sales tax to Bob's Moving and Storage at the combined state and local tax rate in effect at the location of the warehouse in New York City. The sale of storage services by Bob's Moving and Storage to A-Z Moving is subject to New York State sales tax regardless of the fact that Bob's Moving and Storage is a local agent of A-Z Moving.

If A-Z Moving continues to purchase storage services from Bob's Moving and Storage after the 60-day storage-in-transit period and charges its customer for storage of the fixtures, A-Z Moving can purchase the storage services from Bob's Moving and Storage for resale to its customer. A-Z Moving must charge its customer sales tax.

If the customer pays Bob's Moving and Storage directly to provide continued storage of the fixtures, that charge is subject to sales tax.

In either case, the charge to the customer for storage is subject to the combined state and local tax rate in effect at the location of the warehouse in New York City, since that is where the taxable storage service originated for the customer at the end of the period of storage in transit.

Effective date

The Tax Department's revised policy is effective with respect to contracts for transportation services executed on or after January 1, 2015.

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.