

**Tax on Hail Vehicle Trips in the Metropolitan Commuter
Transportation District Beginning June 1, 2012**

This memorandum explains the recently enacted legislation that imposes the Article 29-A fifty-cents-per-trip tax on hail vehicle trips in the Metropolitan Commuter Transportation District (MCTD).

Chapter 602 of the Laws of 2011 and Chapter 9 of the Laws of 2012 amended various laws in relation to taxicab licenses and hail vehicles operating in New York City (NYC). Among other things, these chapters authorized *hail vehicles* to pick up passengers by street hail in New York City, other than in Manhattan south of East 96th Street and south of West 110th Street, or at airports. In addition, Article 29-A¹ of the Tax Law was amended to impose the fifty-cent-per-trip tax on hail vehicle trips that begin in NYC and end anywhere in the MCTD. The fifty-cents-per-trip tax applies to hail vehicle trips occurring on or after June 1, 2012.

Hail bases must report and remit taxes for any taxable trips that occur during the period June 1, 2012, through June 30, 2012, when they electronically file their quarterly return for July 1 through September 30, due on October 22, 2012. However, hail bases must begin keeping records of trips as soon as any vehicle affiliated with the base provides any hail trips.

For definitions of relevant terms, see pages 4 and 5.

Hail vehicle trips

The fifty-cents-per-trip tax is imposed on each hail vehicle trip that begins in NYC and ends anywhere in the MCTD. Hail vehicle trips that end outside the MCTD are not subject to the fifty-cents-per-trip tax. A trip in a hail vehicle that originates by a customer calling a hail base to request service, and the hail base dispatching the hail vehicle to the customer, is not subject to the fifty-cents-per-trip tax but may be subject to the sales tax on transportation services (unless the hail vehicle is also an affiliated livery vehicle). For more information on the sales tax on transportation services, see TSB-M-09(2)S, *Sales Tax Imposed on Certain Transportation Services*; TSB-M-09(7)S, *Additional Guidance Relating to the Sales Tax on Certain Transportation Services*; and TSB-M-10(15)S, *Sales Tax on Certain Transportation Services Amended to Exclude Livery Service Provided by an Affiliated Livery Vehicle in New York City*.

¹ Article 29-A also imposes a tax on medallion taxicab trips. For more information, see TSB-M-09(9)M, *Tax on Medallion Taxicab Rides in the Metropolitan Commuter Transportation District*; and TSB-M-10(11)M, *Amendments to the Tax on Medallion Taxicab Trips in the Metropolitan Commuter Transportation District*.

Who must pay the tax

The hail base is liable for the trip tax on all taxable trips provided by every hail vehicle affiliated with the hail base. For example, if a hail base is affiliated with 40 hail vehicles, the hail base will owe the fifty-cents-per-trip tax on every taxable trip provided by those 40 vehicles. The hail base will obtain the trip information from the meters in the vehicles affiliated with the base, so that the base would know how many taxable trips to pay tax on. The law presumes that every hail vehicle trip that begins in New York City is subject to the fifty-cents-per-trip tax, just as taxicab trips are presumed taxable.

Although the tax is imposed on the hail base, the economic incidence of the tax must be passed through to the hail vehicle passenger by increasing the fare and adjusting the meter to reflect the increased fare. The NYC Taxi and Limousine Commission (TLC) will require the hail vehicle owner to adjust fares (and meters) to include the pass-through of the tax and any change in the rate of tax. The hail base must pay the tax whether or not it properly passed through the economic incidence of the tax to the passenger. The failure of the TLC to adjust the fares, or the failure of the hail base or hail vehicle owner to adjust the taximeter, will not relieve the hail base liable for the tax of the obligation to pay the tax on time, at the correct rate.

Returns and payment of tax

Hail bases must electronically file quarterly returns and remit fifty-cents-per-trip tax for each taxable trip provided during the quarter as shown on the schedule below. Hail bases must report and remit taxes for any taxable trips that occur during the period June 1, 2012, through June 30, 2012, when they electronically file their quarterly return for July 1 through September 30, due on October 22, 2012. To access the electronic return, go to the *Online Services* link on the Tax Department's Web site (www.tax.ny.gov). The quarterly periods and filing due dates are:

Quarterly period	Due date for filing return
January 1 through March 31	April 20
April 1 through June 30	July 20
July 1 through September 30	October 20
October 1 through December 31	January 20

When the due date falls on a Saturday, Sunday, or legal holiday, the return may be electronically filed and the tax paid on the next business day. There is no extension of time allowed to file a return or to pay the tax due.

Records

Every **hail base** must keep:

- records of every hail vehicle trip originating in NYC, and of all amounts paid, charged, or due for every trip and of the tax payable for the trip;
- a true and complete copy of every contract, agreement, or arrangement concerning the affiliation of a hail vehicle or a hail vehicle owner or driver with a hail base;
- true and complete copies of any records required to be kept by the TLC; and
- any other records and information required by the Tax Department.

In addition to the records that a hail base must keep, true and complete records of all meter information must be kept by:

- every person that has contracted with NYC or the TLC to provide services to NYC, to the TLC, or to hail bases liable for tax under Article 29-A relating to taximeters, to administering taximeters, or to information obtained from taximeters; and
- every person that the TLC has authorized to obtain or possess information generated by taximeters.

Since the TLC currently contracts with persons to handle taximeter information, and since the new hail vehicles will be equipped with taximeters, these new recordkeeping requirements apply to those persons. Also, since the TLC may in the future authorize third-parties to obtain or possess taximeter information, these requirements would also apply to those persons.

Hail bases and these other persons must keep all of these records in a form prescribed by the Department. The records must be maintained for a period of three years, unless the Tax Department consents to their destruction within that period or requires that they be kept longer. The records may be kept by photographic, photostatic, microfilm, micro-card, miniature photographic, or any other process that reproduces the originals. These records must be available for inspection and examination upon demand by the Tax Department at any time during regular business hours. If the records are maintained in an electronic format, they must be made available and accessible to the Tax Department in electronic format.

The TLC must obtain and furnish to the Tax Department the names and addresses of persons liable for the fifty-cents-per-trip tax, in a format prescribed by the Tax Department. The TLC must also furnish, in a format prescribed by the Tax Department, records and information in the possession of:

- the TLC,
- any agent or contractor of NYC or the TLC, or
- any other person the TLC has authorized or required to obtain or possess such records or information,

concerning persons liable for the fifty-cents-per-trip tax, including trip record information. The TLC will assign identifying numbers and other identifying indicia to hail bases, hail vehicle owners, hail vehicles, and drivers of hail vehicles, all in a format prescribed by the Tax Department, to facilitate filing returns, paying tax, and performing other tasks required to administer these taxes.

Sales tax exemption

Transportation services provided in New York State by limousines, black cars, and certain other motor vehicles are subject to state and local sales tax. Effective June 1, 2012, hail vehicle trips that are subject to the fifty-cents-per-trip tax are exempt from the sales tax imposed on transportation services.

Definitions

Metropolitan Commuter Transportation District (MCTD) means the counties of New York (Manhattan), Bronx, Kings (Brooklyn), Queens, Richmond (Staten Island), Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk, and Westchester.

Hail vehicle means a *for-hire vehicle* having a taximeter and a TLC-sanctioned trip record system, licensed by the TLC to carry passengers for hire and authorized to accept hails from prospective passengers in the streets of the city. Hail vehicles are not authorized to pick up passengers by street hail at airports, or by street hail or pre-arranged call in Manhattan south of East 96th Street and south of West 110th Street, or in other areas prohibited by the TLC by rule.

A *for-hire vehicle* is a motor vehicle carrying passengers for hire in the city, with a seating capacity of 20 passengers or less, not including the driver. A *for-hire vehicle* does not include a taxicab, coach, commuter van, or an authorized bus operating pursuant to applicable law provisions. In essence, *for-hire vehicle* means a black car, limousine, or community car (also known as a livery vehicle).

Hail vehicle owner means a person licensed by the TLC to own and operate, or operate, a hail vehicle for which the TLC has issued a *hail license*.

A *hail license* issued by the TLC authorizes a person who is the owner or licensed operator of a *for-hire vehicle* to pick up passengers by street hail in the city. A person with a hail license is prohibited from picking up passengers by street hail at airports and by street hail or pre-arranged call in Manhattan south of East 96th Street and south of West 110th Street, or in other areas prohibited by the TLC by rule.

A *hail vehicle trip* is a trip provided to one or more passengers regardless of the number of stops, that originated by street hail, and for which the taximeter is required to be in the recording or hired position designating a street hail trip subject to the fifty-cents-per-trip tax.

Hail base means a for-hire vehicle base station established pursuant to NYC Administrative Code section 19-511 and permitted by the TLC to be affiliated with *hail license* holders.

A *dispatch trip* is a trip in a *hail vehicle* that originated by a customer calling a *hail base* to request service, and the hail base dispatching the *hail vehicle* to the customer, and for which the taximeter is required to be in the recording or hired position designating a dispatch trip.

Passenger means an individual seated in a taxicab or hail vehicle for travel for hire to a given destination.

A *taximeter* is an instrument or device approved by the TLC that automatically calculates and displays the charge to a passenger for hire of a licensed taxicab for a taxicab trip, or for hiring a hail vehicle for a hail vehicle trip. The taximeter of a hail vehicle will also be used to record dispatch trip information.

Trip record (including a trip sheet or trip log) means the written, computerized, automated, or electronic accounting of a taxicab trip, hail vehicle trip, or dispatch trip. The trip data to be transmitted or recorded must include:

- the hail vehicle license number;
- any licensed operator's TLC license number;
- the hail base permit number;
- hail vehicle driver's license number;
- the location and time of trip initiation;
- the number of passengers;
- the location and time of trip termination;
- the itemized metered fare for the trip (tolls, surcharge, and tip if paid by credit or debit card);
- the distance of the trip;
- the trip number;
- the method of payment;
- the total number of passengers; and
- any other information required by the TLC.

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.