

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

TSB-A-95 (26)S  
Sales Tax  
June 29, 1995

STATE OF NEW YORK  
COMMISSIONER OF TAXATION AND FINANCE

ADVISORY OPINION

PETITION NO. S941031D

On October 31, 1994, a Petition For Advisory opinion was received from H.O. Penn Machinery Co., Inc., 100 Business Park Drive, Armonk, New York 10504.

The issue raised by Petitioner, H.O. Penn Machinery, is whether the purchase by it of a service that guarantees the funds of its customers' checks is subject to sales tax.

Petitioner purchases from Telecredit Service Corporation a service that guarantees the funds on a customer's check using the same method and physical equipment as Visa/Mastercard. Other than the above statement, Petitioner did not submit any further information concerning the transaction.

Section 1105(a) of the Tax Law imposes a tax upon the receipts from the sale of tangible personal property with certain exceptions. Section 1105(c) imposes a tax upon certain enumerated services.

Section 527.3 of the Sales and Use Tax Regulations provides, in part, as follows:

(a) Imposition. (1) Section 1105(c) of the Tax Law imposes a tax on the receipts from the service of furnishing information by printed; mimeographed or multigraphed matter or by duplicating written or printed matter in any manner such as by tapes, electronic readouts or displays

(2) The collecting, compiling or analyzing information of any kind or nature and the furnishing reports thereof to other persons is an information service.

(3) Among the services which are information services are credit reports, tax or stock market advisory and analysis reports and product and marketing surveys.

In Morton L. Coren, P.C., Adv Op Comm T&F, June 29, 1990, TSB-A-90(33)S, the Commissioner advised that even though the components of a particular sale could be separately stated, calculated or estimated, that if such components could not be separately purchased, the combination of items listed must be considered as one and subject to sales tax as a single purchase.

In the instant case, it is not clear from the information provided by the Petitioner as to whether Petitioner is purchasing a credit information service, a check guarantee service or a combination of both. Provided Petitioner is purchasing a check guarantee service only, which consists of the check guarantor providing Petitioner with funds to replace a bad check, such service

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would be outside the scope of Section 1105(c) the Tax Law and thus exempt. However, if Telecredit Service Corporation is providing Petitioner with credit information or a combination of credit information and a check guarantee service, its charges would be subject to sales tax in accordance with sections 1105(c)(1) or 1105(c)(9) of the Tax Law and Section 527.3(a) of the Sales and Use Tax Regulations.

DATED: June 29, 1995

s/PAUL B. COBURN  
Deputy Director  
Taxpayer Services Division

NOTE: The opinions expressed in Advisory Opinions  
are limited to the facts set forth therein.