



New York State Assessment on Transportation Network Companies

This memorandum explains amendments to the Tax Law applicable to ridesharing companies for services originating in New York State outside New York City.

Chapters 59 (Part AAA) and 34 of the Laws of 2017 amended various laws to authorize ridesharing services originating in New York State outside New York City, **effective June 29, 2017**. Chapter 59, among other things, added Article 29-B to the Tax Law establishing a state assessment on transportation network companies (TNC).

The assessment is four percent (4%) of the gross trip fare of every TNC prearranged trip that originates anywhere in New York State outside New York City and that terminates anywhere in New York State. For purposes of the assessment, a TNC prearranged trip originates at the location the passenger is picked up and terminates at the point the last requesting passenger exits the vehicle.

Before a business can operate as a TNC in New York State, it must obtain a license from the New York State Department of Motor Vehicles (DMV). For further information related to licensing and other requirements, visit the [DMV website](#).

Definitions

Gross trip fare means the sum of the base fare charge, distance charge, and time charge for a complete TNC prearranged trip at the applicable rate charged by the TNC at the time the trip is arranged.

A *transportation network company* is any person or entity that is licensed by the DMV that operates in New York State exclusively through the use of a digital network to connect passengers with drivers to provide TNC prearranged trips.

A *TNC vehicle* is a vehicle owned, leased or otherwise authorized for use by a TNC driver, and which is used by that driver, to provide TNC prearranged trips. Vehicles used as TNC vehicles may not weigh more than 6,500 pounds unloaded, have a seating capacity of more than seven passengers, or be a vehicle that is subject to New York Vehicle and Traffic Law § 370.

A *TNC driver* is an individual who:

- receives connections to potential passengers and related services from a TNC in exchange for payment of a fee to the TNC, and
- uses a TNC vehicle to provide a TNC prearranged trip to a TNC passenger.

A *TNC passenger* (or “*passenger*”) is a person or persons who use(s) a TNC’s digital network to connect with a TNC driver for a TNC prearranged trip between points chosen by such person or persons.

A *TNC prearranged trip* is the transportation provided by a TNC driver to a passenger that:

- is arranged through the use of a TNC’s digital network;
- begins when a TNC driver accepts a passenger’s trip request, continues through the transport of the passenger, and ends when the last requesting passenger exits the vehicle.

A *digital network* is a system or service offered or utilized by a TNC that enables TNC prearranged trips with TNC drivers.

Filing returns and paying the assessment

Every TNC must file a return for each calendar quarter. The return and payment are due 30 days after the close of the quarter. If the Commissioner deems it necessary, however, returns may be required for shorter periods, and be due upon such dates as the Commissioner may specify. The first return will cover the period June 29, 2017, through September 30, 2017, and is due on October 30, 2017.

A TNC must establish an [Online Services](#) account and file returns using the Tax Department’s web filing application. For more information regarding filing, visit the Tax Department website (www.tax.ny.gov) in October 2017.

Recordkeeping

Every TNC is required to keep:

- records of every TNC prearranged trip, including records of all amounts paid, charged, or due on those trips, as well as records showing when those trips occurred, and where they originate and terminate;
- true and complete copies, including electronic copies, of any records required to be kept by DMV or any other state agency authorized to permit or regulate a TNC; and
- any other records required by the Tax Department.

Administration and procedure

The provisions of Tax Law Article 27 related to corporate tax procedure and administration apply to the assessment on TNC prearranged trips, except to the extent that any such provisions are inconsistent with, or irrelevant to, Tax Law Article 29-B.

Enforcement provisions

The enforcement provisions of Tax Law Article 37 were amended to provide:

- Any willful act or omission that violates Tax Law Article 29-B constitutes a misdemeanor.
- Violation of the secrecy provisions for Tax Law 29-B constitutes a misdemeanor.

Applicability of sales tax

Tax Law § 1101(b)(34) was amended to exclude TNC prearranged trips subject to the TNC assessment from sales tax.

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.