

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

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Corporation Tax
TSB-M-97 (2)S
Sales Tax
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Lower Manhattan Electricity Rebates

In 1995, the General City Law was amended to provide certain purchasers and users of electricity in lower Manhattan with a rebate of their electricity bill. (See General City Law, Article 2 - I). If the rebate is given by a utility that is subject to the supervision of the Public Service Commission, the utility may claim a credit for the amount of the rebates it has given against the gross receipts tax it owes to New York City.

However, section 25-cc of the General City Law and section 1201-c of the Tax Law make it clear that the amount of the rebate does not reduce the amount of receipts subject to sales or use taxes or reduce the gross receipts, gross income or gross operating income subject to tax under Articles 28 and 29 of the Tax Law and sections 186 or 186-a of the Tax Law.

Example: The electric bill for a building is \$200 before any rebate is granted. The rebate is \$60 resulting in an amount due of \$140. The sales tax is computed on \$200, the amount due before any rebate. Gross receipts, gross income and gross operating income for purposes of the taxes imposed by Tax Law sections 186 and 186-a also include the \$200.