

**Changes to the New York City
Local Sales and Use Tax Clothing and Footwear Exemption
Effective September 1, 2007**

Effective September 1, 2007, recently enacted legislation (Chapter 82 of the Laws of 2007) provides that all clothing, footwear, and items used to make or repair clothing (hereinafter “clothing and footwear”) are exempt from the **4% New York City** local sales and use taxes, regardless of the cost. However, sales in New York City of clothing and footwear costing \$110 or more per item or pair remain subject to the 4% New York State sales and use taxes and the $\frac{3}{8}\%$ sales and use taxes imposed by the State in the Metropolitan Commuter Transportation District (MCTD).

Vendors must report sales of clothing and footwear costing \$110 or more made on or after September 1, 2007, in New York City on the *New York State/MCTD* $4\frac{3}{8}\%$ entry line when filing the appropriate sales tax return. Sales and uses in New York City of clothing and footwear costing less than \$110 per item or pair are fully exempt from State, local, and MCTD sales and use taxes and should be reported on the New York City line on Schedule H for filers of Forms ST-100, ST-101, or ST-810 or on the appropriate line for exempt New York City clothing and footwear sales for filers of Forms ST-102 or ST-102-A.

New York City is made up of the following counties (borough names in parentheses): Bronx (Bronx), Kings (Brooklyn), New York (Manhattan), Queens (Queens), and Richmond (Staten Island).

See TSB-M-06(6)S, *Year-Round Sales and Use Tax Exemption of Clothing, Footwear, and Items Used to Make or Repair Exempt Clothing*, for a detailed description of the clothing and footwear exemption and comprehensive lists of taxable and exempt items.

Transitional provisions for the new local New York City sales and use tax exemption

Clothing and footwear orders

The 4% New York City local sales and use taxes will apply to purchases of clothing and footwear costing \$110 or more per item or per pair that are ordered (for example, by mail or Internet) and accepted by the vendor prior to September 1, 2007, even if the items are picked up or received in New York City on or after September 1, 2007. An order is accepted by the vendor when the vendor has taken an action to fill the order. Action to fill an order includes placing an in-date stamp on the order or assigning an order number to the order.

Rain checks

No local New York City sales and use taxes are due on clothing and footwear purchased on or after September 1, 2007, with a rain check obtained prior to September 1, 2007.

NOTE: A TSB-M is an informational statement 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.