



Extension of Sales and Use Tax Exemptions on Certain Purchases of Tangible Personal Property and Services for Leased Commercial Office Space in Lower Manhattan

This memorandum summarizes the amendments enacted as part of the 2014-2015 New York State budget that extend the current tax-related incentives for businesses to locate or relocate their offices in lower Manhattan.

Part GG of Chapter 59 of the Laws of 2014 extends the tax-related incentives for businesses to locate or relocate their offices and employees in lower Manhattan. The original incentives were provided by Chapter 2 of the Laws of 2005 (Tax Law section 1115(ee)). Subpart A of Part GG includes amendments that extend exemptions from New York State and local sales and use taxes (sales tax) for certain purchases of tangible personal property and services related to leased commercial office space in certain eligible areas in lower Manhattan (i.e., Eligible Area A and Eligible Area B).

See [TSB-M-05\(12\)S](#), *Sales and Use Tax Exemptions on Certain Purchases of Tangible Personal Property and Services for Leased Commercial Office Space in Lower Manhattan*, for a detailed explanation of the original New York State and New York City local sales and use tax exemptions available for Eligible Area A and Eligible Area B.

Subpart A of Part GG of Chapter 59 took effect March 31, 2014, and is deemed to have been in effect on and after **September 1, 2013**. Information on how to claim a credit or refund of sales tax paid on qualifying purchases made on or after September 1, 2013, appears later in this memorandum.

Eligible Area A

For Eligible Area A, as described in [TSB-M-05\(12\)S](#), the new law extends the date by which a qualifying commercial lease must commence under section 1115(ee) from September 1, 2013, to September 1, 2015. The new law also provides that the sales tax exemptions for Eligible Area A will expire on December 1, 2016.

Eligible Area B

For Eligible Area B, as described in [TSB-M-05\(12\)S](#), the new law extends the date by which a qualifying commercial lease must commence under section 1115(ee) from September 1, 2015, to September 1, 2017. The new law also provides that the sales tax exemptions for Eligible Area B will expire on December 1, 2018.

Qualifying purchases on or after September 1, 2013, eligible for credit or refund

Prior to the enactment of Chapter 59 on March 31, 2014, purchases related to commercial leases that commenced on or after September 1, 2013, in Eligible Area A did not qualify for exemption. However, the new law provides that tenants, landlords, and contractors who paid sales tax on otherwise qualifying purchases on or after September 1, 2013, are eligible to apply for a credit or refund of the tax paid at the time of the sale.

A credit or refund of sales tax paid on such qualifying purchases may be claimed by filing [Form AU-11](#), *Application for Credit or Refund of Sales or Use Tax*. [Form AU-11](#) may be submitted electronically. The applicant must be able to prove that he or she paid the tax to the seller, such as by submitting a receipt showing the date of purchase, the amount paid, and the amount of tax collected by the seller. A claim must generally be filed within three years after the date when the tax was required to be paid to the Tax Department. Where [Form AU-11](#) has been filed and a credit has been claimed by a person required to file sales tax returns, the applicant may take such credit on the return that is due coincident with or immediately subsequent to the time that the applicant filed the application for credit.

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