

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

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Sales Tax
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Sales Tax Application To Hotel And Motel Telephone Charges

Reproduced below is a recent letter from Commissioner Tully pertaining to the above subject:

"You have requested a clarification of Sales Tax Regulation 527.9 which has been under review by the Law Bureau.

Section 1105(b) of the Tax Law imposes a tax on "The receipts from every sale, other than sales for resale, of gas, electricity, refrigeration and steam service of whatever nature, and from every sale, other than sales for resale, of telephony and telegraphy and telephone and telegraph service of whatever nature except interstate and international telephony and telegraphy and telephone and telegraph service."

Section 1105(b) imposes a tax on the sale of telephone service and also provides for an exclusion for the resale of such service.

Accordingly, a hotel or motel must collect the sales tax on the sale of telephone service and may claim a credit or refund for the tax paid to the telephone company on that portion of the service which has been furnished to the guests."

The following, therefore, is the taxable status of telephone charges made by hotels and motels:

Local Calls: Charges for local calls and any additional service charges made by a hotel or motel to an occupant are subject to appropriate tax. Tax paid by the hotel or motel to the telephone company may be claimed as a credit or refund on that portion of the telephone service which has been resold to guests. However, the hotel or motel may not claim any credit or refund for tax paid to the telephone company on charges made to them for the use of telephone equipment and facilities.

Intrastate Calls: Charges for intrastate calls and any additional service charges made by a hotel or motel to an occupant are subject to appropriate tax. Tax paid by the hotel or motel to the telephone company may be claimed as a credit or refund on that portion of the telephone service which has been resold to guests. Accordingly, if the charge for the intrastate call billed to the occupant is the same amount charged by the telephone company for the intrastate call, the tax to the occupant will be equal to the tax charged by the telephone company to the hotel or motel.

Interstate and International Calls: Charges for interstate and international calls are specifically exempted from tax pursuant to section 1105(b) of the Tax Law. Accordingly, charges made to an occupant, by a hotel or motel, for interstate and international calls, including any additional service charge, are not subject to New York State and local tax.