

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

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Sales Tax
December 1, 1995

Repeal of New York City's Sales Tax on Interior Decorating and Design Services

The local sales and use taxes imposed by the city of New York on interior decorating and design services have been repealed. As a result, effective December 1, 1995, interior decorating and design services delivered in New York City are subject to tax at the rate of 4¼% (the 4% state tax and the ¼% Metropolitan Commuter Transportation District [MCTD] tax). When these services are delivered in New York City, vendors must collect tax at the 4¼ % rate. The lower rate of tax applies even if the services are performed under a prior contract and even though work may have begun before December 1, 1995.

Receipts from the sale of these services delivered in New York City must still be reported on *Quarterly Schedule N*, under *Part II- Selected Services*, in the space provided for the New York City decorating and design services. New York City includes Bronx, Kings (Brooklyn), New York (Manhattan), Queens and Richmond (Staten Island) counties.

Elsewhere in the state, these services continue to be subject to tax at the combined state and local tax rate in effect in the taxing jurisdiction where delivered.

Example: After December 1, 1995, an interior design firm performs taxable services for three unrelated clients, one located in New York City, one located in Niagara Falls, New York, and one located in Buffalo, New York. The design services are rendered at the clients' locations. The client in Niagara Falls must be billed sales tax at the rate of 7% (4% New York State and 3% Niagara County), and the client located in Buffalo must be billed sales tax at the rate of 8% (4% New York State and 4% Erie County). However, the client located in New York City must be billed at the rate of 4¼%.

Tangible personal property may be sold and additional services may be provided in conjunction with the provision of interior decorating and design services. These include, but are not limited to:

- sale of tangible personal property, such as the purchase and resale of interior furnishings and fixtures;
- installation of tangible personal property, such as the placement, arrangement or rearrangement of interior furnishings and decorations;
- repair, maintenance or servicing of tangible personal property, such as refinishing, refurbishing or reupholstering interior furnishings;
- repair, maintenance, or servicing of real property, such as painting and wallpapering of preexisting interior spaces

When interior decorating and design services are sold in conjunction with other taxable services or property, the charge for the decorating and design services delivered in New York City must be separately stated on any bill given to the customer. If the charges are not separately stated, the entire charge, including the charge for interior decorating and design services will be subject to the total combined state and local tax in New York City (8¼%).

Interior decorating services that are performed in conjunction with the sale of tangible personal property by the decorator to the customer will be subject to tax if the tangible personal property associated with the decorating service is transferred or delivered to the customer, or the customer's agent or designee, in New York State. In New York City, the portion of the bill that constitutes the sale of tangible personal property is subject to the combined state and local (8¼%) sales and use tax rate. If the interior decorating and design services are separately contracted for and separately itemized on the bill or invoice given to the customer, the charges for the interior decorating and design services are only subject to the New York State (4¼ %) tax, not the local New York City tax.

For forms or publications, you may call toll-free (from New York State only) 1 800 462-8100. From areas outside New York State, call (518) 438-1073.

For information, call the Business Tax Information Center at 1 (800) 972-1233. The call is toll-free from anywhere in the U.S. (Including Alaska and Hawaii) and Canada. You can also call toll-free (from New York State only) 1 800 CALL TAX (1 800 2255829). From areas outside New York State, call (518) 438-8581.

Telephone assistance is available from 8:30 a.m. to 4:25 p.m., Monday through Friday.

Hotline for the Hearing and Speech Impaired - If you have a hearing or speech impairment and have access to Telecommunications Device for the Deaf (TDD), you can get answers to your New York State tax questions by dialing toll free (from the continental U.S.) 1 800 634-2110. Hours of operation are from 8:30 a.m. to 4:15 p.m., Monday through Friday. If you do not own a TDD, check with independent living centers or community action programs to find out where machines are available for public use.

If you need to write, address your letter to:

**New York State Tax Department
Taxpayer Assistance Bureau
W.A. Harriman Campus
Albany, New York 12227**