

Change In the New York City Parking Tax Exemption for Manhattan Residents

Effective December 1, 1996, New York City extended the exemption from the 8% additional parking tax to include qualified residents of New York County (Manhattan) who purchase parking for their leased motor vehicles. Before December 1, 1996, in addition to other limitations, the exemption applied only to motor vehicles that were owned by an individual resident of Manhattan purchasing the parking services. On and after December 1, 1996, the exemption will also apply to motor vehicles leased by a qualifying Manhattan resident. (Note: The use of the term "parking" in this memorandum refers to the services of parking, garaging or storing a motor vehicle.)

Within Manhattan, the total tax imposed on parking is 18¼% (4¼% New York State sales tax, 6% New York City sales tax, 8% New York City additional parking tax). However, an individual resident of Manhattan who purchases parking within Manhattan is eligible for exemption from the 8% additional parking tax provided:

- the individual's primary residence is in Manhattan;
- the individual is the owner of the motor vehicle for which the parking services are being purchased, or in the case of a leased vehicle, the individual must be leasing, for a term of one year or more, the motor vehicle for which parking services are being purchased;
- the motor vehicle is registered with the New York State Department of Motor Vehicles in accordance with the provisions of the Vehicle and Traffic Law;
- the motor vehicle, if owned by the individual resident, is registered at the Manhattan address that is the individual's primary residence;
- the motor vehicle, if leased, is leased to the individual at the Manhattan address that is the individual's primary residence; and
- the vehicle is not used in carrying on a trade, business or other commercial activity.

The exemption from the 8% additional parking tax only applies to parking services purchased by a qualified resident of Manhattan who purchases and pays for parking services for a term of one month or longer at the principal parking facility for the motor vehicle. The exemption is effective September 1, 1985 for individual residents who purchase parking for a vehicle owned by the resident, and December 1, 1996 for individual residents who purchase parking for a vehicle leased by the resident.

Those Manhattan residents who are eligible for the exemption are subject to a sales tax of 10¼% on parking purchased at their principal parking facility. All others, including individual nonresidents of Manhattan, and individual residents who purchase parking at a facility other than their principal parking facility, are required to pay the full 18¼% sales tax on parking, garaging or storage services within Manhattan.

Any individual who qualifies for the exemption from the 8% additional parking tax may request an *Application for Manhattan Resident Parking Tax Exemption* from the Parking Tax Exemption

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Section of the New York City Department of Finance by writing or calling:

New York City Department of Finance
Parking Tax Exemption Section
25 Elm Place - 3rd Floor
Brooklyn, New York 11201
(718) 935-6079 or 935-6080

Completed applications must be received by the Parking Tax Exemption Section before the 15th of the month for which the exemption is requested. Upon approval, the applicant will be issued an exemption certificate. The certificate is effective on the first day of the month for which it is issued and remains valid through the following August 31st. The certificate may be honored only by the parking facility designated on the certificate. The certificate is valid only for the vehicle identified on the certificate. The certificate should be given to the parking facility before payment is made for parking services. Payments made before the certificate is presented to the parking facility are not exempt from the 8% additional parking tax.

For these purposes, an "individual resident" is a natural person who maintains a permanent place of abode in Manhattan which is the person's primary residence. The term does not include partnerships, corporations or other business entities.

A "primary residence" is the permanent place of residence where the individual resides or intends to reside for more than 183 days in the 12 months following the date the individual applies for exemption from the 8% additional parking tax.

The term "motor vehicle" means a motor vehicle which is registered under the Vehicle and Traffic Law by an individual resident at a Manhattan address which is the permanent place of abode of the individual resident, or a vehicle which is registered under the Vehicle and Traffic Law and leased to an individual resident at a Manhattan address which is the individual's permanent place of abode.

A "principal parking facility" is a facility where the motor vehicle is parked, garaged or stored the majority of the time when it is not in use.

The term "lease for a term of one year or more" does not include any lease where the term is less than one year, regardless of the fact that the cumulative period for which the lease may be in effect is one year or more as the result of the right to exercise an option to renew or other like provision.

The total sales tax imposed on parking, garaging or storage services within New York City, outside Manhattan, is 10¼% (4¼% New York State, 6% New York City). This 10¼% rate is to be charged on parking in Brooklyn (Kings County), the Bronx (Bronx County), Queens (Queens County) and Staten Island (Richmond County). The 10¼% rate is applicable to services rendered to both residents and nonresidents of these counties.