

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

TSB-M-98(2)S
Sales Tax
March 3, 1998

TAXABLE STATUS
OF
INSTALLATION OF RAISED FLOORING

The Department of Taxation and Finance is instituting a change in policy regarding the application of state and local sales and compensating use taxes to the installation of raised flooring.

Generally, any installation of raised flooring performed under a contract entered into on or after June 1, 1998, will be treated, for sales and compensating use tax purposes, as being a capital improvement. For situations involving the installation of raised flooring in leased premises, please refer to TSB-M-83(17)S, *Taxable Status of Leasehold Improvements For or by Tenants*. The general principals set forth in that TSB-M will also apply to the installation of raised flooring by or on behalf of a tenant.

Raised flooring, which consists of panels installed above an existing floor, is often used in computer facilities to provide access for electrical wiring and other services for computers. Installations of raised flooring are also made at other types of locations, such as bank or brokerage house "trading floor" facilities. Raised flooring is typically installed directly over structural concrete, and is supported by steel pedestals which are attached to the existing floor. It is common that after the installation of raised flooring, the resulting floor level is even with door thresholds, corridors, and elevators in the building.

Please note that TSB-M-82(30)S, *Taxable Status of Raised Flooring*, is superseded by this TSB-M effective June 1, 1998. However, the policy set forth in TSB-M-82(30)S will remain in effect for any installation of raised flooring performed under a contract entered into before June 1, 1998.