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## **Parking Services in New York City**

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### **Introduction**

Sales tax is imposed on the services of parking, garaging, or storing motor vehicles in a garage, parking lot, or other place of business that provides these services (but not if the garage is part of a private one-or two-family residence). This bulletin will explain how sales tax applies to these services when sold in New York City and also the special recordkeeping requirements that apply to parking garage operators in the borough of Manhattan.

See also Tax Bulletin [Parking, Garaging, and Storing Motor Vehicles \(TB-ST-677\)](#) for additional information.

### **Sales taxes on parking services in New York City**

The services of parking, garaging and storing motor vehicles within New York City are subject to the 4% state tax, the 6% New York City local tax, and the  $\frac{3}{8}$ % Metropolitan Commuter Transportation District (MCTD) tax (for a combined state and local rate of 10 $\frac{3}{8}$ %).

The borough of Manhattan has an additional 8% parking tax that applies unless the purchaser is a certified exempt resident (for a combined state and local rate of 18 $\frac{3}{8}$ %). Eligibility rules and the application to apply for the exemption from the additional 8% parking tax can be found at [www.nyc.gov](http://www.nyc.gov).

### **Special recordkeeping requirements in Manhattan**

Parking garage operators in Manhattan have special recordkeeping and enforcement provisions related to parking to ensure compliance with state and local sales taxes on parking services.

Each parking facility operator in Manhattan is required to furnish a ticket or other documentation to each purchaser of parking services, except as described below.

The parking facility operator must keep the original ticket or a true copy of it. Each ticket issued must indicate the parking facility operator's name and the address of the parking facility. The ticket must also indicate the date and time of entry of the purchaser's motor vehicle, and the date and time of exit, unless:

- the purchaser is charged a flat fee for the service based on time elapsed;
- the price indicated on the ticket is specified as a flat fee; and
- it is not the facility operator's practice to stamp the date and time on flat-fee tickets when the purchaser pays for the parking.

Tickets issued by a parking facility operator must be:

- consecutively numbered, or
- issued by a computer in a manner approved by the Tax Department.

The parking facility operator must submit the proposed numbering scheme or the computer issuance procedure to the Tax Department at least 20 days prior to its use. A parking facility operator does not have to get prior approval if the operator:

- uses only one form and type of ticket at a facility, and
- the consecutive numbers of the tickets do not repeat for that facility in a calendar year.

If a ticket is issued to a purchaser that allows parking for a period of a month or more, the ticket must indicate either the purchaser's name and signature, or the identification number assigned to the purchaser by the parking facility operator.

However, persons who sell parking services on a monthly or longer-term basis, and who issue a computer access card or a prenumbered decal or tag to a purchaser of the services, are not required to give a ticket to the purchaser or to keep copies of the ticket.

For monthly or longer-term services, the parking facility operator must keep a list of the name, address, and signature of each purchaser of monthly or longer-term parking services, the valid period of the services, and the number of authorized vehicles entitled to the services.

All persons required to collect tax on parking services in New York City (including parking facility operators in Manhattan) must report information regarding the location of each facility in New York City, as well as additional information for each facility located in Manhattan, when filing their sales and use tax returns. They must report the:

- total weekday receipts for each month;
- total weekend receipts for each month;
- total monthly receipts for nonresident parking purchased on a monthly (or longer-term) basis for each month;
- total monthly receipts for Manhattan resident parking for each month; and
- quarterly or annual totals for each of the above categories.

### **Exemption from special recordkeeping requirements**

A Manhattan parking facility operator may apply to the department for an exemption from some or all of the additional recordkeeping requirements if the facility operator demonstrates that:

- the facility operator has limited annual liability (under \$25,000 in annual sales and use tax in any twelve-month period); and
- the rules create undue hardship for the operator.

The department will specify the period of time that an exemption is granted, and the exemption may be terminated or modified if:

- annual sales and use tax reaches or exceeds \$25,000 in any twelve month period;
- information provided to the department prior to the exemption was inaccurate or incomplete;
- the department believes that collection of any liability for tax, penalty or interest due from the parking facility operator is in jeopardy; or
- the department finds that the financial condition of the parking facility operator that has been granted an exemption has significantly changed.

### **Parking facility walkabout rules**

An authorized employee of the Tax Department has the right to conduct a walkabout observation of a parking facility in Manhattan in a manner that does not unreasonably interfere with the operation of the parking facility or the parking facility operator. The

person conducting the walkabout is not required to give advance notice of his or her intent to enter the premises for the purpose of conducting the walkabout.

Walkabouts are subject to the following rules:

- The walkabout must be conducted during the hours the facility is open for business, unless the facility operator or employee gives permission to the person conducting the walkabout to enter or remain at the facility at other times.
- The person conducting the walkabout must announce their presence at the time they arrive at the facility.
- The person conducting the walkabout must present valid identification to the parking facility operator.

During the walkabout, the employee of the Tax Department may:

- enter and walk about that portion of the parking facility where any parking service is provided;
- record the make, model, and license plate number of any vehicle parked, entering, exiting, or being operated in the facility, and the length of time such vehicle is at the facility;
- determine the true capacity of the parking facility; and
- observe and record the series of tickets issued, as well as those found on the vehicles in the facility, their beginning and ending numbers, and other information found on the ticket during the observation.

If the parking facility operator fails to keep and make records available or does not cooperate with the authorized employee conducting the walkabout, the department may estimate the amount of tax due.

## Penalties

In addition to other civil and criminal penalties, parking facility operators may also be subject to the following:

- Failure to keep any of the additional records required will subject the operator to a penalty of up to \$500 per month or part of a month.
- An additional penalty may be imposed on any parking facility operator who fails to consent to a walkabout or who interferes with the conduct of the walkabout. The penalty for failure to consent or for interference is an amount of up to \$500 for the first day of such failure to consent or interference, and up to \$1,000 for each subsequent day of noncompliance. The total of these amounts may not exceed \$10,000.
- Any parking facility operator who willfully fails to include all of the information required on the ticket or other documentation will be guilty of a misdemeanor.

See also Tax Bulletin [Sales and Use Tax Penalties \(TB-ST-805\)](#).

**Note:** A Tax Bulletin is an informational document designed to provide general guidance in simplified language on a topic of interest to taxpayers. It is accurate as of the date issued. However, taxpayers should be aware that subsequent changes in the Tax Law or its interpretation may affect the accuracy of a Tax Bulletin. The information provided in this document does not cover every situation and is not intended to replace the law or change its meaning.

**References and other useful information**

**Tax Law:** Sections 1105(c)(6), 1142-A, 1210(a), 1212-A

**Regulations:** Part 538

**Bulletins:**

[\*Parking, Garaging, and Storing Motor Vehicles \(TB-ST-677\)\*](#)

[\*Recordkeeping Requirements for Sales Tax Vendors \(TB-ST-770\)\*](#)

[\*Sales and Use Tax Penalties \(TB-ST-805\)\*](#)