



Sales Tax Credits

Introduction

If you are registered for sales tax purposes, you can claim a credit for sales tax you overpaid, paid by mistake, or collected but then repaid to your customers. You can then apply the credit to reduce the tax you owe on your sales tax return. This bulletin explains what you need to know when applying for a sales tax credit.

If you prefer, you may apply for a refund of the sales tax instead of claiming a credit. Information on applying for a sales tax refund can be found in Tax Bulletin [How to Apply for a Refund of Sales and Use Tax \(TB-ST-350\)](#).

The following credits are not discussed in this bulletin. Use the links provided for additional information about these credits.

- Vendor collection credit. See Tax Bulletin [Vendor Collection Credit \(TB-ST-925\)](#).
- Reciprocal tax credits. See Tax Bulletin [Reciprocal Credit for Sales or Use Taxes Paid to Other Taxing Jurisdictions \(TB-ST-765\)](#).
- Credits for contractors or repairmen. See [Contractors - Sales Tax Credits \(TB-ST-130\)](#).
- QEZE credits. See [TSB-M-09\(12\)S, Changes to Qualified Empire Zone Enterprise \(QEZE\) Program \(Articles 28 and 29\) - Effective September 1, 2009, Form AU-12, Application for Credit or Refund of Sales or Use Tax - Qualified Empire Zone Enterprise \(QEZE\)](#), and [Schedule W, Report of Purchases Eligible for Credit by a Qualified Empire Zone Enterprise \(QEZE\)](#).

How to apply for a sales tax credit

In general, you may use Web File to claim a credit on your sales tax return. See [Claiming a credit on your sales tax web file return](#). Some examples of when you may claim a credit are:

- You gave a customer a credit or refund of sales tax collected on an item or service because the customer returned the item or did not use the service, and you remitted the tax to the Tax Department with a prior return.
- You gave a customer a credit or refund for sales tax collected because the customer gave you an exemption certificate after you remitted the tax with your return.
- You purchased some items and paid tax to the seller, and later you sold the items and collected tax on them.
- You made an overpayment on a prior return. Web File will show you the amount of overpayment available from your previous returns.

Once you have determined that you are entitled to claim a credit, you may apply the credit to reduce the tax you owe on your sales tax return.

Documentation required

Depending on the nature of the credits claimed you may need to attach documents to prove your claim. If your documents are voluminous, you may submit a summary in table form or a schedule. The Tax Department may ask for additional information or documentation as needed. See [Documenting your credits](#) for more information.

Some examples of these documents include:

- copies of the receipts or invoices showing the credit issued with the amount of the sales tax that was returned to the customer after you remitted the tax to the Tax Department;
- copies of exemption certificates received after you already collected and remitted the tax;
- copies of the original invoices showing the amount of the sales, the sales tax collected, the customer name and address; or
- copies of invoices showing you paid tax to a supplier, if you paid tax on an item that is eligible for a credit or exemption.

The information required will vary by both the nature of the credit and the way you keep your books and records. See [Documenting your credit - examples](#) for additional information.

Special circumstances

If you cannot assign credits to a specific jurisdiction, you cannot claim the credit on your Web File or paper return. Apply for a refund using [Form AU-11](#), *Application for Credit or Refund of Sales or Use Tax*, and provide documentation that will allow us to determine the correct jurisdiction.

If the person signing [Form AU-11](#) is not the owner, partner, or an officer of the business listed as the claimant, you must also file [Form POA-1](#), *Power of Attorney*. The Power of Attorney authorizes the person to act on the claimant's behalf and to receive information about the credit application.

Where to file a claim for credit

You should claim your sales tax credit on your return and file your return as you normally would, either using Web File or by mail. [Form AU-11](#) and, if required, [Form POA-1](#) can be filed online.

If you file a paper return, [Form AU-11](#) (including [Form POA-1](#), if required) along with required documentation, should be mailed to:

NYS TAX DEPARTMENT
TDAB - SALES TAX REFUNDS
W A HARRIMAN CAMPUS
ALBANY, NY 12227

Note that the mailing address for [Form AU-11](#) is different from the mailing address for your paper sales tax return. You must send [Form AU-11](#) (including [Form POA-1](#), if required) to the above address for your credit to be processed in a timely manner.

Deadline for filing

You must claim your credit within three years from the date the sales tax return was due, or two years from the date the tax was paid to the Tax Department, whichever is later. For sales tax, the quarterly reporting periods end the last day of February, May, August, and November, and the annual reporting period ends the last day of February.

Field audit

If you apply for a credit and the Tax Department is currently conducting a sales tax field audit review of your business's books and records, the review of your application for credit may be included in the field audit.

Adjustments and denials

If, after review, the amount of credit is either reduced or denied in full, we will send you a notification followed by a formal bill. Your bill will give you instructions on how you may pay the amount due or file a formal protest.

Contact us

If it has been more than ten weeks since you filed [Form AU-11](#) to claim a credit and you would like to check on the status of your application, you may call us weekdays from 8:00 A.M. to 5:00 P.M. at (518) 591-3100.

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 1119 and 1139

Regulations: Part 534

Publications: [Publication 862](#), *Sales and Use Tax Classifications of Capital Improvements and Repairs to Real Property*

Memoranda: [TSB-M-09\(12\)S](#), *Changes to Qualified Empire Zone Enterprise (QEZE) Program (Articles 28 and 29) - Effective September 1, 2009*

Bulletins:

[Contractors-Sales Tax Credits \(TB-ST-130\)](#)

[Exemption Certificates for Sales Tax \(TB-ST-240\)](#)

[How to Apply for a Refund of Sales and Use Tax \(TB-ST-350\)](#)

[Reciprocal Credit for Sales or Use Taxes Paid to Other Taxing Jurisdictions \(TB-ST-765\)](#)

[Vendor Collection Credit \(TB-ST-925\)](#)