



Parking, Garaging, and Storing Motor Vehicles

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.

Definitions

Parking is providing space for the temporary storage of a motor vehicle. The customer's space may be inside or outside a building or structure. The facility where the space is provided may or may not be staffed by an attendant. The customer's space may or may not be specifically designated, and the customer generally has the right to remove the vehicle at any time. The customer pays a fee for the parking service, which may be computed at an hourly, daily, weekly, monthly, or other rate.

Garaging is similar to parking except that the place or space to store a customer's vehicle is generally within a structure. The facility may assign the customer to a particular area, such as a space, stall, or garage, and the customer may have some control over the space (for example, a locked door or secure entrance).

Storing is like parking and garaging except that it is usually provided for vehicles that the customer will not use for extended periods of time. Also, the customer may not have free and unlimited access to the vehicle.

Taxable services

Examples of vendors engaged in providing taxable parking services include:

- public parking garages and lots;
- airports, train stations, etc., that charge for parking;
- a hotel that charges guests for parking in its garage;
- owners or operators of sports stadiums, ski centers, civic centers, beaches, racetracks, amusement parks, concert grounds, and similar places;
- hospitals that charge visitors, employees, or patients for parking;
- a business that charges its employees for parking;
- landlords who charge tenants for parking;
- a state agency selling permits that allow state residents unlimited parking at any of the state parks;
- a school that charges for parking during athletic events;
- a person at a private residence who charges for parking on a lawn during the week of a county fair; and
- marinas that charge for parking motor vehicles (other than docking charges for boats).

Registration for sales tax

Any individual, business, exempt organization, or governmental entity that makes taxable sales of parking services must be registered for sales tax purposes.

For information on sales tax registration, see Tax Bulletin [How to Register for New York State Sales Tax \(TB-ST-360\)](#).

Exempt organizations

Purchases of parking services

Tax exempt organizations are not required to pay sales tax on their purchases of parking, garaging, or storage services.

Organizations that have received Form ST-119, *Exempt Organization Certificate*, may purchase these services exempt from tax by providing the vendor with a properly completed Form ST-119.1, *Exempt Organization Exempt Purchase Certificate*.

Example: A charitable organization holds its annual dinner meeting at a downtown hotel. The hotel has its own parking facility and it charges for parking. The hotel issues one bill to the organization for all the charges associated with the dinner meeting, such as use of a banquet room, food and drink consumed, and parking. The hotel is not required to add sales tax to the bill if the organization presents the hotel with a properly completed Form ST-119.1.

However, if the persons attending the meeting pay directly for their own parking, the hotel must charge sales tax on its charges for parking, even if the organization provides the hotel with Form ST-119.1.

Sales of parking services

An exempt organization that sells parking services must collect sales tax on its charges for parking, garaging, and storing motor vehicles. Since these organizations are required to collect sales tax on their sales of parking services, they are sales tax vendors and must register with the Tax Department and obtain a *Certificate of Authority*.

Example: A hospital that is an exempt organization charges visitors for parking in its garage. The hospital's sales of parking are subject to sales tax, and the hospital must register with the Tax Department and obtain a Certificate of Authority.

For more information about purchases and sales made by exempt organizations, see [Publication 843, A Guide to Sales Tax in New York State for Exempt Organizations](#).

Governmental entities

Purchases of parking services

Governmental entities may provide the vendor with a governmental purchase order or government contract to make purchases exempt from tax.

Employees of New York State governmental entities performing their official duties may also make tax-exempt purchases by presenting vendors with a properly completed Form AC-946, *Tax Exemption Certificate*.

Sales of parking services

Generally, charges for parking provided at facilities owned and operated by the state of New York and its departments, agencies, etc., are subject to sales tax and entities

making such sales are required to collect sales tax and must register with the Tax Department and obtain a *Certificate of Authority*.

However, charges for parking at facilities owned and operated by the following municipal entities are exempt from the combined state and local sales taxes, **except for** the additional 8% parking tax in Manhattan (see below):

- *municipal corporations* (counties, cities, towns, villages, and school districts) or any agency or instrumentality thereof;
- *district corporations* (e.g., fire districts, water districts) or any agency or instrumentality thereof; and
- *public benefit corporations* (other than public benefit corporations that have been created by interstate compact or public benefit corporations at least half of whose members are appointed by the Governor).

Additionally, charges for parking in facilities that are owned and operated by New York City are similarly exempt from sales tax. This includes facilities owned and operated by:

- any *agency or instrumentality* of New York City; and
- a *public corporation* more than one half of whose members are appointed by the Mayor of New York City, the New York City Council, or both.

Again, this exemption **does not apply** to the additional 8% sales tax on parking services imposed in Manhattan.

Charges for parking at facilities owned and operated by any of the entities described above are exempt from:

- the $\frac{3}{8}$ % MCTD tax;
- the 4% state tax and all local (city and county) taxes imposed outside the city of New York; and
- the $10\frac{3}{8}$ % combined state, New York City, and MCTD tax imposed on parking services in the city of New York.

Parking services in New York City

Parking, garaging and storing of motor vehicles within the City of New York 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.

Also, parking in Manhattan is subject to an additional 8% parking tax unless the purchaser is a certified exempt resident. Eligibility rules and the application to apply for the exemption from the additional 8% parking tax can be found at www.nyc.gov.

See Tax Bulletin [Parking Services in New York City \(TB-ST-679\)](#) for additional information.

Homeowners associations

Charges paid by members of a homeowner's association to the association for parking, or charges paid by members of a homeowner's association to a person leasing the parking facility from the homeowner's association, are not subject to tax.

A *homeowner's association* is an association whose membership is comprised exclusively of owners or residents of residential dwelling units (such as houses, condominiums, and cooperatives), where such units are located in a defined geographical area.

For additional information, see [TSB-M-97\(12\)S](#), *Summary of Sales Tax Changes - 1997 Budget Legislation*.

Purchases for resale

[Form ST-120, Resale Certificate](#), may only be used by a vendor who is buying parking, garaging, or storage services or spaces exclusively for the purpose of reselling those services or spaces. A vendor who furnishes a properly completed resale certificate will not be required to pay sales tax on the purchase of these services, but is required to collect sales tax from its customers unless the sale is otherwise exempt.

Calculating the sales tax due

Vendors should calculate the amount of sales tax due by multiplying the parking charge by the combined state and local rate in the jurisdiction where the vehicle is parked, garaged, or stored. Sales tax must be separately stated on any receipt given to the customer, or the seller may be held liable for failing to collect tax.

If a seller does not give its customers a receipt or similar evidence of payment, the seller must conspicuously post a sign explaining that the charges include sales tax.

Example: A parking garage uses a billing system that requires the customer to obtain a punched card when his or her vehicle enters the garage. This card specifies the date and time the card was given to the customer. Before the vehicle is allowed to leave the garage, the card must be surrendered to a parking attendant, who calculates the time difference between entry and exit and collects the appropriate charge from the customer. The customer does not receive a receipt from the parking attendant.

In this case, the garage is required to post signs advertising that sales tax is included in the price. The garage must also post a sign that shows the amount of sales tax charged, as in the following example:

| | |
|--------------------|--------|
| Parking per hour*: | \$5.00 |
| *Parking: | \$4.63 |
| Sales tax (8%): | .37 |

Nontaxable leases of real property

Payments made under a lease or rental agreement that includes parking, garaging, or storing of motor vehicles, where the agreement constitutes a lease of real property, are not subject to sales tax.

A transaction will be treated as a nontaxable lease of real property if there is a written agreement between the parties that meets **all** of the following conditions:

- The lessee has the exclusive right to occupy either the entire premises of the lessor, or a fixed and specific area.
- The lessor gives up the right to enter the leased premises except to perform activities normally required of a landlord, such as collecting rent and making repairs.
- The lessee, its employees, or agents have an unlimited right to enter the property during normal business hours.
- The lessee has an insurable interest in the property.

Example: An automobile dealer does not have sufficient space at its dealership to store all of its vehicles. The dealer enters into an agreement to lease an entire parking garage. The owner of the garage gives up its right to enter the garage, except to perform the normal duties of a landlord. There are no restrictions on the dealer and its employees entering the garage during normal business hours. In addition, the dealer carries liability insurance in connection with its use of the garage. This transaction is a nontaxable lease of real property.

The lease of real property (including a parking lot) for purposes other than for parking, garaging, or storing motor vehicles is not subject to sales tax.

Example: The owner of a small shopping plaza rents spaces in a section of its parking lot on weekends to vendors who use the space to display goods for sale (weekend flea markets). The shopping plaza owner is not selling parking services and is not required to collect sales tax on the rent.

For more information about when an agreement constitutes a nontaxable lease or rental of real property for parking, garaging, and storing of motor vehicles, see [TSB-M-08\(14\)S](#), *Sales Tax Treatment of a Lease or Rental of Real Property for the Purpose of Parking, Garaging, or Storage of Motor Vehicles*.

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), 1107(c) and 1116(b)

Publications: [Publication 843](#), *A Guide to Sales Tax in New York State for Exempt Organizations*

Memoranda:

[TSB-M-91\(7\)S](#), *State and Local Sales Tax Imposed on Parking Fees June 1, 1990*

[TSB-M-96\(12\)S](#), *Sales of Parking by Local Municipal Facilities Exempt from Sales Tax*

[TSB-M-97\(12\)S](#), *Summary of Sales Tax Changes - 1997 Budget Legislation*

[TSB-M-08\(14\)S](#), *Sales Tax Treatment of a Lease or Rental of Real Property for the Purpose of Parking, Garaging, or Storage of Motor Vehicles*

Bulletins:

[How to Register for New York State Sales Tax \(TB-ST-360\)](#)

[Parking Services in New York City \(TB-ST-679\)](#)

[Purchases and Sales by Governmental Entities \(TB-ST-700\)](#)

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