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Luring Business Back to Lower Manhattan

New York State is continuing its effort to lure businesses back to Lower Manhattan. New York State sales tax incentives were recently extended for businesses that relocate their offices to Lower Manhattan. The exemptions were set to expire for leases that commenced on or before September 1, 2009.

New York State's Department of Taxation and Finance extends the exemptions for state and local sales and use tax for certain purchases of tangible personal property and services related to newly leased Lower Manhattan commercial office space (as opposed to ground leases) of 10 years or more commencing after September 1, 2009.

As in the original legislation, certain provisions of the tax exemptions differ based on the location of the leased premises in two specific eligible areas. The first area (Eligible Area A) consists of a broad area of Lower Manhattan below City Hall. The second area (Eligible Area B) consists of the World Trade Center site, the World Financial Center and the Battery Park City area. The exemptions for Eligible Area B are broader in scope and longer in duration than those provided for Eligible Area A.

The exemptions apply to the state and local sales and use taxes imposed in New York City, including the additional tax

imposed by the state within the Metropolitan Commuter Transportation District (MCTD), or 8.875%.

To make a purchase of tangible personal property or installation service exempt from sales and use taxes, the tenant or landlord must issue a completed Form ST-121, Exempt Use Certificate, using Part III, Box T, to the vendor at the time of purchase. For purposes of these exemptions, tenants or landlords who are not otherwise required to be registered for sales tax purposes and therefore do not have a Certificate of Authority are not required to list a Certificate of Authority number on Form ST-121.

To be granted this exemption, contractors making qualifying purchases of tangible personal property or installation service must submit to the vendor a properly completed Form ST-120.1 Contractor's Exempt Purchase Certificate.

If you would like more information pertaining to the type of property and installation service exempt from sales and use tax and the procedures to follow, please contact Senior Tax Manager Sidney W. Leibowitz at (631) 719-3265, SLeibowitz@hrrllp.com. **h**



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