

January 2005

RE: NYS Personal Tax Return Sales Tax Requirements

To our Individual Income Tax Clients who will file a 2004 NYS Resident or Part Year Resident Income Tax Return:

As a result of prior New York State Income Tax Legislation, NYS taxpayers must report and pay with their NYS income tax returns any New York State and Local sales tax that should have been paid on purchases during the year.

This is not a new tax. NYS has always required its residents to pay sales tax that was not computed at the time the item was bought.

You would owe tax if you purchased property or a service that was delivered to you in NYS without payment of sales tax. This generally happens when you purchase through the internet, by catalog or from television shopping channels.

You would also owe tax if you purchased an item outside of your state and/or local jurisdiction and paid no tax or less tax than is charged in the jurisdiction you live in and brought this item into New York.

The sales tax that is due to New York is the total of three different components.

- 1- **Tax due on non-business items each costing less than \$1,000.** For this part of the tax NY has made available a chart based on your Federal Adjusted Gross Income. The tax goes from \$6 up to a maximum \$200 for gross income in excess of \$200,000. Alternatively you can calculate the tax on each item you purchased which is subject to the additional tax.
- 2- **Tax due on non-business related items costing \$1,000 or more.** For each of these items you must calculate the additional tax you owe to NY. You would calculate the tax due as if you purchased the item at the rate charged in your locality and subtract the tax you actually paid.
- 3- **Tax due on business (Schedule C or E) related purchases.** This must be calculated on each item subject to the additional tax.

In order to have your 2004 New York State tax return prepared properly you must supply us with the NYS sales tax amount to be entered on line 56 of the tax return. Please complete the other side of this letter and return it to our office with your income tax information or fax to 914-428-7903.

Thank you for your prompt attention to the enclosed.

Very truly yours,

Eisman, Zucker, Klein & Ruttenberg, LLP

January 2005

To: Eisman, Zucker, Klein & Ruttenberg, LLP

From: _____
Please print your name.

Instructions for completing items below:

For # 1 below, please select:

- a. by initialing **or**
- b. by entering an amount, even if it is zero.

For # 2 & 3 below, please enter an amount, even if it is zero.

Please report the following Sales and Use tax on my 2004 NYS Income Tax Return:

1. Tax due on non-business-related items or services costing less than \$1,000 each:

- a. Use NYS sales & use tax chart based upon federal adjusted gross income. _____ (initial)

or

- b. \$_____.

2. Tax due on non-business-related items or services costing \$1,000 or more each \$_____.

3. Tax due on business related items \$_____.

Please use the above information to prepare my NYS Income Tax Return.

Taxpayer Signature

Date