



FIRST CORPORATE SEDANS

June 5, 2009

Dear Client,

This is to inform you of the **Sales Tax** imposed on certain transportation services by the New York State Department of Taxation and Finance via Sales Tax Memo TSB-M-09(7)S dated May 22, 2009, **effective June 1, 2009**.

Please note the following sections in the supplemental sales tax memo TSB-M-09(7)S:

As per the section "Transportation services subject to tax:"

Transportation service is the service of transporting, carrying, or conveying a person or persons by livery service and includes transporting, carrying, or conveying property of the person being transported, whether owned by or in the care of such person. Thus, transportation service does not include transporting property by itself. Livery service means service provided by limousine, black car, or other motor vehicle (e.g., community cars or vans), with a driver.

As per the section "Receipt subject to tax:"

The receipt subject to tax includes any amount the service provider charges the customer for the transportation service. The charge to the customer may be based on mileage, trip, time consumed, or any other basis. Any handling, carrying, baggage, booking service, administrative, mark-up, additional, or other charge, of any nature, made in conjunction with the transportation service is also part of the receipt subject to tax. For example, the following charges are included in the receipt subject to sales tax: service charge, decoration charge, fuel surcharge, meet and greet service charge, no-show charge, overnight charge, telephone service charge (whether intrastate or interstate), waiting service charge, and parking fees and tolls incurred by the service provider and passed along to the customer. However, the black car operators' injury compensation fund surcharge imposed on the passenger that black car operators are required by law to collect from the passenger are not part of the receipt subject to tax.

As per the section "Only intrastate services are subject to tax:"

Receipts from the sale of a transportation service are subject to sales tax only if the service begins and ends in New York State (intrastate service). If the service begins and ends in New York, it is taxable even if it passes outside the state during a portion of the trip. A charge for transportation service made outside the state is taxable so long as the service begins and ends in New York State. Transportation services that begin or end outside the state (interstate service) are not subject to tax. If a round-trip service starts in New York and proceeds to a destination in another state, and then later the return leg of the round-trip service ends up back in New York, a single charge for that round-trip service would not be taxable, since the trip was interstate in nature.

As per the section "Which local tax applies:"

When a transportation service begins in one jurisdiction (county or city) in New York State but ends in another jurisdiction in New York State, the local tax that applies is the tax imposed by the jurisdiction where the service begins (in some counties, cities also impose tax and if the service begins in that city, then the local tax is the combined county and city tax). The service begins at the point where the passenger is picked up.

As per the section "Gratuities:"

A mandatory charge for gratuities is taxable unless all of the following conditions are met: (1) the gratuity charge is separately stated on the bill, invoice, or other statement given to the customer, (2) the charge is specifically designated as a gratuity, and (3) the service provider pays the entire amount of the charge to the driver. If a passenger gives a gratuity directly to the driver voluntarily, that is not a charge for transportation service and is not subject to sales tax.

Billing of all reservations with pickup dates on or after June 1, 2009, will reflect the NY State mandated sales tax. For all voucher accounts, the sales tax will be calculated at the time of invoicing where as for all credit card accounts, the sales tax will be calculated in the car and will be reflected on the credit card receipt.

Transportation services are exempt from sales tax when purchased by any organization exempt from sales tax under section 1116(a) of the Sales Tax Law. If your organization is exempt from sales tax, please send us the proper exemption certificate (e.g., Form ST-119.1, Exempt Organization Certification, Form DTF-950, Certificate of Sales Tax Exemption For Diplomatic Missions and Personnel Single Purchase Certificate, or Form DTF-951, Certificate of Sales Tax Exemption for Diplomatic Missions and Personnel Blanket Purchase Certificate) or other required documentation.

Our focus will continue to be on you, our customer. We welcome any feedback that you can provide as it allows us to continue the never-ending process of improving our business to serve you better.

Sincerely,

Guy Ben-Zion
President

Encl.: New York State Sales and Use Tax Rates by Jurisdiction - Publication 718
Ref: http://www.tax.state.ny.us/pdf/memos/sales/m09_7s.pdf



New York State Sales and Use Tax Rates by Jurisdiction

Effective September 1, 2008

The following list includes the state tax rate combined with any county and city sales tax currently in effect and the reporting codes used on sales tax returns.

New York City comprises five counties. These counties are also boroughs whose names are more widely known. The counties, with borough names shown in parentheses, are Bronx (Bronx), Kings (Brooklyn), New York (Manhattan), Queens (Queens), and Richmond (Staten Island).

Reporting codes, rather than ZIP codes, should be used for identifying customer location. (Postal zones usually do not coincide with political boundaries, and the use of ZIP codes for tax collection results in a high degree of inaccurate tax reporting.) Use our Sales Tax Jurisdiction and Rate Lookup Service on our Web site at www.nystax.gov to determine the correct local taxing jurisdiction, combined state and local sales tax rate, and the local jurisdictional reporting code to use when filing New York State sales tax returns.

For sales tax rates previously in effect, see Publication 718-A, *Enactment and Effective Dates of Sales and Use Tax Rates*.

County or other locality	Tax rate%	Reporting code	County or other locality	Tax rate%	Reporting code	County or other locality	Tax rate%	Reporting code
New York State — only	4	0021	Herkimer	8¼	2121	St. Lawrence	7	4091
Albany	8	0181	Jefferson	7¾	2221	Saratoga—except	7	4111
Allegany	8½	0221	*Kings (Brooklyn)—see <i>New York City</i>			Saratoga Springs (city)	7	4131
*Bronx—see <i>New York City</i>			Lewis	7¾	2321	Schenectady	8	4241
*Brooklyn—see <i>New York City</i>			Livingston	8	2411	Schoharie	8	4321
Broome	8	0321	Madison—except	8	2511	Schuyler	8	4411
Cattaraugus—except	8	0481	Oneida (city)	8	2541	Seneca	8	4511
Olean (city)	8	0441	*Manhattan—see <i>New York City</i>			*Staten Island—see <i>New York City</i>		
Salamanca (city)	8	0431	Monroe	8	2611	Steuben—except	8	4691
Cayuga—except	8	0511	Montgomery	8	2781	Corning (city)	8	4611
Auburn (city)	8	0561	*Nassau	8⅝	2811	Hornell (city)	8	4641
Chautauqua	7¾	0641	*New York (Manhattan)—see <i>New York City</i>			*Suffolk	8⅝	4711
Chemung	8	0711	*New York City	8⅝	8051	Sullivan	8	4821
Chenango—except	8	0861	Niagara	8	2911	Tioga	8	4921
Norwich (city)	8	0831	Oneida—except	8¾	3010	Tompkins—except	8	5081
Clinton	8	0921	Rome (city)	8¾	3015	Ithaca (city)	8	5021
Columbia	8	1021	Utica (city)	8¾	3018	Ulster	8	5111
Cortland	8	1131	Onondaga	8	3121	Warren—except	7	5281
Delaware	8	1221	Ontario	7⅞	3201	Glens Falls (city)	7	5211
*Dutchess	8⅞	1311	*Orange	8⅞	3321	Washington	7	5311
Erie	8¾	1451	Orleans	8	3481	Wayne	8	5421
Essex	7¾	1521	Oswego—except	8	3501	*Westchester—except	7¾	5581
Franklin	8	1621	Oswego (city)	8	3561	*Mount Vernon (city)	8¾	5521
Fulton—except	8	1791	Otsego	8	3621	*New Rochelle (city)	8¾	6861
Gloversville (city)	8	1741	*Putnam	8⅞	3731	*White Plains (city)	8⅞	6521
Johnstown (city)	8	1751	*Queens—see <i>New York City</i>			*Yonkers (city)	8¾	6511
Genesee	8	1811	Rensselaer	8	3881	Wyoming	8	5621
Greene	8	1911	*Richmond (Staten Island)—see <i>New York City</i>			Yates	8	5721
Hamilton	7	2011	*Rockland	8⅞	3921			

*Rates in these jurisdictions include ⅜% imposed for the benefit of the Metropolitan Commuter Transportation District.