

NYISO

NYS Sales Tax Presentation

**July 27, 2005 - Business Issues Committee Meeting
August 1, 2005 Management Committee Meeting**

Draft – for discussion purposes only

Certificates that Relieve NYISO from Responsibility for Sales Tax Administration

- 1. Resale Certificate
- 2. Exempt Organization Certificate
- 3. Exempt Use Certificate
- 4. Governmental Entity or Agency Documents
- 5. Direct Payment Permit

Resale Certificate Form ST-120

- If the MP is engaged in purchasing for resale, the MP must provide a Resale Certificate to NYISO. Filing with DTF is not required.

Exempt Organization Certificate Form ST-119.2

- A MP that is a qualified charitable organization under Federal Law can apply to be exempt from sales tax on purchases for its own use. A MP in this category must provide an Exempt Organization Certificate to NYISO. Once the Certificate is applied for and received from DTF, no further filings are required.

Exempt Use Certificate Form ST-121

- A MP that is purchasing for an exempt use, primarily manufacturing, must provide NYISO an Exempt Use Certificate.
- The MP using an Exempt Use Certificate, must report purchases on its sales tax returns.

Governmental Entities or Agencies

- A MP that is a governmental entity or agency purchasing for its own use, must provide a purchase order or other evidence to NYISO to substantiate the non-taxable nature of the transaction.

Direct Payment Permit Form AU-298

- A purchasing MP that meets the requirements of the Tax Law can file Form AU-298 with DTF to pay taxes directly. The Direct Payment Permit must be provided to NYISO.

Change in Status

- 1) Termination of Certificate of Authority for any reason.
- 2) Purchases are no longer being made for resale.
- 3) Revocation of Exempt Organization Certificate or loss of Federal Tax Law exemption.
- 4) Purchases are no longer for an exempt use.
- 5) Revocation of Direct Payment Permit.

Change in Status Procedure

- 1) Immediate default under Tariff and MP must report and pay appropriate Sales and Use Tax.
- 2) MP must notify NYISO immediately of status changes.
- 3) MP has ten days to cure and notify NYISO of cure.
- 4) NYISO must notify DTF of change in status (see next slide).
- 5) MP can purchase under the tariff for the ten days following the date NYISO has received notice of the change in status.
- 6) Failure to cure in ten days and provide documentary evidence to NYISO, will prohibit MP from participating in the NYISO market.

NYISO Obligation After Notice of a Change in Status

- Upon notice or learning of a MP change in status described above, the NYISO must immediately notify the DTF of the following:
 - 1) Name, address and Federal Identification Number of the MP whose status changed
 - 2) The change in status of the MP
 - 3) The change in status of any MP agent that may exist
- Subsequent to the change in status, the NYISO must keep records of the type, price, quantity, etc. of any purchases by the MP, or its agent, after the change in status.
- Such information must be furnished to the DTF in the form the Commissioner requests.

Benefit to NYISO and MPs

- This tariff should protect NYISO from DTF action to impose and collect sales tax from NYISO and/or the selling MPs.