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A Sales Tax Refund Can be Used to Pay Your Bills

The holiday season is filled with gift-buying and charges on credit cards. Some people may delay paying bills, choosing to focus on presents instead. However, it is January and those bills are staring you in the face. For those who own a business, those bills include expenses such as electricity, branding costs, and shipping and packaging supplies. New York State may offer some relief. The tax law offers several exemptions from sales tax for certain activities. Three such exemptions include a manufacturing exemption, a printed promotional materials exemption, and a packaging supplies exemption.



If you or your client missed using these exemptions and erroneously paid tax on one of the types of transactions detailed below, then New York State may OWE YOU A REFUND!

There is an exemption from sales tax for the purchase of machinery and utilities used in manufacturing. Manufacturing is the creation of a product that is substantially different in form, character, composition, and usefulness from its components. A manufacturer may purchase machinery exempt from sales tax as long as the machinery is used directly and predominantly in the manufacturing process. Predominantly means that the machinery must be used at least 51% of the time in the manufacturing process

Furthermore, the purchase of utilities such as electricity, gas, and steam used in the manufacturing process is generally exempt from sales tax. However, the electricity for factory office equipment and overhead lights is not exempt from sales.

A second little known exemption is for printed promotional material that is mailed to a customer or potential customer. When a taxpayer purchases printed promotional material, such as brochures, catalogs, and pens that are mailed to a customer or prospective customer free of charge, the purchase is not normally subject to sales tax. However, if the same brochure, catalog, or pen is physically handed to a person, the purchase is subject to sales tax. A third exemption from sales tax is the sale of packaging or wrapping material that is used to package an item for sale. A company may usually purchase cartons, containers, bags, boxes, cellophane, and so forth exempt from sales tax if it is used to package or ship items for sale.

If your company paid sales tax when it was entitled to an exemption, contact Sales Tax Defense LLC. Our firm can help your company obtain a REFUND OF THE SALES TAX PAID on items that qualify for these exemptions!

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Success Story

We do Federal Department of Labor Audits too!

A company was under audit by the U.S. Department of Labor. The purpose of the audit was to ensure that all employees are paid the appropriate wage. The company did not keep its employee time sheets and the auditor "estimated" numbers based on experience. The auditor also claimed that she spoke to employees and managers, asking them what hours they worked and how much they got paid.

Sales Tax Defense met with the auditor and her supervisor. The supervisor refused to make any substantial changes without documentation. We went through what records the company did have. We calculated hours employees worked and their pay, taking out sick days, vacation days, and days the restaurant was closed. We did our own interviews of employees and asked them to sign statements describing what hours they worked and what pay they received.

We presented our documentation to the auditor. The auditor made changes and after several discussions, Sales Tax Defense was able to reduce the findings from **\$50,000 to \$12,000, saving \$38,000!**

About Us

We are a dedicated team of tax professionals who have committed our careers to helping businesses and fellow professionals with tax problems. Since the only work we are focused on is solving tax problems, businesses never have to be concerned that we will try to sell them other services they do not need. And professionals never have to be concerned with us encroaching on their client relationships, because we view you, our fellow professional, as our client.