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Sales Tax is Ugly

The New York Times© reports that 5.4 million people received botox treatments in 2010. This is a 584% increase since 2001 when approximately 924,658 received botox treatments. While everyone in America is fighting to stay young and beautiful, New York sales and use tax is fighting against us.



New York City requires that sales tax be paid on many personal services. The following services are generally taxable in New York City at a rate of approximately 4.5%:

- Hair Services
- Hair Removal Services
- Manicures and Pedicures
- Massages
- Tanning Salons
- Tattooing or Permanent Makeup
- Weight Control Programs or Health Salons

There are also personal items taxed everywhere in New York State at a rate as high as 8.875%:

- Hair Products
- Nail Polish and Manicuring Supplies
- Lotions, Creams and Tanning Goggles
- Electronic Massagers and Massage Oils
- Cosmetics

NOW New York State will be charging sales tax on botox injections (see TSB-M-12(5)S ,) dermal fillers and similar cosmetic products being used for physical enhancements. These procedures are costly enough for consumers trying to stay young longer and keep up with society norms and now the state wants to tack on added costs to the consumer and at approximately \$200 an injection that's almost \$18 in added cost.

How much would you be willing to pay to get rid of the wrinkles on your face? Is \$200 too much? Would \$218 push you over the edge? What about the sales tax on cosmetics and hair products? Does the extra 8.875% in sales tax prevent you from feeling and looking the way you would like? Is it fair that New York City might be collecting sales tax on your gym membership, even if the doctor says it will prolong the length of your life?

Everyday society pushes us to look a certain way and most people feel they need to look a certain way to "fit in" and to have the confidence, health and happiness to live a long and fulfilled life. Is it okay for New York State to tax these items, potentially putting them out of our reach? The tax law certainly is getting uglier everyday...

[1] http://www.tax.ny.gov/pdf/memos/sales/m12_5s.pdf

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Success Story Black, White or Gray

A Company owed New York State approximately \$500,000 in tax and interest. The Company offers an Internet connection between two parties. Under the tax law the taxability of this service is not "black and white" and can be interpreted in many different ways. When first meeting with the auditor we spent many hours discussing the Company's business and explaining how the Company operated and why we felt these charges were not subject to tax.

After going back and forth several times on items specifically related to a FIX connectivity charge, the auditor and their supervisor decided the taxability of the matter was best decided by audit management in Albany. We followed up by presenting supporting research as to why this charge should be viewed as a nontaxable Internet charge rather than a taxable telephone charge.

It took about a month before the tax department ultimately decided that the FIX connectivity charges were nontaxable. Once the FIX Connectivity charges and other items were removed from the auditor's exceptions list, we reduced the assessment on the Company by almost \$470,000 in tax and interest, from the auditor's initial calculations!

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.