

Utilities Sales Tax Rates and Taxability

Welcome to Utilities Sales Tax Rates and Taxability

This bulletin provides important information about the July 2022 release of Utilities Sales Tax Rates and Taxability. Please review this bulletin carefully. If you have any questions, additional information is available on CCH [Support Online](#).

Reconfiguration of the New York NYSERDA Assessment Fee

NYSERDA Assessment Fee

Among the taxes covered in our database is the New York NYSERDA Assessment Fee. As per the governing statute which establishes this regulatory assessment:

This is imposed per NY CLS Pub Ser § 18-a: "In the case of research, development and demonstration of new energy technologies, the director of the budget may enter into contracts, subject to the availability of appropriations, with the New York state energy research and development authority for the costs of such research, development and demonstration beyond such amounts as may be available to the New York state energy research and development authority for such purposes from bonds, grants or other sources. On or before February first preceding each fiscal year, the chairman of the authority shall estimate and transmit to the chairman of the department of public service the total costs of authority research, development and demonstration projected to be authorized by contracts with the director of the budget for such fiscal year. The chairman of the department shall apportion the costs of such research, development and demonstration in accordance with the billing procedures of this section among gas corporations and electric corporations as defined in section two of this chapter. Such apportionment shall be excluded from the general assessment provided for under subdivision two of this section. The total amount which may be charged to any gas corporation and electric corporation for any state fiscal year shall be .6 cents per one thousand cubic feet for gas sold and .006 cents per kilowatt hour of electricity sold by such corporations in their intrastate utility operations the last preceding calendar year."¹

Pursuant to enacted legislation, the NYS 2021-2022 Budget Bill (Part W), the assessment for the tax has been modified. The Bill states:

"Expenditures of moneys by the New York state energy research and development authority for services and expenses of the energy research, development and demonstration program, including grants, the energy policy and planning program, the zero emissions vehicle and electric vehicle rebate program, and the Fuel NY program shall be subject to the provisions of this section. Notwithstanding the provisions of subdivision 4-a of section 18-a of the public service law, all moneys committed or expended in an amount not to exceed \$22,700,000 shall be reimbursed by assessment against gas corporations, as defined in subdivision 11 of section 2 of the public service law and electric corporations as defined in subdivision 13 of section 2 of the public service law, where such gas corporations and electric corporations have gross revenues from intrastate utility operations in excess of \$500,000 in the preceding calendar year, and the total amount assessed shall be allocated to each electric corporation and gas corporation in proportion to its intrastate electricity and gas

¹ New York CLS Public Service Law § 18-a; Paragraph 4-a.

revenues in the calendar year 2019. Such amounts shall be excluded from the general assessment provisions of subdivision 2 of section 18-a of the public service law.

The chair of the public service commission shall bill such gas and/or electric corporations for such amounts on or before August 10, 2021 and such amounts shall be paid to the New York state energy research and development authority on or before September 10, 2021. Upon receipt, the New York state energy research and development authority shall deposit such funds in the energy research and development operating fund established pursuant to section 1859 of the public authorities law."²

We are therefore deleting the current Tax Type 08 Tax Cats 83 and 84 and replacing it with Tax Type 20, Tax Cat 81.

Provisions of the NYSEDA Assessment Fee

1. Rate – .000917
2. Pass-through of the Fee to Customers – Passflag = 2 (Prohibited)
3. Level of Taxation - Tax is on the State level
4. Tax-type – 20 = Miscellaneous Surcharge
5. Tax-cat – 81 = Utilities
6. Base-type – 15 - Seller- Gross Receipts - Prior Year
7. Effective date = August 10, 2021

System Changes Effective July 2022

Removal of the Indiana Utility Gross Receipts Tax from the ZIPutil Database

Among the taxes covered in our database is the Indiana Utility Gross Receipts (as captured by Tax Type 28/81).

To quote the text of the statute that established this tax:

" An income tax, known as the utility receipts tax, is imposed upon the receipt of:

- (1) the entire taxable gross receipts of a taxpayer that is a resident or a domiciliary of Indiana; and
- (2) the taxable gross receipts derived from activities or businesses or any other sources within Indiana by a taxpayer that is not a resident or a domiciliary of Indiana."³

Please note that pursuant to legislation enacted into law in 20224, the Indiana Utility Gross Receipts has been repealed, effective July 1, 2022.

To quote a Notice published by the Indiana Department of Revenue notifying taxpayers of the repealed status of this tax:

" Indiana repealed Utility Services Use and Utility Receipts taxes effective July 1, 2022. Although these laws are repealed, you must still file any past-due returns and pay taxes due to DOR.

² New York State 2021-2022 Budget Bill (Part W).

³ Indiana Code § 6-2.3-2-1.

If you are subject to Utility Services Use Tax, you need to file a final Form USU-103 by August 1, 2022, for the tax period ending June 30, 2022. You must file Form USU-103 even when no tax is due, unless your Indiana tax account has been closed properly. The Indiana Department of Revenue (DOR) will continue to accept payments for all filing periods prior to June 30, 2022.

If you are subject to Utility Receipts Tax, the 2022 tax year will be your last filing period. You will still file your return and owe this tax for periods collected from January 1 – June 30, 2022. You must file Form URT-1, Indiana Utility Receipts Tax Return, for tax year 2022, on or before April 18, 2023 or, for fiscal filers, the 15th day of the 4th month after the end of the taxable year that includes June 30, 2022. Instructions on completing Form URT-1 will be updated to reflect the repeal of this law. Do not file the 2022 URT-1 on a 2021 or previous tax form. 2022 URT-1 forms will be available later this year.

You do not need to file and pay estimated payments for any quarters that begin after June 30, 2022. DOR will issue refunds as necessary to customers who made estimated payments and overpaid the amount of tax owed for 2022."⁴

Based upon the enactment of this legislation and the contents of this Indiana DOR Notice, we are hereby deleting the Indiana Utility Gross Receipts (as captured by Tax Type 28/81) from our database, effective with this July 2022 product release.

Removal of the Iowa State Utility Surcharge

Among the taxes in our database is the Iowa State Utility Surcharge (as captured by Tax Type 49/81). Prior to this month's release, our database reflected that this surcharge was imposed at the rate of 0.1% of a utility's gross revenues.

To quote the statutory provision that imposed this tax:

"The board shall direct all gas and electric utilities to remit to the treasurer of state one-tenth of one percent of the total gross operating revenues during the last calendar year derived from their intrastate public utility operations."⁵

However, that same statute also contains a "sunset clause". To quote the specific statutory provision:

"This section is repealed July 1, 2022."⁶

Accordingly, we are now deleting this tax from our database, effective with this July 2022 product release.

GENERAL LEGAL DISCLAIMER:

CCH Incorporated ("we", "us", "CCH" or "our") is pleased to provide the requested research materials ("materials") but must make clear that we are providing these materials to assist you in your research and analysis relating to the subject matter thereof. Our providing these materials is conditioned upon the following terms and your reliance upon or use in any respect of the materials or communications confirms your acceptance and agreement to these terms (the "terms"):

THE MATERIALS ARE PROVIDED "AS IS" WITHOUT WARRANTY OF ANY KIND. CCH EXPRESSLY DISCLAIMS ALL WARRANTIES RELATING TO THE MATERIALS, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

CCH IS NOT ENGAGED IN RENDERING LEGAL, ACCOUNTING, TAX OR OTHER PROFESSIONAL SERVICES OR ADVICE. IF LEGAL, ACCOUNTING, TAX OR OTHER EXPERT ASSISTANCE IS REQUIRED, THE SERVICES OF A COMPETENT PROFESSIONAL SHOULD BE OBTAINED.

⁴ Indiana DOR Important Notice captioned "Repeal of Utility Services Use Tax and Utility Receipts Tax".

⁵ Iowa Code § 476.10A[1][a].

⁶ Iowa Code § 476.10A[4].

YOU ASSUME ALL RESPONSIBILITIES AND OBLIGATIONS WITH RESPECT TO ANY DECISIONS OR ADVICE MADE OR GIVEN AS A RESULT OF THE USE OF THE MATERIALS. YOU EXPRESSLY AGREE THAT USE OF THE MATERIAL IS AT YOUR OWN RISK AND THAT THE MATERIALS ARE NOT INTENDED TO REPLACE YOUR PROFESSIONAL SKILL AND JUDGMENT.

NEITHER CCH NOR ANY OF ITS AFFILIATES SHALL HAVE ANY LIABILITY TO YOU OR ANYONE ELSE FOR ANY INACCURACY, ERROR OR OMISSION CONTAINED IN THE MATERIALS OR ARISING FROM YOUR USE IN ANY RESPECT OF THE MATERIALS, REGARDLESS OF THE CAUSE. THE FOREGOING EXCLUSION OF LIABILITY IS INTENDED TO APPLY REGARDLESS OF THE FORM OF CLAIM.

THE MATERIALS RELATE TO PRODUCTS AND/OR SERVICES ACQUIRED BY YOU, PURSUANT TO OTHER AGREEMENTS BETWEEN CCH AND YOU AND SUBJECT TO OUR GENERAL TERMS AND CONDITIONS IN THE FOREGOING AGREEMENTS. THE PROVISION OF THESE RESEARCH MATERIALS IS NOT INTENDED TO CHANGE OR OTHERWISE AFFECT, AND IN NO WAY CHANGES OR OTHERWISE AFFECTS, THE RIGHTS AND OBLIGATIONS UNDER THOSE AGREEMENTS; YOUR USE OF SUCH PRODUCTS AND/OR SERVICES SHALL CONTINUE TO BE GOVERNED BY THE TERMS OF THOSE AGREEMENTS AND THESE TERMS.

FINALLY, THE MATERIALS BEING PROVIDED ARE CONFIDENTIAL AND ARE BEING PROVIDED TO YOU FOR YOUR PERSONAL AND NON-COMMERCIAL USE. YOU MAY NOT DISTRIBUTE ANY PORTION OF THE MATERIALS OUTSIDE OF YOUR COMPANY WITHOUT OUR PRIOR WRITTEN AUTHORIZATION, NOR RESELL OR USE THE MATERIALS FOR ANY COMMERCIAL USE WHATSOEVER.

© 2022 CCH Incorporated and its affiliates and licensors. All rights reserved.