

# Information on Sales and Use Tax Related to Purchases at Auction

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To better assist our clients, we have prepared the following information on Sales and Use Tax related to property purchased at auction.

## **WHY DOYLE NEW YORK COLLECTS SALES TAX**

Virtually all State Sales Tax Laws require a corporation to register with the State's Tax Authorities and collect and remit sales tax if the corporation maintains a presence within the state, such as offices. In the states that impose sales tax, Tax Laws require an auction house, with a presence in the state, to register as a sales tax collector, and remit sales tax collected to the state. New York sales tax is charged on the hammer price, buyer's premium and any other applicable charges on any property picked up or delivered in New York, regardless of the state or country in which the purchaser resides or does business.

## **WHERE DOYLE NEW YORK COLLECTS SALES TAX**

Doyle New York is currently registered to collect sales tax in the following states: New York and the District of Columbia.

For any property collected or received by the purchaser in New York City, such property is subject to sales tax at the existing New York State and City rate of 8.875%.

If the property is delivered into any of the states in which Doyle New York is registered, Doyle New York is required by law to collect and remit the appropriate sales tax in effect in the state where the property is delivered.

Property collected from Doyle New York premises by common carriers on behalf of the purchaser for delivery to the purchaser at his address outside of New York is not subject to New York Sales Tax. If it is delivered by the common carrier to any of the states where Doyle New York is required to collect sales tax, applicable tax will be added to the purchase price.

## **WHERE DOYLE NEW YORK IS NOT REQUIRED TO COLLECT SALES TAX**

Doyle New York is not required to collect sales tax on property delivered to states other than those listed above. If the property is delivered to a state where Doyle New York is not required to collect sales tax, it is the responsibility of the purchaser to self-assess any sales or use tax and remit it to taxing authorities in that state.

Doyle New York is not required to collect sales tax for property delivered to the purchaser outside of the United States.

## **RESTORATION AND OTHER SERVICES**

Regardless of where the property is subsequently transported, if any framing or restoration services are performed in New York, it is considered to be a delivery of the property to the purchaser in New York, and Doyle New York will be required to collect the 8.875% New York sales tax.

## **LOCAL TAX ADVISORS**

As sales tax laws vary from state to state, Doyle New York recommends that clients with questions regarding the application of sales or use taxes to property purchased at auction seek tax advice from their local tax advisors.

## **CERTAIN EXEMPTIONS**

Most states that impose sales taxes allow for specified exemptions to the tax. For example, a registered re-seller such as a registered art dealer may purchase without incurring a tax liability, and Doyle New York is not required to collect sales tax from such re-seller. The art dealer, when re-selling the property, may be required to charge sales tax to its client, or the client may be required to self-assess sales or use tax upon acquiring the property.

If a not-for-profit or charitable organization is selling property through Doyle New York, it may be sold as a tax exempted purchase. The not-for-profit seller must be registered with the New York Department of Taxation and Finance as an exempt organization and the property must be picked up or delivered in New York. However, a compensating use tax is due from the buyer if any such lot is shipped to any of the states where Doyle New York maintains offices. It is the buyer's responsibility to ascertain and pay all taxes due. Buyers claiming exemption from sales tax must have the appropriate documentation on file with Doyle New York prior to the release of the property.