

**QUALIFIED EMPIRE ZONE ENTERPRISE (QEZE)
SUMMARY OF NEW CREDIT OR REFUND OF SALES OR USE TAX**

as published February 3, 2010

Prior to September 1, 2009, businesses that were QEZE certified and had received Form DTF-81, Qualified Empire Zone Enterprise, received an exemption from sales tax on all purchases of property or services that were directly and predominantly used or consumed by the QEZE in the Empire Zone. During 2009, legislation was passed changing this benefit from an exemption to a credit on your sales tax return or a refund of sales tax paid. In order to receive the new credit or refund you must file Form AU-12, Application for Credit or Refund of Sales or Use Tax - Qualified Empire Zone Enterprise. Below is a summary of the requirements of Form AU-12:

- Form AU-12 must be filed if you are claiming a refund or a credit.
- If you claim a credit, in addition to filing Form AU-12 a new schedule (not yet released by NYS) will be required with your sales tax return starting with the December 1, 2009 through February 28, 2010, reporting period.
- Form AU-12 can only be filed once during each sales tax quarter.
- In order to claim the credit or refund on Form AU-12, the QEZE certified business must pass a new employment test.
 - The employment test is similar to the test required to claim other QEZE credits.
 - Eligibility for the credit or refund of sales tax paid will be based upon employment numbers for the tax year ending before the date the sales tax was paid.
- The following are required attachments to Form AU-12
 - QEZE Certificate.
 - QEZE Retention Certificate.
 - Documentation supporting the refund claim.
- If you became a QEZE certified business before April 1, 2009 the sales tax credit or refund may only be for a portion of the sales tax paid if the locality involved in the transaction did not elect to provide the credit.
 - Publication 718-QZ provides the refund rates listed by county.
- If you became a QEZE certified business on or after April 1, 2009 the purchase qualifying for the credit or refund must have been made in a locality that has elected to provide the credit.
 - The following counties have elected to provide the credit:
 - Allegany
 - Cayuga (outside of Auburn)
 - Erie
 - Herkimer
 - Montgomery
 - Niagara

If you have any questions contact Cory Van Deusen at 716-856-3330 or cvandeusen@lumsden CPA.com.