

**MEMO# 1892**

May 3, 1990

## **PROPOSED NEW YORK SALES TAX ON SERVICES**

May 3, 1990 TO: TAX COMMITTEE NO. 9-90 RE: PROPOSED NEW YORK SALES TAX ON SERVICES \_\_\_\_\_ As you know, the New York State legislature is currently considering revenue raising measures as part of its annual budget process. The attached bill would extend the current state sales tax of 4% (plus an additional amount of up to 4% at the option of localities) to certain services. Specifically, the bill would extend the tax to "performing business, marketing, opinion, or other economic . . . studies, research, analysis, or data compilation, including: business economic research, business research, economic research, financial research . . . [and] market research . . . ." We have been informed that the legislature does not intend to apply this tax to either investment advisory fees paid by funds or advisory fees paid by other private clients. The language is unclear, however. Consequently, the Institute will seek clarification that investment advisory fees are not included within the scope of the above language. We will keep you informed of developments. David J. Mangefrida, Jr. Assistant General Counsel Attachment

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