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NEWS

NYS Hitting Taxpayers' Pockets On Bagels, Coffee, Even Cake

Sudden Enforcement Of Confusing Laws Make Residents Irrate

August 24, 2010 11:36 PM

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Bagels on display at Katz's Delicatessen on the Lower East Side of Manhattan. (STAN HONDA/AFP/Getty Images)

NEW YORK (CBS 2) — New York State is facing record deficits.

But now officials are finding some creative ways to fill up the tax coffers — like hitting you up at the local bagel shop.

CBS 2 consumer reporter Kirstin Cole found a lot of little ways we'll all be paying more.



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Ess-A-Bagel's specialty is about to cost more. Not a price hike from them, but from the state, and it all depends on how you slice your bagel.

"It's almost one-tenth the price of the bagel. It's going to be hard on people," one person said.

New York State's Department of Taxation and Finance has started auditing bagel shop owners, saying if you slice it or serve it in store it needs to be taxed. That was news to Florence Wilpon, a bagel maven for 34 years.

"I just found out today you're supposed tax bagels that are cut," Wilpon said. "Customers will also be angry they're purchasing a product that has never been taxed."

The issue bubbled to the surface with Bruegger's bagels in upstate New York, which sells 12 million bagels a year. They were just hit with a whopping bill for three years of bagel taxes.

"The bill they sent us for that is exorbitant. We hired an attorney," owner Kenneth Greene said.

New York State's only guidelines say that bagels are tax exempt as bakery products. But once they're handled, they get called prepared meals. Greene said he's fighting New York's interpretation that a sliced bagel or a whole bagel eaten in the store should be taxed.

"We've been audited three or four times in the last 15 years and never once has this issue been raised," Greene said.

Here's where it gets sticky. Buy a bagel at a grocery store and you won't pay taxes. But have them hand scoop it into a container? This you're going to pay extra for.

Other ways New York State is putting a hand in your pocket, including hitting you when you order your coffee regular. If you do it from your favorite deli, you get taxed. But if you pour it yourself there's no tax. If you buy a slice of cake you will get taxed. But you buy a whole cake or any other pastry you won't get taxed.

Are you confused yet?

"Oh my goodness, that's terrible," said Chickie Dioso of Midtown East.

"I don't see why it should be more in store," added Beth Codos.

"Gotta stop it. It's enough already," said Diana Dell.

It's a tax that's leaving a bad taste in many a New Yorkers mouth.

While this is not a new tax law, bagel shop owners Cole talked to said it is a new enforcement of the law. New York State wouldn't comment except to say it conducts thousands of tax audits annually.

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Mary

What are local government officials going to do when millions of NYers move out of state? Several co-workers of mine recently moved to Texas, and Florida. They have no regrets and are quite pleased with all the money they are saving due to the lower cost of living in those two states.

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rugbyball

@Mary:


As much as I agree with you the Govt dont care, people will always move to NYC. If you own a house and leave, guess what you have to sell it to someone else, doubt you'd just abandon it. They will now pay the taxes you wont. To the city, they dont care who pays, as long as some one pays.

If you rent and move out of state, well someone will just move into your now vacant apt. Just how it goes and they know it, so no fear to them. I hate it but the only real solution is voting them out. The only thing they DO fear, o ya and the occasional ethics investigations. But they don't happen enough as they should!!!


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