

STATE OF NEW YORK
STATE TAX COMMISSION
ALBANY, NEW YORK 12227

NOV 06 1981

July 31, 1981

Leeds Associates
c/o Harold Leeds
64 Perry St.
New York, NY 10014

Gentlemen:

Please take notice of the Decision of the State Tax Commission enclosed herewith.

You have now exhausted your right of review at the administrative level. Pursuant to section(s) 722 of the Tax Law, any proceeding in court to review an adverse decision by the State Tax Commission can only be instituted under Article 78 of the Civil Practice Laws and Rules, and must be commenced in the Supreme Court of the State of New York, Albany County, within 4 months from the date of this notice.

Inquiries concerning the computation of tax due or refund allowed in accordance with this decision may be addressed to:

NYS Dept. Taxation and Finance
Deputy Commissioner and Counsel
Albany, New York 12227
Phone # (518) 457-6240

Very truly yours,

STATE TAX COMMISSION

cc: Petitioner's Representative
Howard O. Le Shaw
850 7th Avenue, Rm. 806
New York, NY 10019
Taxing Bureau's Representative

TA 26 (9-79)

STATE OF NEW YORK

State Tax Commission

TAX APPEALS BUREAU

STATE CAMPUS

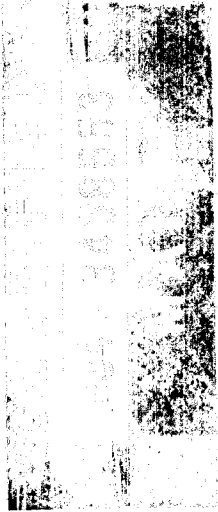
ALBANY, N. Y. 12227

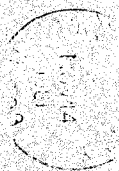
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Leeds Associates
80 East 11th St.
New York, NY ~~10003~~



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STATE OF NEW YORK

STATE TAX COMMISSION

In the Matter of the Petition	:	
of	:	
LEEDS ASSOCIATES	:	DECISION
for Redetermination of a Deficiency or for	:	
Refund of Unincorporated Business Tax under	:	
Article 23 of the Tax Law for the Years 1973	:	
and 1974.	:	

Petitioner, Leeds Associates c/o Harold E. Leeds, 64 Perry Street, New York, New York 10014 filed a petition for redetermination of a deficiency or for refund of unincorporated business tax under Article 23 of the Tax Law for the years 1973 and 1974 (File No. 18152).

A small claims hearing was held before William Valcarcel, Hearing Officer, at the offices of the State Tax Commission, Two World Trade Center, New York, on October 27, 1980 at 1:15 P.M. Petitioner, Leeds Associates, appeared by Harold E. Leeds, partner, and Howard O. LeShaw, PA. The Audit Division appeared by Ralph J. Vecchio, Esq. (A. Scopellito, Esq., of counsel).

ISSUE

Whether the petitioner Leeds Associates' activities as an interior designer constituted the practice of a profession exempt from the imposition of unincorporated business tax.

FINDINGS OF FACT

1. Petitioner, Leeds Associates, was a New York partnership consisting of two partners, Harold E. Leeds and Suzanne Sekey, who were interior designers.
2. On February 29, 1977, the Audit Division issued a Notice of Deficiency for the years 1973 and 1974 for \$897.07 plus interest of \$170.47, along with an

explanatory Statement of Audit changes which stated that "Business activities as designers is considered to be subject to New York State unincorporated business tax".

3. Mr. Harold E. Leeds held a Bachelor's Degree in architecture from New York University and a Bachelor of Arts Degree from Harvard College. He was a professor of design and the head of graduate interior design programs at Pratt Institute during the years 1973 and 1974. In addition, Mr. Leeds was a member of the American Society of Interior Designers.

4. Specific information pertaining to the educational background, special knowledge and skills of Suzanne Sekey was not submitted.

5. During the years 1973 and 1974, petitioner, Leed Associates, rendered services as interior designers (for a hotel in Puerto Rico), as office planners, and as consultants to a health related facility. Harold E. Leeds contended that the services rendered by Leeds Associates were related to those provided by architects, who hired, or assisted in hiring them, as interior designers. He further contended that 95% of their services were rendered in the field of institutional and/or commercial interior design.

6. Leeds Associates provided their clients with "construction documents" consisting of drawn plans and written reports. These documents contained the necessary information with which to execute the interior designs created by Harold E. Leeds or Suzanne Sekey and included information regarding the specific material to be employed in that design.

7. Capital was not a material income producing factor and all of petitioner's business income was derived from personal services rendered by Harold E. Leeds and Suzanne Sekey.

CONCLUSIONS OF LAW

A. That the services rendered by Harold E. Leeds and Suzanne Sekey as interior designers under the partnership name of Leeds Associates does not constitute the practice of a profession within the meaning and intent of section 703(c) of the Tax Law. (Petition of Lila Malsman, N.Y.S.T.C. August 13, 1980).

B. That the services rendered during the years 1973 and 1974 by petitioner, Leeds Associates, as interior designers, constituted the carrying on of an unincorporated business in accordance with the meaning and intent of section 703 of the Tax Law and the income derived therefrom is subject to the unincorporated business tax within the meaning and intent of section 701 of the Tax Law.

C. That the petition of Leeds Associates is denied and the Notice of Deficiency issued February 28, 1977, is sustained together with such additional interest as may be lawfully owing.

DATED: Albany, New York

JUL 31 1981

STATE TAX COMMISSION


PRESIDENT


COMMISSIONER


COMMISSIONER