



Atlantic City: Luxury Tax, New Jersey Sales Tax & Other Fees

Publication ANJ-17

Introduction

The Atlantic City Luxury Tax is imposed on certain rentals, sales, and services. Some items may be subject to the New Jersey Sales Tax, the Atlantic City Luxury Tax, and the State Hotel/Motel Occupancy Fee.

Taxable Status

The following chart illustrates the taxable status of various transactions that are subject to Atlantic City Luxury Tax, New Jersey Sales Tax, and the State Hotel/Motel Occupancy Fee on and after January 1, 2017, but before January 1, 2018.

Item	AC Luxury Tax	NJ Sales Tax (See Note 1)	State Occupancy Fee	Total
Sales of alcoholic beverages by the drink, including bottles of beer, wine, etc. opened and consumed on premises	3%	6.875%	n/a	9.875%
Sales of food and nonalcoholic beverages intended for consumption on the premises.....	–	6.875%	n/a	6.875%
Rentals of apartments (except hotels or motels):				
• for less than eight weeks	9%	–	–	9%
• for eight weeks or more	–	–	–	–
Rentals of rooms, apartments, or other facilities in hotels, motels, bed and breakfast inns, rooming and boarding houses, or similar establishments (see Notes 2 and 3):				
• for less than 90 days	9%	3.875%	1%	13.875%
• for 90 days or more, but for less than one year	9%	–	–	9%
• under a lease for one year or more	–	–	–	–
Cover charges, minimum charges, entertainment, or similar charges in a restaurant, cafe, cabaret, hotel, or similar establishment	9%	3.875%	n/a	12.875%
Admission charges to any theater, moving picture exhibition or show, pier, exhibition, or place of amusement (see Note 4).....	9%	3.875%	n/a	12.875%
Charges for rolling chairs, sightseeing rides, tram rides, horoscope machines, and fortune tellers	9%	–	n/a	9%
Charges for amusement rides and rentals of beach chairs, cabanas, and bicycles.....	9%	3.875%	n/a	12.875%

NOTE 1: P.L. 2016, c.57 reduced the combined rate for sales subject to both the New Jersey Sales and Use Tax and the Atlantic City Luxury Tax from 13% to 12.875% for January 1 to December 31, 2017. The combined rate for sales subject to both the New Jersey Sales and Use Tax and the Atlantic City Luxury Tax will decrease to 12.625% on and after January 1, 2018. Additional information about the Sales and Use Tax rate change is available [online](#).

NOTE 2: The State Hotel/Motel Occupancy Fee is imposed on the rental of a room in a hotel, motel, or similar facility in New Jersey. In most municipalities, the Occupancy Fee is 5%. However, in Atlantic City, which already imposes a local tax (Luxury Tax) on hotel/motel occupancies, the State Occupancy Fee is 1%. This fee is in addition to any other taxes and/or fees imposed.

NOTE 3: Rentals of conference rooms, banquet rooms, and other places of assembly are exempt from Sales Tax, the State Occupancy Fee, and the Atlantic City Luxury Tax.

NOTE 4: Charges for admission for participant sports or to sporting events where other State tax is collected are exempt from Sales Tax.

Guest Check

The charges for the Atlantic City Luxury Tax and New Jersey Sales Tax must be separately stated on the check, or the seller is liable for combined Luxury/Sales Taxes on the entire bill. The State Occupancy Fee must also be separately stated on any bill or invoice given to the customer.

Example: Two visitors order dinner and a bottle of wine in an Atlantic City restaurant during 2017. The cost of the meals is \$47, and the charge for the wine is \$13. The guest check given to the customers must separately state the charges for the food and drink and the taxes as follows:

Food	\$47.00
Beverage	13.00
NJ Sales Tax ($\$60.00 \times 6.875\%$)	4.13
AC Luxury Tax ($\$13.00 \times 3\%$)	.39
TOTAL	<u>\$64.52</u>

If the guest check shows only a total charge of \$64.52 with no breakdown of items purchased and tax collected, the seller is liable for a combined Luxury Tax/Sales Tax ($\$64.52 \times 9.875\% = \6.37) on the entire bill.

Exemptions

Registered exempt organizations may issue a valid **Exempt Organization Certificate (Form ST-5)** to a hotel and be exempt from payment of the 3.875% New Jersey Sales Tax, but are still liable for the 9% Atlantic City Luxury Tax and the 1% State Occupancy Fee. Exempt status applies only to the tax imposed under the New Jersey Sales and Use Tax Act, and does not apply to any other tax and/or fee. Exempt organizations remain subject to the Atlantic City Luxury Tax and the State Occupancy Fee.

Any New Jersey State agency, political subdivision of the State of New Jersey, federal agency, the United Nations, or any other international organization of which the United States is a member is exempt from paying Sales Tax, Luxury Tax, and the State Occupancy Fee. In this case, an exempt organization certificate or number is not required to make tax-exempt purchases or secure tax-exempt lodging in this State. Purchases must be made on official letterhead or official purchase order signed by a qualified officer. Payment must be made by the agency's check or voucher for the exemption to apply. If payment is made from an individual's account, regardless of method of payment, e.g., personal check, credit card, cash, etc. and regardless of the intent of the agency to subsequently reimburse that person, such purchase is subject to Sales Tax, Luxury Tax, and the State Occupancy Fee.

Federal employees are exempt if payment is made by a GSA SmartPay 2 credit card having a 0, 6, 7, 8, or 9 as the sixth digit of the account number (credit card charged to and paid directly by the federal government). If payment is made with a GSA SmartPay card having a 1, 2, 3, or 4 as the sixth digit, the card is billed to and paid by the employee, and the federal government exemption does not apply. In addition, certain exemptions are granted to qualified foreign diplomatic and consular personnel who reside in the United States. For information concerning the exemptions see Technical Bulletin [TB-53](#), *Diplomat/Consular Sales Tax Exemptions*.

Other Fees

Tourism Promotion Fee in Hotels, Etc. A Tourism Promotion Fee of either \$1 or \$2 per day is charged for each room rental in a hotel, motel, inn, rooming house, etc. This fee applies to each room either occupied or possessed by guests, other than as a place of assembly. The fee is also due with respect to "complimentary" occupancies. The rate of \$2 per day applies to each occupied room in the case of hotels which provide casino gambling. The \$1 per day rate applies to each occupied room in all other facilities. This fee is imposed on the facility. The fee is included in the sales price for both Sales Tax and Luxury Tax purposes if billed to the customer, regardless of whether or not it is separately stated.

Casino Fees. A minimum charge of \$3 a day is imposed for the use of a parking space for parking, garaging, or storing motor vehicles on property owned or leased by a casino hotel. For more information see Technical Bulletin [TB-22](#), *Atlantic City Casino Parking Fees*. There is also a fee of \$3 a day on each hotel room in a casino hotel that is occupied by a guest, whether for consideration or as a complimentary item. This fee is in addition to any other taxes and/or fees imposed on such occupancies.

Resort Fees. Resort Fees may be optional or mandatory and may include different components. If the Resort Fee is mandatory (the guest cannot opt out of paying it), the fee is considered part of the sales price of the occupancy and is taxed accordingly. If the Resort Fee is optional, the fee is not subject to tax so long as each

component is not subject to tax. For example, if the optional Resort Fee represents non-taxable charges such as daily access to the fitness center or the pool, daily newspaper delivery, and WI-FI access, the Resort Fee is not taxable since each component is not subject to tax. However, if the optional Resort Fee includes a taxable charge or charges, such as daily access to parking at the facility, the lump sum Resort Fee is taxable.

**For More
Information**

For more information on Atlantic City Luxury Tax, New Jersey Sales Tax, or the State Hotel/Motel Occupancy Fee, contact our Customer Service Center at 609-292-6400, [email](#) us, or write to: New Jersey Division of Taxation, Taxpayer Communications Unit, PO Box 281, Trenton, NJ 08695-0281.

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