

Barber & Beauty Shops & New Jersey Sales Tax

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Introduction

Barber and beauty shops are primarily engaged in the business of providing personal services to customers. In general, charges for personal services are not subject to sales tax. However, in addition to performing personal services, many barber and beauty shops also sell hair care or other beauty products. These sales of tangible personal property (e.g., wigs, hair styling products, etc.) are taxable. Barber shops and beauty shops that do business in this State must register with New Jersey by filing a **Business Registration Application (Form NJ-REG)** and must collect and remit sales tax and use tax as required. A Public Records Filing may also be required depending upon the type of business ownership. For more information on Public Records Filing call 609-292-9292.

This bulletin explains when barber shops, beauty salons and similar establishments must pay sales tax on items they purchase and when they must collect tax from their customers.

Note: This bulletin does not apply to services provided for pets, horses, or other animals.

Hair Services

Services performed in a barber shop or beauty shop to hair are considered personal services and are exempt from sales tax. Therefore, the shop's customers do not pay sales tax for these services. The following are examples of exempt services to hair:

- Coloring
- Cutting
- Hair Replacement
- Perming
- Shampooing, Conditioning, etc.
- Styling

Other Services

Many beauty shops provide other personal services, in addition to hair care, which are exempt from sales tax. The following are examples of such exempt services:

- Applying cosmetics
- Applying nail tips
- Manicures
- Pedicures
- Tanning
- Waxing

Supplies & Equipment

Owners of barber and beauty shops pay sales tax on the supplies and equipment that will be used by barbers or beauticians to provide their services. The beauticians and barbers are the consumers or end users of these items, and therefore sales tax must be paid on these purchases. For example, a barber must pay sales tax on the scissors he buys and uses to cut hair. The following are examples of taxable supplies and equipment:

- Acrylic tips
- Blow dryers
- Brushes
- Cabinets for supplies
- Chairs for customers to sit in
- Cotton for perming
- Curling irons
- Curlers
- Customer gowns
- Hair dye
- Hair removal strips
- Mirrors
- Nail files
- Nail polish
- Protective eye wear for tanning
- Shampoo, conditioner
- Tanning beds
- Wax

If the shop owner purchases any of these items and does not pay sales tax at the time of purchase, the shop owner owes use tax. For more information on use tax request ANJ-7, *Use Tax in New Jersey*.

Retail Sales

When barber and beauty shops sell tangible personal property (shampoo, conditioner, wigs, hair tonics, etc.) in addition to providing personal services, sales tax must be collected on the sales of those taxable products. Products which will be sold to customers may be purchased without paying sales tax with a **New Jersey Resale Certificate, Form ST-3**. The Resale Certificate may be used to purchase items for resale **only**. If the shop cannot distinguish between what it will use in providing its personal service and what it will sell, the shop must pay sales tax on the transaction.

Example: A client purchases a hot oil treatment from her beauty salon to use at home. She pays sales tax which is then remitted to the State. When the shop owner purchases the hot oil treatment for resale, the shop owner may issue an ST-3 to the supplier and pay no sales tax.

Example: Hair spray is purchased for both retail sales to customers and beauticians' use when styling hair. If the shop owner is unable to determine how much of the hair spray purchased will be sold to customers and how much will be used by the shop's staff, sales tax must be paid on **all** of the hair spray purchased.

If a shop owner paid sales tax on items that were later resold, and tax was collected from the client and remitted to the State, the shop owner may be entitled to a refund. To apply for a refund, an Application for Refund, Form A-3730, must be completed.

Sales for Resale

When a barber or beauty shop sells taxable products to a customer who intends to resell the items, the shop is not required to collect sales tax provided the purchaser issues a valid resale certificate.

Example: HairCutz, a beauty shop registered with New Jersey, runs out of the styling mousse which it sells to its clients at retail, and decides to buy the styling mousse from Taylor's Salon, which is also registered with New Jersey. HairCutz' owner issues Taylor's Salon a properly completed Resale Certificate and pays no sales tax to Taylor's Salon. HairCutz then collects sales tax from its clients when it sells the mousse.

Qualified out-of-State vendors may also make tax exempt purchases in New Jersey of goods and services purchased for resale out-of-State. The **only** acceptable resale certificate for a qualified out-of-State vendor to use when goods are picked up in New Jersey is the **Resale Certificate for Non-New Jersey Vendors (Form ST-3NR)**.

Example: A Pennsylvania beauty shop exhausts its inventory of the round hair brushes it sells to clients and decides to purchase a supply from a New Jersey beauty shop. The Pennsylvania beauty shop owner, who is not registered with New Jersey, issues Form ST-3NR when he comes to New Jersey to pick up the brushes and does not pay New Jersey sales tax on the brushes. The New Jersey beauty shop accepts the certificate and does not charge sales tax on the transaction.

For more information on exemption certificates, request Tax Topic Bulletin S&U-6, *Sales Tax Exemption Certificates*.

For More Information

For more information on barber and beauty shops and New Jersey sales tax, contact the Division's Customer Service Center at 609-292-6400, e-mail us at nj.taxation@treas.state.nj.us, or write to:

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