



Limousine Services & New Jersey Sales Tax

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Introduction

New Jersey imposes a 7% sales tax on “transportation services originating in this state and provided by a limousine operator, as permitted by law, except such services provided in connection with funeral services.”

A “limousine” is an automobile, motor car, or other vehicle (including vehicles known as “black cars”) that has a seating capacity of not more than 14 passengers. It does not include taxicabs, hotel or airport shuttles or buses, vehicles owned and operated by a business for its own purposes without either charge to passengers or remuneration to the business, or buses used solely to transport children or teachers to and from school. Nor does it include vehicles engaged exclusively in providing handicapped transport or ambulance services. Limousine service is generally conducted pursuant to the consent of the New Jersey municipality in which it is provided or in which the operator has its principal place of business.

A “limousine operator” is a person who provides prearranged passenger transportation, for consideration, not on a scheduled, regular route, and not in connection with mortuary and funeral services.

Transportation Services

Tax is imposed on limousine services that **both** originate and end in the State of New Jersey (i.e., the trip begins with pickup of passenger(s) in New Jersey and ends with the discharge of passenger(s) in New Jersey) and which take place entirely within the State of New Jersey.

Example: A passenger contracts with a limousine operator to provide him with limousine transportation from a location in Red Bank, New Jersey, to John F. Kennedy International Airport in New York. The service is not taxable because even though the customer was picked up in New Jersey, the trip did not *end* in New Jersey.

Example: A passenger contracts with a limousine operator to provide him with limousine transportation from Washington, D.C, to a location in Montclair, New Jersey. The service is not taxable because the trip did not *originate* in New Jersey.

Example: A passenger contracts with a limousine operator to provide him with round-trip service from his home in Cherry Hill, New Jersey to a hospital in Philadelphia, Pennsylvania. The passenger is picked up in the morning and taken to the hospital. Then, several hours later, the passenger is picked up from the hospital and taken back to Cherry Hill. The services are not taxable because the transportation did not take place entirely within the State of New Jersey: the morning service is not taxable because the trip did not *end* in New Jersey and the afternoon service is not taxable because the trip did not *originate* in New Jersey.

NOTE: The location from which the limousine is dispatched, the office location of the limousine operator, and the customer’s billing address are not relevant to the issue of where the limousine service originates.

Other Charges

TAXABLE CHARGES

In addition to the base rate for physically transporting the passenger(s), any separately itemized charges for amenities, individualized services, and/or components of the limousine operator’s overhead which are billed to the customer are also treated as part of the receipt for the transportation service and are subject to sales tax. This includes, for example, charges for: waiting time; meeting and greeting; transporting luggage or pets with the passengers; making extra stops; or providing refreshments, flowers, or other amenities purchased by the operator. Tax is also imposed on charges for providing access to in-vehicle television, telephone, or Internet service.

Example: Three tourists staying in Morristown, New Jersey, plan a trip to visit Ellis Island and the Statue of Liberty. They contract with a limousine operator for limousine transportation from Morristown, New Jersey, to a ferry terminal in Jersey City, New Jersey, in the morning, and also for a limousine to pick them up in New York City, New York, in the evening and return them to Morristown, New Jersey. Their receipt shows itemized charges for “waiting time” both in Morristown and New York City. The service from Morristown, New Jersey, to Jersey City, New Jersey, including the waiting time charge, is taxable because the service both originates and ends within New Jersey. The service from New York City back to Morristown, New Jersey, including the waiting time charge in New York City, is *not* taxable because that service originates outside New Jersey.

In addition, itemized expenses the limousine operator incurs in providing the transportation service such as charges for tolls and parking fees are treated as part of the transportation service and are also subject to sales tax.

Example: A passenger contracts with a limousine operator to provide him with limousine transportation from Hackensack, New Jersey, to Newark Liberty International Airport in Newark, New Jersey. The limousine operator itemizes extra charges for the passenger’s luggage as well as for the tolls paid on the Garden State Parkway. This is a taxable transaction because the service originates and ends in New Jersey. The extra charges for luggage and tolls are treated as part of the transportation service and are taxed as well.

NONTAXABLE CHARGES

The following are not considered “transportation services provided by a limousine operator” and are not subject to sales tax: cancellation and “no-show” charges and the transportation of tangible personal property, including packages, pets, medical supplies, and human organs that are not accompanied by a human passenger.

Gratuities

Tips that are voluntarily given by the customer to the limousine driver are not subject to sales tax. Gratuities that are billed to the customer are also not taxable if they are separately stated on the bill or invoice for the transportation service, are specifically designated as a “gratuity” or “tip,” and are paid over in their entirety to the driver providing the service.

Registration

New Jersey law requires all businesses to register with the State for tax purposes at least 15 business days before starting business. To register, a **Business Registration Application (Form NJ-REG)** must be filed. Form NJ-REG may be filed online through the Division of Revenue’s New Jersey Business Gateway Registry Services at: www.state.nj.us/treasury/revenue/. If the application indicates that the business will collect sales tax or purchase materials for resale, a **New Jersey Certificate of Authority (Form CA-1)** for sales tax is sent to the business. This certificate provides authorization from the State of New Jersey to collect sales tax and issue or accept exemption certificates. A seller **must** be registered with New Jersey to accept exemption certificates. A Public Records Filing may also be required depending upon the type of business ownership. More information on Public Records Filing is available in the New Jersey Complete Business Registration Package ([NJ REG](#)) or by calling 609-292-9292.

For More Information

For more information on limousine services 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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Many State tax forms and publications are available by fax and on our Web site. Call NJ TaxFax at 609-826-4500 from your fax machine’s phone, or access the Division’s home page at:

www.state.nj.us/treasury/taxation/