



Specified Digital Products & New Jersey Sales Tax

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Introduction

New Jersey imposes a tax on the retail sale of specified digital products and on receipts for installing, maintaining, servicing, or repairing specified digital products.

“Specified digital product” means an electronically transferred digital audio-visual work, digital audio work, or digital book. A digital code which provides a purchaser with a right to obtain the product is treated in the same manner as a specified digital product. Transferred electronically means obtained by the purchaser by means other than tangible storage media.

“Digital audio-visual work” means a series of related images which, when shown in succession, impart an impression of motion, together with accompanying sounds, if any.

“Digital audio work” means a work that results from a fixation of a series of musical, spoken, or other sounds, including a ringtone. “Ringtone” means a digitized sound file that is downloaded onto a device and that may be used to alert the purchaser with respect to a communication.

“Digital book” means a work that is generally recognized in the ordinary and usual sense as a book.

The term specified digital product **does not include** video programming services, including video on demand television services; and broadcasting services, including content to provide such services.

Sales

Sales tax is imposed on receipts from the sale of the specified digital products listed above. The products identified as specified digital products are also subject to sales tax when delivered in tangible form (e.g., CD, DVD, audio/video tape). Receipts from sales of a specified digital product that is accessed but not delivered electronically to the purchaser are exempt from tax. Nor is tax imposed on other types of property that are delivered electronically, such as digital photographs, digital magazines, etc. For additional information regarding digital photographs, see [ANJ-2](#), *Professional Photographers*.

Although a product delivered electronically may not be a specified digital product, tax may be imposed under other sections of the Sales and Use Tax Act. For example, sales tax is imposed on “information services” provided through any means or method. Products such as mailing lists are treated as information services and are taxable whether delivered electronically or in hard copy. Although a mailing list delivered electronically is not a specified digital product, it is subject to tax as an information service. Specified digital products are also subject to the compensating use tax. For more information, see [ANJ-7](#), *Use Tax in New Jersey* and [ANJ-10](#), *Out-of-State Sales and New Jersey Sales Tax*.

Services

Receipts from installing, maintaining, servicing or repairing specified digital products are also subject to sales tax. For example, if a company charges to load digital music onto an electronic device such as an MP3 player, the service of installing the music is taxable, in addition to the music itself.

Sourcing

Specified digital products are subject to sales tax when the property is electronically delivered to the customer at an address in New Jersey. If the property is not received by the purchaser at the seller's New Jersey business location or at the purchaser's New Jersey location, the sale is subject to New Jersey sales tax if either the seller's business records or the address provided by the purchaser during the sale indicate a New Jersey billing address. For example, if a New Jersey resident traveling in another state downloads music to a hand-held electronic device, the sale of the specified digital product is subject to New Jersey sales tax because the customer's billing address is in New Jersey.

For More Information

For more information on specified digital products 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/