



Information Services & New Jersey Sales Tax

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Introduction

The retail sale of information services received by customers in New Jersey is subject to New Jersey sales and use tax. "Information services" means the furnishing of information of any kind, which has been collected, compiled, or analyzed by the seller, and provided through any means or method, other than personal or individual information which is not incorporated into reports furnished to other people.

A business which *charges a fee for access* to any type of information other than personal or individual information (e.g., stock quotes, financial, legal research, property values, and marketing trends) through any means (e.g., an electronic database, subscription to a hard copy report) is selling an information service, because the true object of that transaction is the information itself. As such, these transactions are subject to tax.

Information services *do not include* personal or professional services or nonenumerated services in which the service provider may collect and/or review information in order to provide the purchaser with the true object of the service. For example, a lawyer gathers personal information and draws up a will; an accountant gathers financial information and prepares tax returns; an engineer gathers building and construction information and creates blueprints. In all of these transactions, the object of the transaction is not the raw information itself. These types of services are exempt from tax.

Examples of Taxable Information Services

The following are examples of taxable information services:

Mailing Lists. A business sells mailing lists which are delivered to the customer either in hard copy, as labels, or through electronic means.

Credit Reports. A business sells credit reports to individuals seeking their own report, as well as to businesses that will use the information for reviewing credit history, etc. Although the information is personal or individual, because it is furnished in reports sold to persons other than the individual, the sale of credit reports does not meet the exclusion in the law and is taxable as an information service.

Abstracted Information. A business sells abstracts or reports to clients of abstracted information regarding new construction projects. The business compiles and collects the information from different sources. Clients may access the abstracted information from the business's website, or obtain the information via e-mail or by fax.

Computer Databases. A business maintains a computer database of statistical information, which it sells to customers. A customer pays a fee to access the information online for a specified period of time. The customer has the option to view the information, download, and/or print it. No disk or other information is sent to the customer.

E-Mail Alerts. A business sends severe weather alerts to a customer's e-mail address or mobile device. Customers are charged an annual fee for this service.

Sales Tracking. A business tracks and measures sales of drugs to pharmacies, hospitals, nursing homes, and other service providers. Customers stipulate the parameters of their request, for example by indicating the specific drugs, the geographic area, the time frame, etc. The fact that the customer customizes their request by selecting the particular information to be searched does not make the information personal or individual.

Internet User Statistics. A web-based business gathers statistics concerning the characteristics and activities of Internet users and publishes these statistics on its website. A customer pays a subscriber fee for access to the statistics.

Legislative Tracking Services. A web-based business provides a legislative tracking service which allows customers to select the type of data searched, based on their particular needs. The business charges a subscription fee based on the number of bills tracked, the number of users, or some other means. The fact that the subscriber selects the information to be searched does not make it personal or individual information.

Examples of Excluded Information Services

Sales Lead Generators. A web-based business contracts with a motor vehicle dealer to list the dealer's inventory and make it searchable for prospective car buyers. The business collects prospective buyer information, verifies the accuracy of the information, and then provides the dealer with the sales lead information via e-mail or fax. The information collected is nonexclusive and may be provided to any or all of the participating dealers that have the same inventory, or as designated by the search criteria.

The following are examples of services that fall within the definition of taxable information services but are not taxable because they provide personal or individual information that is not incorporated into reports furnished to others.

Purchases and Sales Data. A service provider assembles data provided by both its customer and its customer's sellers/suppliers. The data pertains to the customer's purchases and sales of telecommunication services. The service provider then puts the data into a common format, enters it into a database, and manages the database. The data is not available to any other purchaser. The database and certain software is accessible online, only to the customer. The service provider's software allows the customer to view the data and manipulate and analyze the data in many different ways to help them reduce costs and maximize revenue.

Custom Market Research Reports. A business produces custom market research reports to assist their customer in making marketing decisions. The business develops a questionnaire specific to their customer's needs, interviews random respondents, tabulates and analyzes the data, and communicates the findings to the customer in a report. The business is prohibited from disclosing any part of the project to anyone else.

Website Information. A web-based business provides clients with up-to-date information about their own website, such as their customers' online behavior. The business collects the information by embedding code into the client's website design, which sends the information only to the business's server. Clients can request reports based on their needs, such as the amount of time customers spend viewing, length of time on the website, etc.

News Clipping Services. A business sells a news clipping service whereby it searches a variety of sources and gathers any information which mentions the customer's name. The business provides the information collected only to the customer.

Examples of Information-Based Services

The following are examples of services that are based on information but are *not* considered "information services" for sales tax purposes. These services are exempt from tax unless otherwise indicated.

Multiple Listing Services. The principal purpose of a multiple listing service, which is only available to a real estate licensee, is to facilitate offers of cooperation and compensation between brokers.

Real Estate Appraisal Services. A business sells real estate appraisals to banks, mortgage companies, individuals, etc. At the customer's request, the business obtains information about a particular piece of property from various sources, which may include an on-site inspection of the property, and makes an assessment of the value of the property.

Criminal Background Checks. A business prepares and sells criminal background checks of potential employees to employers. The business conducts its information search through the Internet. Although the background check is not an information service, *it is taxable as an investigation and security service*. For more information see [ANJ-28](#), *Investigation and Security Services & New Jersey Sales Tax*.

Consulting Services. A business sells technology consulting services to advise clients on their hardware and/or software needs. These services include interviewing staff to gather information and presenting a written report of findings and recommendations.

Attorney Services. An attorney consults with a client, gathers information, and draws up a legal document such as a will, a contract, a power of attorney, etc.

Environmental Testing Services. A business performs environmental testing services and issues a report on factors such as the condition of the property, levels of a particular substance, habitability, etc.

Payroll Processing Services. A business sells payroll processing services to its customers. The business receives employee specific information, prints pay checks, pay stubs, and/or similar items.

Court Stenography Services. A business sells court stenography services, the end product of which is a transcript of court or other legal proceedings.

Accident Reconstruction Services. A business provides accident reconstruction services. The business obtains and reviews police reports, medical records, etc., and makes a physical inspection of the accident scene.

Title Searches. A title insurance company performs a title search on real property, examines the information, and determines whether to issue a title insurance policy to the purchaser. The issuance of a title policy, which includes the pass-through of costs associated with obtaining and examining the information, is not an information service.

NOTE: Certain costs incurred by the title company that are associated with issuing the policy are taxable to the title insurance company. For example, if the title company purchases information by directly accessing information contained in an electronic database, the sale of such information is subject to tax as an information service. Although the information request may be specific to a particular property or person, by allowing direct access to its electronic database, the seller furnishes this information to others. This is distinguished from a transaction where the seller maintains a proprietary database which is searched by its own employees in order to fulfill its customer's search requests. In that case, the seller is performing a nontaxable service, similar to an independent title searcher. In either transaction, the title company is not considered a reseller of this information, rather, they are obtaining and using the information in order to issue a title insurance policy. Therefore, it is not appropriate for the title company to issue a resale certificate to the seller.

Preparation of Certificates. A business receives orders from lawyers for the preparation of certificates to form corporations or limited liability companies. The business prepares the documents, hand delivers them to Commercial Recording for filing, retrieves them once they are processed, and sends them to the lawyers. The business also receives documents from customers, which it submits to the State for filing.

Educational Seminars, Classes, or Courses. A company, professional organization, or trade school offers educational seminars, classes, or courses attended by individuals seeking continuing education credits, required prelicensing education, or to advance their expertise in a particular profession. Written and published educational material may or may not be distributed to participants attending these educational programs.

Government Records

Fees and charges paid to New Jersey governmental agencies or Federal governmental agencies to obtain documents, records, or information of any kind which are required to be maintained as part of the agency's regulatory function are not subject to sales tax.

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, you may file a **Business Registration Application** (Form NJ-REG) [online](#) through the Division of Revenue and Enterprise Services' NJ Business Gateway Services. If you indicate on your application 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 is your authorization from the State of New Jersey to collect sales tax and issue or accept exemption certificates. You may also be required to make a Public Records Filing depending on 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 information services and New Jersey sales tax, contact the Division's Customer Service Center at 609-292-6400, [e-mail](#) us, or write to:

NEW JERSEY DIVISION OF TAXATION
TECHNICAL INFORMATION BRANCH
PO BOX 281
TRENTON NJ 08695-0281

Many State tax forms and publications are available by fax and on our [website](#). Call NJ TaxFax at 609-826-4500 from your fax machine's phone, or access the Division's home page.