



# New Jersey Sales Tax Guide

Bulletin S&U-4

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## Important

*A new law reduced the New Jersey Sales and Use Tax rate from 7% to 6.875% on January 1, 2017. The law requires a reduction to 6.625% on January 1, 2018. Additional information about the rate change is available [online](#). The examples in this publication use the 2017 rate.*

This document is designed to provide guidance to taxpayers and is accurate as of the date issued. Subsequent changes in tax law or its interpretation may affect the accuracy of this publication.

## Introduction

This bulletin has been designed as a guide to New Jersey Sales Tax and the taxability of certain items and services sold at retail. The lists of taxable and exempt items given throughout this publication are not meant to be all-inclusive. If after reading this bulletin you are unsure whether an item is taxable, contact the New Jersey Division of Taxation (see page 26). Information on the taxability of boats is available on the Division's [website](#).

## Sales Tax Law

The New Jersey Sales and Use Tax Act imposes a tax on the receipts from every retail sale of tangible personal property, specified digital products, and the sale of certain services, except as otherwise provided in the Act. Tangible personal property can include prewritten computer software delivered electronically. In addition, most services performed on tangible personal property and specified digital products are taxable unless they are specifically exempted by law. Exempt items include: most food sold as grocery items, most clothing and footwear, disposable paper products for household use, prescription drugs, and over-the-counter drugs.

## Streamlined Sales and Use Tax Agreement (SSUTA)

The Streamlined Sales and Use Tax Agreement affects the New Jersey Sales Tax treatment of certain products and services, including, but not limited to, candy, soft drinks, prepared food,

certain clothing and footwear, grooming and hygiene products, and lease transactions.

More information on the Streamlined Sales and Use Tax Agreement is available [online](#).

### **Urban Enterprise Zones**

New Jersey has established Urban Enterprise Zones in a number of economically distressed cities in the State. Within these zones, qualified businesses that have a UZ-2 certificate may charge Sales Tax at half of the regular rate on sales of tangible personal property qualified for the reduced rate. In order for the qualified UEZ seller to offer this reduced rate, the purchaser must place the order in person at the seller's place of business in the zone. In addition, the purchaser must accept delivery at the seller's place of business within the zone, or the seller must deliver the property from its business location in the zone, not from another location.

More information on Urban Enterprise Zones and the benefits available to qualified UEZ businesses is provided on the Division's [website](#).

### **Salem County Reduced Sales Tax**

Certain sales made by businesses located in Salem County are subject to Sales Tax at half of the regular rate. Although there are certain exceptions, the reduced rate applies solely to retail sales of tangible personal property. The following are not eligible for the reduced rate:

- Motor vehicles;
- Alcoholic beverages;
- Cigarettes;
- Mail-order, catalog, or internet sales;
- Sales of services (e.g., maintenance and/or repairs);

- Prepared food, meals, and beverages;
- Telephone and electronically communicated sales;
- Sales made from locations outside the county;
- Charges for admissions or amusements;
- Charges for room occupancy.

To qualify for the reduced rate, the sale must be made in person from a place of business regularly operated by the seller for the purpose of making retail sales. In addition, the purchaser must accept delivery at the seller's place of business in Salem County, or the seller must deliver the property to the purchaser from the seller's location in Salem County.

### **Use Tax**

Use Tax is due when taxable tangible personal property, specified digital products, or services are purchased for use in New Jersey but Sales Tax is not collected, or is collected at a rate less than New Jersey's rate. This commonly happens when purchases are made online, by phone or mail order, or outside the State. If the items are delivered to a New Jersey address, the purchaser must pay Use Tax based on the purchase price, including any delivery/shipping charges. The Use Tax rate is the same as the Sales Tax rate, which is 6.875%. (The rate will decrease to 6.625% on January 1, 2018.)

**No Sales Tax Paid.** If no Sales Tax is paid on a taxable item or service, the purchaser owes 6.875% Use Tax to New Jersey.

*Example:* A New Jersey resident buys a pool table for \$3,000 plus \$50 for shipping from a company based in another state. The pool table is delivered to the purchaser's home. The

seller does not charge Sales Tax. The purchaser owes Use Tax of \$209.69 ( $\$3,050 \times .06875 = \$209.69$ ).

**Sales Tax Paid to Another State at a Rate Less Than New Jersey’s Rate.** If sales tax is paid to another state (including sales tax paid to a city, county, or other jurisdiction within a state) at a total rate less than 6.875% on a purchase that would have been taxed in New Jersey, the purchaser owes Use Tax on the difference between the two rates. No credit is allowed for sales tax paid to a foreign country.

*Example:* On a trip to Maine, Judy Chang buys an antique desk for her office for \$4,000 and pays Maine sales tax at the rate of 5.5%. The difference, \$55 (1.375% of the purchase price), is due to New Jersey as Use Tax.

For more information, see publication [ANJ-7, Use Tax in New Jersey](#).

## Grocery, Drug, and Household Items

Beginning on page 4 is a list of items commonly found in a retail store, with an indication of whether the item is taxable (T) or exempt (E) from Sales Tax *when sold to an individual consumer*.

Most items of food and drink purchased in a food store (supermarket, grocery store, produce market, bakery, etc.) are not subject to Sales Tax. Some items found on the list may become taxable if sold as prepared food. See the definition of [prepared food](#) on page 15. For more information, see the [Notice regarding food and food products](#). Food and beverages that can be purchased with benefits from the Supplemental Nutrition

Assistance program (SNAP) are exempt from Sales Tax. Thus, taxable items such as candy and soft drinks are not subject to tax when purchased with SNAP benefits.

Sales of disposable paper products, such as towels, napkins, toilet tissue, paper plates, and paper cups, are exempt from Sales Tax when purchased “for household use.” This exemption does *not* apply to the sale of disposable paper products for industrial, commercial, or other business use.

*Food and food ingredients* (exempt) means substances, whether in liquid, concentrated, solid, frozen, dried, or dehydrated form, that are sold for ingestion or chewing by humans and are consumed for their taste or nutritional value. This term does not include tobacco, alcoholic beverages, candy, or soft drinks.

*Dietary supplements* (exempt) are any products required by the federal government to be labeled as a dietary supplement, and that are identifiable by the “Supplement Facts” box on the label. Many items that are commonly marketed as health supplements, energy bars, or meal replacement bars do not fall within the definition of “dietary supplements.” These items could be taxable as candy if they meet the definition below.

*Candy* (taxable) means a preparation of sugar, honey, or other natural or artificial sweeteners in combination with chocolate, fruits, nuts, or other ingredients or flavorings in the form of bars, drops, or pieces. Any preparation containing flour or requiring refrigeration is not considered “candy.”

*Soft drinks* (taxable) are nonalcoholic beverages in liquid form that contain natural or artificial

sweeteners. Beverages that contain milk or milk products; soy, rice, or similar milk substitutes; or more than 50% fruit or vegetable juice are not considered “soft drinks” and are not subject to Sales Tax.

*Prescription drugs and over-the-counter (OTC) drugs* (for human use) also are exempt from Sales Tax if there is a label identifying the product as a drug, such as a “Drug Facts” panel or a statement of active ingredients. The OTC drug exemption does not apply to any *grooming and hygiene product*, which means a soap or cleaning solution, shampoo, toothpaste, mouthwash, antiperspirant, suntan lotion, or sunscreen.

*Diabetic supplies, prosthetic devices, and durable medical equipment for home use* are exempt from Sales Tax. *Mobility enhancing equipment* also is exempt when sold pursuant to a doctor’s prescription. Repair and replacement parts for the exempt devices and equipment also are not subject to Sales Tax.

Examples of *prosthetic devices* include:

- |                                             |                            |
|---------------------------------------------|----------------------------|
| Artificial Limbs                            | Hearing Aids               |
| Corrective Eyeglasses<br>and Contact Lenses | Heart Valves<br>Pacemakers |

Examples of *durable medical equipment* include:

- |                                      |              |
|--------------------------------------|--------------|
| Bed Pans                             | Heating Pads |
| Blood Pressure<br>Machines and Cuffs | Ice Packs    |

Examples of *mobility enhancing equipment* include:

- |                               |                  |
|-------------------------------|------------------|
| Canes                         | Wheelchairs      |
| Crutches                      | Wheelchair Lifts |
| Hand Controls for<br>Vehicles |                  |

For more information, see Technical Bulletin [TB-63\(R\)](#), *Health Care Products: Drugs, Grooming and Hygiene Products, Prosthetic Devices, Durable Medical Equipment, and Mobility Enhancing Equipment*.

Acne Products:

Creams or Lotions.....	E
Cleansers or Soaps.....	T
Air Fresheners.....	T
Alcohol, Rubbing.....	E
Alcohol, Swabs and Pads.....	E
Alcoholic Beverages (prepackaged or by the drink).....	T
Allergy Relief Products.....	E
Aluminum Foil.....	T
Ammonia.....	T
Anesthetics.....	E
Antacids.....	E
Antibiotics.....	E
Antifungals.....	E
Antihistamines.....	E
Antinauseants.....	E
Antiperspirants.....	T
Arch Supports.....	E
Arthritis Relievers.....	E
Artificial Tears.....	E
Aspirins and Combinations.....	E
Asthma Preparations.....	E
Astringents.....	E
Athlete’s Foot Treatments.....	E
Baby Bath Soaps—Liquid, Bar.....	T
Baby Food.....	E
Baby Formulas.....	E
Baby Lotions.....	T
Baby Pants.....	E
Baby Powder.....	T
Baby Shampoos.....	T
Baby Wipes.....	E

Bags:	
Cloth, Plastic .....	T
Paper <i>for household use</i> .....	E
Baked Goods (see <a href="#">Prepared Food</a> , page 15).... *	
*Taxability depends on how product is sold.	
Baking Cups:	
Foil.....	T
Paper <i>for household use</i> .....	E
Baking Powder.....	E
Baking Soda .....	E
Balloons .....	T
Bandages .....	T
Band Aids.....	T
Bar Mixes (liquid):	
Sweetened .....	T
Unsweetened .....	E
Bath Beads, Oils, Sachets .....	T
Bathing Caps .....	E
Bathroom Cleaners.....	T
Batteries .....	T
Batteries, Hearing Aid.....	E
Bed Linens .....	T
Bed Pans <i>for home use</i> .....	E
Bee Sting Relievers.....	E
Beverage Flavorings/Enhancers—Liquid,	
Concentrated .....	E
Beverage Powders (Kool-Aid,	
lemonade, iced tea) .....	E
Beverage Syrups:	
Flavored .....	E
Soda.....	E
Beverages, Sweetened:	
Containing milk, milk products, or	
milk substitutes (soy, rice, etc.).....	E
Containing more than 50% juice.....	E
Containing no milk products and	
containing 50% or less juice .....	T
Beverages, Unsweetened .....	E
Bibs .....	E
Bird Food .....	T
Birth Control Preparations .....	E
Biscuits, Crackers .....	E
Blankets (except baby receiving blankets) ....	T
Bleach—Liquid, Dry.....	T
Blistex® (medicated) .....	E
Blood Pressure Cuffs <i>for home use</i> .....	E
Books (except certain textbooks	
approved by the school) .....	T
(see also <a href="#">Newspapers, Magazines, and</a>	
<a href="#">Books</a> , page 16, and <a href="#">Specified Digital</a>	
<a href="#">Products</a> , page 16)	
Bottled Water:	
Sweetened .....	T
Unsweetened.....	E
Braces—Ankle, Knee .....	E
Bread and Rolls.....	E
Breast Cream.....	T
Breast Pump .....	T
Breast Shells, Bra Pads .....	E
Breath Freshener .....	T
Bubble Bath .....	T
Butane .....	E
Cake Mixes .....	E
Calling Cards, Telephone (prepaid):	
Sale of Card.....	T
Additional Minutes .....	T
Camera Lens and Eyeglass Cleaner Tissues..	T
Candles.....	T
Candy (see <a href="#">Candy</a> , page 3).....	T
Taxable <i>unless</i> product contains	
flour (e.g., Nestle Crunch®) or	
requires refrigeration.	
Canes.....	T
Sold pursuant to doctor’s prescription ....	E
Canker Sore Preparations.....	E

Canned Goods:		Cod Liver Oil .....	E
Fruits .....	E	Coffee—Beans, Packaged, Instant .....	E
Meats, Fish (except pet food).....	E	Coffee Filters—Paper <i>for household use</i> .....	E
Milk.....	E	Coffee Pot Cleaners .....	T
Soup .....	E	Cold Preparations and Remedies .....	E
Vegetables .....	E	Cold Sore Preparations .....	E
Car Wash and Wax .....	T	Combs .....	T
Carbonated Beverages (see <a href="#">Beverages</a> )		Computers: (see also <a href="#">Services</a> , page 12)	
Carpet Cleaners .....	T	Computer Systems .....	T
Carpet Deodorizers .....	T	Hardware Components.....	T
Castor Oil.....	E	Prewritten Computer Software .....	T
Cat Food.....	T	Condiments (ketchup, mustard, etc.) .....	E
CDs, Cassettes, DVDs .....	T	Condoms .....	T
Cereal Bars (see <a href="#">Candy</a> , page 3).....	*	Confections (see <a href="#">Candy</a> , page 3) .....	T
*Taxability depends on ingredients.		Constipation Products .....	E
Cereals.....	E	Contact Lens Care Products (including	
Chapstick® (medicated).....	E	saline solution) .....	T
Charcoal, Charcoal Briquettes .....	E	Contact Lens Cleaner, Solution .....	T
Cheese, Cheese Spreads.....	E	Contact Lenses (prescription) .....	E
Chewing Gum.....	T	Contraceptive Preparations .....	E
Chewing Tobacco.....	T	Cooking Wine .....	E
Chips—Chocolate, Butterscotch, etc.		Copper Cleaner .....	T
(for use in baking):		Corn and Callus Pads.....	T
Sweetened .....	T	Corn and Callus Removers .....	E
Unsweetened.....	E	Cornstarch .....	E
Chips—Potato, Corn, etc. ....	E	Cosmetics.....	T
Christmas Trees.....	T	Costumes.....	E
Christmas Tree Skirts—Paper, Cloth.....	T	Cotton Balls .....	T
Cigarette Filters.....	T	Cough Preparations.....	E
Cigarette Papers .....	T	Cream, Milk, Half and Half.....	E
Cigarettes .....	T	Crepe Paper .....	T
Cigars .....	T	Crutches .....	T
Cleaning Liquids, Powders .....	T	Sold pursuant to doctor’s prescription .....	E
Clotheslines.....	T	Cups:	
Clothespins.....	T	Paper <i>for household use</i> .....	E
Clothing (see <a href="#">Clothing and Footwear</a> , page 16)		Plastic, Foam.....	T
Cocktail Onions, Olives .....	E	Cuticle Remover .....	T
Cocktail Sauces.....	E	Dandruff/Seborrhea Shampoo.....	T
Cocoa, Instant .....	E	Decongestants .....	E

Decorations—Paper, Plastic.....	T	Epsom Salt:	
Dental Floss .....	T	Garden Use.....	T
Dental Rinse.....	T	Medical Use (for humans) .....	E
Denture Adhesives, Preparations .....	T	Expectorants.....	E
Deodorants, Antiperspirants.....	T	Eye Preparations .....	E
Deodorizers—Room, Car, Carpet.....	T	Eyeglass Cleaner Tissues .....	T
Depilatories .....	T	Eyeglass Frames (fitted with	
Detergents .....	T	corrective lenses) .....	E
Diabetic Supplies (lancets, needles,		Eyeglasses (corrective) .....	E
syringes, test strips, wipes, etc.).....	E	Fabric Softeners .....	T
Diapers (including disposable) .....	E	Facial Cleansing Pads .....	T
Diaper Liners .....	E	Feminine Napkins, Tampons.....	E
Diarrhea Aids .....	E	Fever Blister Aids .....	E
Digestive Aids.....	E	Fiberglass Cleaner.....	T
Digital Property (see <a href="#">Specified</a>		Film, Film Processing .....	T
<a href="#">Digital Products</a> , page 16).....	T	Firewood .....	E
Dinnerware (disposable):		First Aid Kits.....	T
Paper <i>for household use</i> .....	E	First Aid Products:	
Plastic, Foam.....	T	Bandages .....	T
Dips—Cheese, Onion, etc. ....	E	Healing Agents, Solutions, etc. ....	E
Dish Detergents.....	T	Fishing Bait.....	T
Disinfectants .....	T	Flags:	
Distilled Water .....	E	State of New Jersey.....	E
Diuretics.....	E	United States of America .....	E
Dog Food .....	T	All Others.....	T
Doilies—Paper, Foil.....	T	Flashlights .....	T
Douches:		Flatware.....	T
Antiseptic, Anti-Infectious.....	E	Flea Collars .....	T
Cleaning, Deodorizing .....	T	Floor Cleaners and Polishes.....	T
Drain Openers, Cleaners .....	T	Floor Coverings, Rugs .....	T
Drawer Liners .....	T	Floor Finishes (wax) .....	T
DVDs, CDs .....	T	Floor Wax Remover .....	T
Dyes .....	T	Flowers.....	T
Ear Preparation, Ache Aids.....	E	Food Coloring .....	E
Ear Syringes .....	E	Food Wraps:	
Eczema Preparations .....	E	Aluminum Foil.....	T
Eggs—Fresh, Dried.....	E	Paper Freezer Wrap <i>for household use</i> ....	E
Electrical Supplies .....	T	Plastic Storage Bags.....	T
Energy Bars (see <a href="#">Candy</a> , page 3).....	*	Plastic Wrap .....	T
*Taxability depends on ingredients.		Waxed Paper <i>for household use</i> .....	E

Foot Care Preparations.....	E	Hand Lotion .....	T
Foot Deodorizers.....	T	Hay Fever Aids .....	E
Footwear (see <a href="#">Clothing and Footwear</a> , page 16)		Headache Relief Aids.....	E
Freezer Packs (blue ice).....	T	Health/Fitness Equipment (weights, exercise balls, steps, etc.).....	T
Frozen Foods (see also Ice Cream) .....	E	Heating Pads .....	E
Fruit.....	E	Hemorrhoid Treatments .....	E
Fruit Drinks:		H.I.V. Testing Kits (only when sample is sent to lab for analysis and report).....	E
Containing 50% or less juice .....	T	Hosiery, all types.....	E
Containing over 50% juice.....	E	Hot Chocolate, Instant .....	E
Fuels:		Hypodermic Syringes and Needles:	
Charcoal .....	E	Diabetic Use.....	E
Charcoal Lighter .....	E	Disposable (for nondiabetic use) .....	T
Cigarette Lighter Fluid.....	E	Reusable (for home use) .....	E
Fungicides.....	E	Ibuprofen.....	E
Furniture.....	T	Ice .....	E
Furniture Polishes and Cleansers .....	T	Ice Buckets, Ice Chests .....	T
Fuses .....	T	Ice Cream:	
Garbage Pails .....	T	Individually wrapped bars, sandwiches, popsicles, cones (single item or by the box) .....	E
Garden Supplies .....	T	By the gallon or part of a gallon .....	E
Gatorade.....	T	Ice Cream Cones (hand-dipped) .....	T
Gelatin and Gelatin Desserts.....	E	Iced Tea:	
Gift Certificates.....	E	Liquid, sweetened .....	T
Gift Wrap, Bows, Boxes, Tags.....	T	Liquid, unsweetened .....	E
Gloves .....	E	Powdered, sweetened or unsweetened .....	E
Glucose Meters for home use.....	E	Icing/Frosting.....	E
Granola Bars (see <a href="#">Candy</a> , page 3) .....	*	Ingrown Nail Preparations .....	E
*Taxability depends on ingredients.		Insect Bite and Sting Preparations .....	E
Greeting Cards .....	T	Insecticides, Repellents.....	T
Grenadine.....	E	Instant Cocoa, Coffee, Tea .....	E
Grip Tape.....	T	Insulin .....	E
Guest Towels—Paper for household use .....	E	Iodine, Tincture of.....	E
Hair Care Products:		Itch, Rash Relievers .....	E
Brushes, Combs .....	T	Jams and Jellies.....	E
Conditioners.....	T	Jewelry Cleaners .....	T
Curler Papers.....	T		
Rinses.....	T		
Shampoos, including Minoxidil-based .....	T		
Halloween Masks.....	T		
Hand Cleaners.....	T		



Juice Drinks:		Matches .....	T
Containing 50% or less juice .....	T	Meats .....	E
Containing over 50% juice .....	E	Medicines (for pets) .....	T
Keys .....	T	Menstrual Cramp Relievers .....	E
Laundry Soaps and Detergents .....	T	Metal Cleaners and Polishes .....	T
Lawn Bags .....	T	Mildew Remover .....	T
Laxatives .....	E	Milk (fresh, powdered), Cream, Half and Half .....	E
Leather Cleaners (saddle soap) .....	T	Mineral Oil .....	E
Leavening Agents .....	E	Mineral or Herbal Supplements (in form of pills, capsules, etc.) .....	E
Lemonade:		Mixes for Soups .....	E
Liquid, sweetened .....	T	Mixes for alcoholic beverages:	
Powdered .....	E	Liquid, sweetened (see <a href="#">Beverages</a> ) .....	E
Lice Treatments (for humans) .....	E	Liquid, unsweetened .....	E
Light Bulbs .....	T	Powdered .....	E
Lighter Fluid .....	E	Mops, Mop Handles .....	T
Linens .....	T	Motion Sickness Remedies .....	E
Liners—Garbage Can, Shelf, etc. ....	T	Mouthwash .....	T
Lint Removers .....	T	Movies (see <a href="#">Specified Digital Products</a> , page 16) .....	T
Lip Balms (medicated) .....	E	Muscle Ache Relievers .....	E
Lipstick .....	T	Music (see <a href="#">Specified Digital Products</a> , page 16) .....	T
Litter Box Liners .....	T	Nail Biting Deterrents .....	T
Lotions:		Nail Polish .....	T
Cleansing .....	T	Nail Polish Remover .....	T
Moisturizing .....	T	Napkins, Table—Paper <i>for household use</i> .....	E
Lunch Bags:		Nasal Sprays, Decongestants .....	E
Paper <i>for household use</i> .....	E	Newspapers .....	E
Plastic .....	T	Nicotine Gum .....	E
Lye .....	T	Nicotine Patch .....	E
Magazines (or periodicals), qualified: (see <a href="#">Newspapers, Magazines, and Books</a> , page 16)		Nursing Bottles, Nipples, Funnels .....	T
Sold as single copies (hard copies) .....	T	Nursing Pads—Paper .....	E
Sold as single copies (electronic) .....	E	Nuts:	
Sold by subscription .....	E	Sweetened (see <a href="#">Candy</a> ) .....	
Makeup .....	T	Unsweetened .....	E
Makeup Remover .....	T	Oil—Cooking, Salad .....	E
Maraschino Cherries .....	E	Olives .....	E
Marshmallow Fluff .....	E		
Marshmallows .....	T		

Oral Pain Relievers .....	E	Presoaks, Laundry .....	T
Oven Cleaners .....	T	Preserves .....	E
Oven Cooking Bags:		Pretzels (unheated).....	E
Paper for household use .....	E	Propane .....	E
Plastic or Aluminum .....	T	Puddings.....	E
Ovulation Testing Kits .....	T	Pumpkins:	
Oxygen .....	E	Used for decoration.....	T
Paint Remover.....	T	Used for food .....	E
Paper Bags for household use .....	E	Rainhoods .....	E
Paper Goods (plates, towels, etc.)		Ringtones (see <a href="#">Specified Digital Products</a> ,	
for household use .....	E	page 16).....	T
Paperback Books.....	T	Rock Salt.....	T
Peroxide, Hydrogen (for medical use).....	E	Rogaine® Foam/Solution.....	E
Pet Foods.....	T	Rubber Gloves .....	E
Pet Shampoo .....	T	Rug Cleaners and Shampoos .....	T
Pet Supplies.....	T	Rug Deodorizers .....	T
Petroleum Jelly.....	E	Salads (potato salad, coleslaw, etc.).....	*
Pets.....	T	(see <a href="#">Prepared Food</a> , page 15)	
Pickles.....	E	*Taxability depends on how product is sold.	
Pies, Pie Crusts.....	E	Salt and Salt Substitutes.....	E
Pillows.....	T	Sandwich Bags:	
Place Mats:		Paper for household use .....	E
Cloth and plastic .....	T	Plastic.....	T
Paper for household use .....	E	Sanitary Napkins, Tampons .....	E
Plants (including fruit, vegetable).....	T	Scouring Pads.....	T
Plates:		Seeds—Flower or Vegetable.....	T
Paper for household use .....	E	Shampoos.....	T
Plastic, Foam.....	T	Shaving Cream.....	T
Poison Ivy and Oak Treatment		Shelf Liners.....	T
Preparations.....	E	Shoe Inserts (Odor Eaters).....	E
Polishing Cloths and Mitts.....	T	Shoe Laces .....	E
Popcorn:		Shoe Polish.....	T
Popped, sweetener added.....	T	Shoes (see <a href="#">Clothing and Footwear</a> , page 16)	
Popped, no sweetener added.....	E	Shower Caps .....	T
Unpopped, any flavor.....	E	Sinus Relievers.....	E
Powdered Beverage Mix.....	E	Skin Bleaches.....	T
Pregnancy Testing Kits .....	T	Skin Irritation Relievers.....	E
Prescription Contraceptives .....	E	Sleep Aids .....	E
Prescription Drugs (for human use).....	E	Snuff.....	T

Soap.....	T	Tobacco.....	T
Soap Pads.....	T	Toilet Bowl Cleaners.....	T
Soup Mixes.....	E	Toilet Bowl Deodorizers.....	T
Spaghetti.....	E	Tooth Ache Relievers.....	E
Specified Digital Products (see <a href="#">Specified Digital Products</a> , page 16).....	T	Tooth Polish.....	T
Spices.....	E	Toothbrushes.....	T
Sponges.....	T	Toothpaste.....	T
Stain and Spot Remover.....	T	Toothpicks.....	T
Starch:		Towelettes <i>for household use</i> .....	E
Corn.....	E	Towels:	
Laundry.....	T	Cloth.....	T
Static Remover.....	T	Paper <i>for household use</i> .....	E
Stationery.....	T	Trashbags and Liners.....	T
Steel Wool.....	T	Undergarments, Disposable.....	E
Stirrers—Wood, Plastic.....	T	Underpads, Disposable—Paper.....	E
Straws:		Upholstery Cleaners.....	T
Paper <i>for household use</i> .....	E	Vacuum Cleaner Bags:	
Plastic.....	T	Cloth, Plastic.....	T
Sugar and Sugar Substitutes.....	E	Paper <i>for household use</i> .....	E
Sunburn Relief Products.....	E	Vaporizer Tablets.....	T
Sunglasses.....	T	Vaseline®.....	E
Sunscreens.....	T	Vegetables.....	E
Surgical Adhesive.....	T	Vitamins.....	E
Table Covers:		Wart Removers.....	E
Paper <i>for household use</i> .....	E	Water:	
Plastic.....	T	Sweetened.....	T
Tampons (and like products).....	E	Unsweetened.....	E
Tape.....	T	Water Conditioners.....	T
Tea—Prepackaged, Dry, or Instant.....	E	Water Pills.....	E
Tears, Artificial.....	E	Water Repellent.....	T
Teething Lotions.....	E	Wax.....	T
Telephone Calling Cards (prepaid):		Wax Remover.....	T
Additional Minutes.....	T	Waxed Paper <i>for household use</i> .....	E
Sale of Card.....	T	Wheelchairs.....	T
Tenderizers (spices).....	E	Sold pursuant to doctor’s prescription.....	E
Thermometers (reusable) <i>for home use</i> .....	E	Whipped Cream.....	E
Tile Cleaners.....	T	Whiteners, Laundry.....	T
Tissue—Facial and Toilet <i>for household use</i> .....	E	Wigs.....	T
		Window Cleaning Liquids.....	T

Windshield Washer Solution.....	T
Wipes:	
Handi Wipes® (rayon).....	T
Witch Hazel.....	E
Wool Washes.....	T
Wrapping Paper, Bows.....	T
Wraps:	
Foil, Plastic.....	T
Paper for household use.....	E

## Services

The following is a list of common services, with an indication of whether the service is taxable (T) or exempt (E) from Sales Tax.

### Accounting Services:

Professional Services.....	E
Electronic Filing Charges.....	T

### Admission Charges:

Spectator Sports (baseball games, basketball games, professional wrestling events, etc.).....	T
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Participant Sports (bowling, fishing, swimming, etc.).....	E
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Places of Amusement (movie theaters, amusement parks, trade shows, craft shows, etc.).....	T
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Advertising Services (in general).....	E
----------------------------------------	---

Alarm Monitoring.....	T
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Animal Boarding at Seller's Facility.....	T
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Animal Grooming.....	T
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Answering Services, Telephone.....	T
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Appliance Repairs.....	T
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Appraisals—Jewelry, Real Estate, etc.....	E
-------------------------------------------	---

Architectural Services (in general).....	E
------------------------------------------	---

Armored Car Services.....	T
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### Automobile Repairs:

Inspection Service.....	E
Labor.....	T

Parts.....	T
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Barber Shop Services.....	E
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Beauty Parlor Services.....	E
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Beeper and Paging Services.....	T
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### Boat Docking Fees:

Slip Rentals.....	E
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Storage (water or land).....	T
------------------------------	---

Bookkeeping Services.....	E
---------------------------	---

Calligraphy.....	T
------------------	---

Cable or Satellite Television Subscription.....	E
-------------------------------------------------	---

Car Washing.....	T
------------------	---

Carpet Cleaning.....	T
----------------------	---

Catering Services.....	T
------------------------	---

Child/Day Care.....	E
---------------------	---

Chimney Sweeping (residential).....	E
-------------------------------------	---

Cleaning Services (janitorial).....	T
-------------------------------------	---

Computer Maintenance/Repair.....	T
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Credit Check/Report.....	T
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Credit Repair Services.....	E
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Data Processing Services.....	E
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Debt Collection.....	E
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### Delivery Charges:

On Taxable Items.....	T
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On Nontaxable Items.....	E
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Disc Jockey.....	E
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### Dry Cleaning:

Clothing.....	E
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Other.....	T
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### Document Fees Imposed by Motor Vehicle

#### Dealerships:

For taxable motor vehicle sales.....	T
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For nontaxable motor vehicle sales.....	E
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    Separately stated fees for title and registration charged by New Jersey

Motor Vehicle Commission.....	E
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Electronic Filing Charges.....	T
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Employment Agency Fees .....	E	Moving Services .....	E
Extended Warranty Agreements.....	T	Parking:	
Facsimile (Fax) Services.....	T	Parking, storing, or garaging a	
Floor Covering Installation.....	T	motor vehicle .....	T
Garbage Removal:		At facility owned/operated by employer..	E
Contractual (30 days or more) .....	E	Atlantic City casino hotel \$3 parking fee..	E
Noncontractual.....	T	Parking receipts subject to tax imposed	
Home Repairs (except residential heating		by any other law or ordinance .....	E
systems) .....	T	Provided by a municipality, county, or	
Gift Wrapping .....	T	municipal/county parking authority....	E
Information Services.....	T	Provided to employee by employer .....	E
Insurance Premiums.....	E	Residential.....	E
Interior Design .....	E	Pest Control:	
Internet Access Charges.....	E	Inspection.....	E
Investigation and Detective Services.....	T	Treatment .....	T
Jewelry:		Pet Sitting at Owner's Home .....	E
Cleaning .....	T	Photocopying Services.....	T
Engraving.....	T	Photographer's Services.....	T
Sizing .....	T	Prewritten Computer Software Delivered	
Landscaping Services.....	T	Electronically:	
Laundry Services:		Sold to individuals .....	T
Clothing.....	E	Used directly in the conduct of the	
Other .....	T	purchaser's business/trade.....	E
Lawn Mowing Services .....	T	Printing Services .....	T
Locker Rentals .....	T	Professional Services (doctor, lawyer, etc.)...	E
Mail Processing Services for		Restaurant Meals.....	T
Advertising/Promotional Material:		Safe Deposit Box Rental.....	T
Distributed in NJ.....	T	Scanning—Photos, Records, etc.....	T
Distributed outside NJ.....	E	Security Guard and Patrol Services .....	T
Maintenance Agreements (in general) .....	T	Security Systems Services .....	T
Manufacturer's Rebate (automobile, etc.).....	T	Service Contracts (in general).....	T
Massage Services.....	T	Shoe Repair.....	E
Provided pursuant to doctor's		Silk-Screening, Monogramming,	
prescription .....	E	Embroidering:	
Membership Fees*:		Purchase of Clothing Included.....	E
Discount Clubs.....	E	Services Only .....	T
Health/Fitness/Athletic/Sporting Clubs ...	T	Snow Removal .....	T
Shopping Clubs.....	T	Space for Storage .....	T
Professional/Social Clubs .....	E	Storage Service Charges .....	T

\*Tax does not apply to memberships in clubs whose members are predominantly age 18 or under or when charges are made by qualified exempt organizations or New Jersey State or local government entities.

Tanning Sessions.....	T
Tattooing .....	T
By prescription in conjunction with reconstructive breast surgery .....	E
Telecommunications Services (landline and wireless telephone, telegraph, pagers, alarm monitoring, etc.).....	T
Telephone Answering Services .....	T
Tips and Gratuities (separately stated and paid in full to employees).....	E
Towing .....	E
Transportation (see also <a href="#">Delivery Charges</a> , page 12).....	E
Trash Removal:	
Contractual (30 days or more) .....	E
Noncontractual.....	T
Travel Agency Fees.....	E
Typing Services.....	E
Utilities (natural gas, electricity).....	T †
Videography .....	T
Website Design .....	E
Website Hosting.....	E
Window Washing.....	T

### Delivery Charges for Taxable Property and Services

Sales Tax is imposed on the charges for delivery of property (or services) from a seller directly to a customer if the items sold are subject to tax. Tax is not imposed on delivery charges for non-taxable items like clothing, property purchased for resale, and property covered by any other statutory exemption provision.

*Delivery charges* are defined as charges by the seller for preparation and delivery to a location designated by the purchaser of personal property or services including, but not limited

to, transportation, shipping, postage, handling, crating, and packing. If a shipment includes both exempt and taxable property, the seller should allocate the delivery charge by using:

- A percentage based on the total sales price of the taxable property compared to the total sales price of all property in the shipment; or
- A percentage based on the total weight of the taxable property compared to the total weight of all property in the shipment.

Thus, only the portion of the delivery charge that relates to the taxable property or service is subject to Sales Tax. In these mixed transactions, if the seller does not allocate the delivery charge, the entire delivery charge is taxable.

For information about delivery charges on out-of-State sales, see publication [ANJ-10](#), *Out-of-State Sales & New Jersey Sales Tax*.

### Coupons

The following guidelines apply to retail sale transactions involving the use of coupons.

- When a manufacturer issues a coupon entitling a purchaser to pay a reduced price on an item, and the seller is *reimbursed* by the manufacturer, distributor, or other third party, the tax is due on the full regular price of the item. The sales price is composed of the amount paid and the amount of the coupon value. The coupon value reflects a payment or reimbursement by another party to the seller.

**Example:** A store issues a coupon labeled “mfr.” entitling the holder to purchase an item for \$10 less than the regular price.

†Included in rate

Regular price	\$ 99.95
6.875% Sales Tax	+ 6.87
Total before discount	\$106.82
Manufacturer's coupon	- 10.00
Customer pays	\$ 96.82

- When a store issues a coupon entitling a purchaser to a discounted price on the item or a free or reduced price on an additional item, and the seller receives *no reimbursement* from the manufacturer or other third party, the Sales Tax is due from the purchaser on only the discounted price, which is the actual receipt.

**Example:** A store issues a coupon entitling the holder to purchase a product for 50 cents less than the regular price.

Regular price	\$ 2.37
Store coupon	- 0.50
Taxable receipt	\$ 1.87
6.875% Sales Tax	+ 0.13
Customer pays	\$ 2.00

- When a store issues a coupon entitling a purchaser to pay a reduced price on an item, and the seller is *reimbursed* by a manufacturer, distributor, or other third party, the tax is due on the full regular price of the item. The sales price is composed of the amount paid and the amount of the coupon value.
- When a manufacturer or a seller issues a coupon involving a *third-party reimbursement*, but does not disclose that fact to the purchaser on the coupon or in an accompanying advertisement, the seller will collect from the purchaser only the tax due on the reduced price, but will be required to pay the tax based on the entire sales price (i.e., the amount of

the price paid and the reimbursement received from the manufacturer or other third party).

For more information, see publication [ANJ-9, Coupons, Discounts & New Jersey Sales Tax](#).

## Prepared Food

Sales of prepared food are subject to Sales Tax. *Prepared food*, which includes beverages, means:

- Food sold in a heated state or heated by the seller; or
- Two or more food ingredients combined by the seller and sold as a single item; or
- Food sold with eating utensils provided by the seller.

Food that is only cut, repackaged, or pasteurized by the seller, as well as eggs, fish, meat, poultry, and foods that contain these raw animal foods that require cooking by the consumer are not treated as prepared food.

The following are *not* treated as prepared food, *unless* the seller provides eating utensils with the items:

- Food sold by a seller that is a manufacturer;
- Food sold in an unheated state by weight or volume as a single item; and
- Bakery items sold as such, including bread, rolls, buns, bagels, donuts, cookies, muffins, etc.

*Eating utensils* include plates, knives, forks, spoons, glasses, cups, napkins, or straws.

The sale of prepared food by restaurants, taverns, delicatessens, or other establishments engaged in

selling food that fits within the definition of prepared food is subject to Sales Tax.

For more information, see Technical Bulletins [TB-70](#), *Sales of Food and Food Ingredients, Candy, Dietary Supplements, and Soft Drinks Sold by a Grocery Store*, and [TB-71](#), *Sales of Prepared Food by Food Service Providers*.

## Newspapers, Magazines, and Books

The sales of newspapers are exempt from Sales Tax. Magazines and periodicals sold by subscription are exempt whether or not they are accessed by electronic means. Magazines sold as single copies are taxable when sold in printed form; however, they are exempt when delivered electronically. Membership periodicals also are exempt. A “membership periodical” is any periodical distributed by a nonprofit organization to its members as a benefit of membership in the organization. For more information, see publication [ANJ-21](#), *Newspapers, Magazines, Periodicals & New Jersey Sales Tax*.

Sales of books, both hardback and softback, including sales of the Bible or other sacred scripture, are taxable whether the book is delivered in hard copy or electronically.

## Specified Digital Products

Receipts from retail sales of specified digital products are taxable. Charges for installing, maintaining, servicing, or repairing specified digital products also are subject to Sales Tax.

*Specified digital product* means an electronically transferred digital audio-visual work, digital

audio work, or digital book. A digital code that provides a purchaser with a right to obtain the product is treated the same as a specified digital product. “Transferred electronically” means obtained by the purchaser by means other than tangible storage media.

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

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 more information, see publication [ANJ-27](#), *Specified Digital Products & New Jersey Sales Tax*.

## Clothing and Footwear

Sales of articles of clothing and footwear for human use are exempt from New Jersey Sales Tax. This exemption does not apply to fur clothing; accessories or equipment; sport or recreational equipment, or protective equipment. Protective equipment necessary for the daily work of the user is exempt from tax.

*Clothing* includes footwear, all inner and outer wear, headgear, gloves and mittens, neckwear, and hosiery normally worn on the human body, including baby receiving blankets, bunting, diapers, diaper inserts, and baby pants. Disposable undergarments for adults also are exempt.



## Exempt Clothing and Footwear

Aprons (household and shop)  
Arch Supports  
Athletic Supporters  
Baby Receiving Blankets  
Bathing Caps  
Bathing Suits  
Beach Capes and Coats  
Belts and Suspenders  
Bibs  
Boots  
Bowling Shirts (if suitable for ordinary street wear)  
Coats, Jackets, and Wraps (for either evening or daytime wear)  
Costumes (e.g., Halloween, dance; whether for adults or children)  
Diapers (including disposable, whether for adults or children)  
Djellabas  
Dress Shields  
Dresses (including evening wear)  
Ear Muffs  
Footlets  
Formal Wear  
Garters and Garter Belts  
Girdles  
Gloves and Mittens (for general use)  
Hand Muffs  
Hats and Caps  
Head and Neck Scarves and Bandannas  
Hosiery and Peds  
Incontinence Briefs  
Lab Coats  
Leotards and Tights  
Neckties  
Overshoes  
Pantyhose  
Rainwear

Rubber Gloves (for home or work use)  
Rubber Pants  
Safety Clothing (normally worn in hazardous occupations)  
Sandals  
Saris  
Shoe Insoles (e.g., Dr. Scholl's®)  
Shoe Laces  
Shoes (including safety shoes, sneakers and tennis shoes)  
Shoulder Pads (for dresses, jackets, etc.)  
Ski Masks  
Sleepwear  
Slippers  
Socks  
Steel-Toed Shoes  
Stockings  
Thermal Underwear  
Underwear  
Uniforms (athletic, school, scout, work, etc.)  
Wedding Apparel  
Work Clothes, Work Uniforms  
Yarmulkes, Turbans, and Fezzes

## Protective Equipment

*Protective equipment* means items for human wear and designed as protection of the wearer against injury or disease, or as protections against damage or injury to other persons or property, but not suitable for general use. Protective equipment necessary for the daily work of the user is specifically **exempt**. However, protective equipment such as goggles or helmets worn for sport or recreational activities is **taxable**. Examples of protective equipment include:

Breathing Masks  
Clean Room Apparel and Equipment  
Ear and Hearing Protectors  
Face Shields

Hard Hats  
Helmets  
Protective Goggles  
Respirators (paint or dust)  
Safety Glasses and Goggles  
Safety Belts  
Tool Belts  
Welders' Gloves and Masks

### **Sport or Recreational Clothing and Footwear/Equipment**

Sport or recreational equipment that is worn only in conjunction with a particular sport or recreational activity is taxable. Articles that can be adapted for general use not exclusively connected with a sporting activity are exempt from tax.

#### **Taxable:**

Athletic Shoes (cleated or spiked)  
Ballet and Tap Shoes  
Baseball and Hockey Gloves  
Bicycle Shorts (padded)  
Bowling Shoes  
Fishing Boots (waders)  
Gloves (e.g., baseball, bowling, boxing, hockey, golf)  
Goggles (nonprescription)  
Golf Shoes  
Hand and Elbow Guards  
Helmets (sports and motorcycle)  
Ice Skates  
Life Preservers and Vests  
Mouth Guards  
Protective Masks  
Roller Blades  
Roller Skates (boot and screw-on)  
Shin Guards and Padding  
Shoulder Pads  
Ski Boots

Skin Diving Suits  
Snorkel and Scuba Masks  
Sweatbands  
Swim Fins  
Track Shoes and Cleats  
Wetsuits and Fins

#### **Exempt:**

Athletic Supporters  
Children's Sports and Play Uniforms (e.g., football, baseball, karate)  
Hooded Shirts  
Jogging or Running Shoes, Suits  
Knitted Caps or Hats  
Overshoes, Coats, Mittens, Parkas, and Trousers (sometimes sold in the trade as hunting, skating, and skiing apparel but suitable for general outdoor wear and commonly worn other than in a particular sport)  
Pullovers, Turtlenecks, and Other Sweaters  
Ski Masks

### **Fur Clothing**

Sales of fur garments and articles meeting the definition of fur clothing are **taxable**. *Fur clothing* is defined as clothing that is required to be labeled as a fur product and the value of the fur components in the product is more than three times the value of the next most valuable tangible component.

*Fur* means any animal skin with hair, fleece, or fur fibers attached either in its raw or processed state. It does not include skins that have been converted into leather or suede, or those from which the hair, fleece, or fur fiber has been completely removed. Examples of items that may be taxed as fur clothing include:

Boots  
Capes  
Coats  
Collars  
Ear and Hand  
Muffs  
Hats  
Neck Scarves  
Jackets  
Vests  
Wraps

For more information, see the [Notice to fur clothing sellers](#).

### Accessories

Clothing accessories or equipment, although worn on the body, are not considered clothing or footwear and are **taxable**. Some examples are:

Backpacks and Fanny Packs  
Barrettes  
Belt Buckles (sold separately)  
Bobby Pins  
Briefcases  
Cosmetics  
Costume Masks (sold separately)  
Elastic and Fur Ponytail Holders  
Hair Bows  
Hairclips  
Hairnets  
Handbags and Shoulder or Tote Bags  
Handkerchiefs  
Headbands  
Jewelry  
Key Cases  
Key Rings  
Patches and Emblems (sold separately)  
Shower Caps  
Sunglasses (nonprescription)  
Sweatbands  
Umbrellas  
Wallets and Cell Phone Cases  
Watches  
Watch Bands  
Wigs and Hair Pieces

### Yarn Goods, Yarns, Sewing Equipment, and Supplies

Common wearing apparel materials intended to be used in either making or repairing clothes are **exempt**. These materials include:

Bra and Slip Repair  
Buttons  
Denim and Leather Patches  
Elastic  
Fabrics  
Lace  
Ribbons  
Seam-Binding and Bias Tape  
Snaps, Hooks, and Eyes  
Thread  
Yarn  
Zippers

**NOTE:** If these items are used on products other than wearing apparel, such as doll clothes and afghans, they are taxable.

Any item that does not become an integral part of the clothing is **taxable**. Some examples are:

Chalk  
Fabrics and Yarns (used to make items other than apparel such as rugs, pillows, etc.)  
Instruction Books  
Knitting Needles  
Measuring Tapes  
Needles  
Patterns  
Pins  
Sewing Machines  
Scissors  
Tape Measures  
Thimbles

## Leasing

A lessor must collect Sales Tax from the lessee (person who leases or rents property) on a lease or rental transaction. For leases or rentals with a term of *six months or less*, Sales Tax must be collected with each periodic payment. For leases or rentals of *more than six months*, the full amount of tax is due up front in the period in which the lessee takes delivery of the property.

For transactions with a term of more than six months, the tax must be calculated using either the original purchase price of the property, or the total of the periodic payments required under the agreement, including interest charges directly paid by the lessee. When Sales Tax is paid on the purchase price, it does not have to be paid again if the lease is renewed or if the same property is subsequently leased to another party.

For more information, see the [Notice regarding leases and rentals](#) and Tax Topic Bulletin [S&U-12](#), *Leases and Rentals*.

## Claim for Refund of Sales Tax

**Refunds Requested by Individuals From Sellers.** If New Jersey Sales Tax was incorrectly charged and collected by the seller, the purchaser can request a refund of the Sales Tax paid directly from the seller. If the purchaser is unable to recover the tax from the seller, the purchaser can request a refund from the Division of Taxation.

**Refunds Requested by Individuals From the Division of Taxation.** To request a refund from the Division, a purchaser must file a Claim for Refund ([Form A-3730](#)) within four years from the date of payment of the Sales Tax. Individuals

must provide an explanation and submit supporting documentation to substantiate the claim. Documentation includes items such as copies of invoices or receipts and proof of tax paid.

**Refunds Requested by Businesses From the Division of Taxation.** Businesses that have improperly collected and/or paid Sales Tax to the State on their monthly remittance statement (Form ST-51) may correct the error on their quarterly Sales Tax return (Form ST-50) only if the error is discovered within the same calendar quarter. If the error is discovered after the return for that quarter has been filed, the business must file an amended quarterly return for the period in which the error occurred. When filing the quarterly return, the business must take credit for all payments made for the quarter (including payments submitted in error). Quarterly returns can be amended [online](#) or [by phone](#) through the Business Paperless Telefiling System.

If the amended quarterly return results in an overpayment for the quarter, the business must file a Claim for Refund ([Form A-3730](#)) to obtain a refund. Businesses must have records of canceled sales, returns, or uncollectible receipts to substantiate any claim for a refund of Sales Tax remitted to the State.

Special rules apply to qualified Urban Enterprise Zone businesses. See [Urban Enterprise Zones](#) on page 2.

## Businesses Collecting Sales Tax

### Registering a Business

Any person or organization engaged in a business, trade, profession, or occupation in New Jersey

must register with the State for tax purposes by filing a Business Registration Application, Form NJ-REG, at least 15 business days before starting business or opening an additional place of business in this State. Registration ensures that the business will receive all the forms and information it needs to comply with New Jersey tax laws.

Form NJ-REG may be filed [online](#) through the Division of Revenue and Enterprise Services' NJ Business Gateway Services. A Public Records Filing is also required for corporations, limited liability companies, limited partnerships, and limited liability partnerships. More information on Public Records Filing is available in the *New Jersey Complete Business Registration Package* ([NJ REG](#)) or by calling 609-292-9292.

### Collecting Sales Tax

In general, every New Jersey business selling taxable items or services must collect and remit New Jersey Sales Tax when sales are completed by delivery to a New Jersey location or performance of the service in this State. Sales Tax must be separately stated on any sales slip, invoice, receipt, or other statement of the price payable.

### Sales and Use Tax Returns

Every business that is on a reporting basis for Sales Tax purposes must file Sales Tax returns. Information on [filing requirements and reporting methods](#) is available on the Division of Taxation's website.

### Exemption Certificates

New Jersey has exemption certificates that can be used to purchase property and services without paying Sales Tax under certain conditions.

Each exemption certificate has a specific use. The New Jersey seller *accepting* an exemption certificate *must* always be registered with New Jersey. The most common certificates are the Resale Certificate ([Form ST-3](#)), Exempt Use Certificate ([Form ST-4](#)), and Exempt Organization Certificate (Form ST-5).

The seller should accept an exemption certificate only if it is fully completed. As long as the certificate is completed by the purchaser and provided to the seller, the seller is relieved of responsibility for collecting Sales Tax, even if it is later determined that the purchaser was not eligible for the exemption.

Only one exemption certificate is necessary for additional purchases of the same general type. Keep a record of each sale covered by a blanket certificate. Keep this certificate for at least four years from the date of the last purchase covered by the certificate.

**SSUTA Exemption Certificate.** The Streamlined Sales and Use Tax Agreement provides for simplification and standardization in the administration of exemptions. There is a uniform exemption certificate, Streamlined Sales and Use Tax Agreement Certificate of Exemption ([Form ST-SST](#)), which is accepted by all SSUTA member states.

### Sales to Government Agencies

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. In transactions with government agencies, the acceptable proof of exemption from Sales Tax is:

- A copy of a government purchase order, official contract, or order on official government letterhead signed by a qualified officer. When the amount of the transaction is \$150 or less, a fully completed Exempt Use Certificate (Form ST-4) form can be issued instead; and
- Payment must be made by the agency's check or voucher or with a GSA SmartPay 2 credit card that has 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 transaction is taxable because the card is billed to and paid by the employee.

In addition, certain exemptions are granted to qualified foreign diplomatic and consular personnel who reside in the United States. See Technical Bulletin [TB-53](#), *Diplomat/Consular Sales Tax Exemptions*.

For more information, see Tax Topic Bulletin [MISC-3](#), *Tax Treatment of Nonprofit Organizations and Government Entities*, and Technical Bulletin [TB-53](#).

### Out-of-State Sales

If taxable items are sold and delivered to the purchaser out of State, New Jersey Sales Tax should not be collected. If the property is shipped out of state to a recipient other than the purchaser (e.g., in a gift transaction), the sale also is not subject to New Jersey Sales Tax. The seller must keep a record showing both the out-of-State destination and the method of delivery to that location, such as parcel post receipts, bills of lading, etc.

Sales are taxable, however, if an out-of-state customer picks up the property in New Jersey. They

also are taxable if the property is delivered to the customer's location in New Jersey, even though the customer may intend to ship the property out of state at a later date. However, out-of-state purchasers who are registered with New Jersey and "qualified out-of-state sellers" may make tax-exempt purchases in New Jersey of property and services purchased for resale. For more information, see publication [ANJ-10](#), *Out-of-State Sales & New Jersey Sales Tax*.

### Accounting Methods

The accrual method of accounting must be used for Sales Tax records. Under the accrual method, all items of income are included in the gross receipts when they are earned, *although actual payment may not be received until later*.

**Example:** Frank Smith, owner of Mr. F's Appliance Store, sold a flat-screen television to a customer in March, but did not actually receive full payment until May. He must include the amount of the sale in his gross receipts for March and pay the Sales Tax due with his Sales Tax return due April 20, even though he did not receive payment until May.

### Keeping Records

New Jersey retailers are required to keep records and file New Jersey Sales and Use Tax returns. In addition, records must be kept for Income Tax and, depending on the nature of the business, other taxes as well. Maintaining good records will ensure the accuracy of tax returns and will protect the business in the event of an audit or investigation by the State.

## **Sales Records**

Retailers registered to do business in New Jersey are responsible for collecting Sales Tax and remitting it to the State. They also can accept New Jersey exemption certificates. These certificates exempt the purchaser from paying New Jersey Sales and Use Tax on property and/or services. Exemption certificates must be kept by the seller for at least four years from the date of the last transaction covered by the certificate. Certificates must be in the physical possession of the seller and available for inspection by the Division of Taxation. It is essential that businesses maintain clear, accurate records of all sales.

There are two principles to remember when collecting Sales Tax:

1. Sellers hold any Sales Tax collected in trust for the State; and
2. All receipts are considered to be taxable until the contrary is established.

Keep daily records of the sales made. These records can be used to make monthly totals showing the following information:

- Gross receipts from sales;
- Receipts from sales that are not subject to tax;
- Receipts from taxable sales;
- Purchases that are subject to Use Tax;
- Lease/rental transactions that are subject to tax;
- Amount of Sales Tax due the State (whether collected or billed).

Use the amounts from these totals to complete the monthly and/or quarterly tax returns.

## **Retention of Records**

All books, records, certificates, and other documents necessary to determine the tax liability to New Jersey must be available for inspection by the Division of Taxation for at least four years.

If adequate records have not been kept, the State may estimate the tax liability of the business based on any available information, including external indicators.

## **Photocopies or Electronically Stored Records**

Books of account (cash books, ledgers, journals, etc.) must be kept. Photocopies or electronically stored records are not acceptable for audit purposes. However, if certain conditions are met, sales invoices, purchase invoices, credit memoranda, etc., may be photocopied or electronically stored to be kept for inspection. If a business intends to destroy the originals before the four-year limit, written permission must be received from the Director of the Division of Taxation.

## **Data Processing Records**

Automatic data processing tax accounting can be used if it:

- Provides a method of producing visible records for verification;
- Traces any transaction back to the original source or forward to a final total;
- Has the ability to reconstruct transactions that do not have detailed printouts made at the time the transactions were processed;
- Provides an audit trail designed to identify underlying documents such as sales invoices, purchase invoices, credit memoranda, etc.; and

- Prepares a written general ledger with source references to coincide with financial reports for the tax reporting periods.

Keep records such as punched cards, magnetic tapes, and disks for at least four years.

A description of the business system must be available and include:

- The application being performed;
- The procedures employed (flow charts, diagrams, etc.); and
- The controls used to ensure accuracy.

Document important changes in the system and their effective dates.

## Other Taxes and Fees

### Atlantic City Luxury Sales Tax

The Atlantic City Luxury Tax is imposed on certain rentals, sales, and services within Atlantic City. The Luxury Tax rate is 9% with the exception of alcoholic beverages sold by the drink, which are subject to a rate of 3%. If the item is subject to both taxes, the State Sales Tax rate is reduced to the extent that the city rate exceeds 6%, and the maximum combined Atlantic City rate and New Jersey rate cannot exceed 12.875% (Effective January 1, 2018, the maximum will be 12.625%). In addition, certain room rentals in Atlantic City are subject to a 1% State Occupancy Fee. (See *Hotel/Motel Occupancy Fee and Municipal Occupancy Tax* below.) For more information, see publication [ANJ-17](#), *Atlantic City: Luxury Tax, New Jersey Sales Tax & Other Fees*.

### Cape May County Tourism Sales Tax

Certain businesses in Cape May County must collect a 2% Tourism Sales Tax on predominantly tourism-related retail sales in addition to the State Sales Tax. At present, businesses in Wildwood, Wildwood Crest, and North Wildwood are required to collect the Tourism Sales Tax. "Tourism-related sales" include the following (if also taxable under the Sales and Use Tax Act):

- Hotel, motel, or boarding house lodging;
- Food and drink sold by restaurants, taverns, and other similar establishments for consumption on or off the premises (including mobile sellers and other sellers of prepared food), or by caterers (but *not* including vending machine sales); and
- Admission charges to any place of amusement, including charges for admission to rides, sporting events and exhibitions, dramatic or musical arts performances, movie theaters, and cover charges to nightclubs and cabarets.

In addition to the Tourism Sales Tax, the rent for every occupancy of a room in a hotel, motel, or similar facility that is subject to the New Jersey Sales Tax also is subject to a Tourism Assessment of 1.85% and a State Occupancy Fee of 3.15%. (See *Hotel/Motel Occupancy Fee and Municipal Occupancy Tax* below.)

### Hotel/Motel Occupancy Fee and Municipal Occupancy Tax

An Occupancy Fee of 5% is imposed on the rent for every occupancy of a room in a hotel, motel, or similar facility in most New Jersey municipalities. The fee is imposed at a lower rate in certain municipalities: 3.15% in Wildwood, Wildwood Crest, and North Wildwood; 1% in Newark,



Jersey City, and Atlantic City. The fee applies to room rentals that are subject to New Jersey Sales Tax and is in addition to the Sales Tax.

A Municipal Occupancy Tax of up to 3% may also be imposed by any New Jersey municipality (other than Newark, Jersey City, Atlantic City, Wildwood, Wildwood Crest, and North Wildwood) that adopts an ordinance assessing the tax on occupancies in that municipality.

For more information, see Tax Topic Bulletin [S&U-13](#), *Hotel Occupancies and New Jersey Taxes*.

### **Meadowlands Regional Hotel Use Assessment**

A Meadowlands Regional Hotel Use Assessment of 3% is imposed on the rent for every occupancy of a room in a hotel, motel or similar facility in the Meadowlands District, including any hotels located on State-owned land. The assessment applies to room rentals that are subject to New Jersey Sales Tax and is in addition to the Sales Tax and any other taxes or fees. For more information, see Tax Topic Bulletin [S&U-13](#), *Hotel Occupancies and New Jersey Taxes*.

### **Domestic Security Fee**

Motor vehicle rental companies doing business in New Jersey are required to pay a \$5 per day Domestic Security Fee for each rental day a motor vehicle is rented under agreements of 28 days or less. The fee is due for the quarter in which the rental agreement ends and is separate from and in addition to any Sales Tax due on the rental transaction. For more information, see the [Notice to motor vehicle rental companies](#).

### **Motor Vehicle Tire Fee**

A fee of \$1.50 is imposed on the sale of new tires, including new tires that are component parts of a new or used motor vehicle that is either sold or leased, if the transaction is subject to New Jersey Sales Tax. The \$1.50 fee is imposed per tire, including the spare tire sold as part of a motor vehicle, and also applies to sales of new tires in connection with a repair or maintenance service. It does not apply to the sale of recapped tires. The tire fee must be collected from the purchaser by the retail seller and, in general, must be separately stated on any bill, invoice, receipt, or similar document.

### **Tobacco Products**

#### **Wholesale Sales and Use Tax**

The Tobacco Products Wholesale Sales and Use Tax is imposed on the sale, use, or distribution of tobacco products, other than cigarettes. The tax paid by the distributor or wholesaler is calculated on the amount paid by the distributor or wholesaler to buy the products from the manufacturer. Cigarettes are exempt from this tax.

## For More Information

### Online

- Division of Taxation website:  
[www.njtaxation.org](http://www.njtaxation.org)
- Email general State tax questions:  
[nj.taxation@treas.nj.gov](mailto:nj.taxation@treas.nj.gov)  
Do not include confidential information such as Social Security or federal tax identification numbers, liability or payment amounts, dates of birth, or bank account numbers in your email.
- Subscribe to *NJ Tax E-News*, the Division of Taxation's online information service, at:  
[www.state.nj.us/treasury/taxation/listservice.shtml](http://www.state.nj.us/treasury/taxation/listservice.shtml)

### In Person

Visit a New Jersey Division of Taxation Regional Information Center. For the address of the center nearest you, call the Automated Tax Information System at 1-800-323-4400 or visit:  
[www.state.nj.us/treasury/taxation/ot1.shtml](http://www.state.nj.us/treasury/taxation/ot1.shtml)

### By Phone

- Call the Division of Taxation's Customer Service Center at **609-292-6400**.
- Text Telephone Service (TTY/TDD) for Hearing-Impaired Users: **1-800-286-6613** (toll-free within NJ, NY, PA, DE, and MD) or **609-984-7300**. These numbers are accessible *only* from TTY devices. Submit a text message on any New Jersey tax matter and receive a reply through NJ Relay Services (711).

### In Writing

New Jersey Division of Taxation  
Taxpayer Communications Unit  
PO Box 281  
Trenton, NJ 08695-0281

## Forms and Publications

- Visit the Division of Taxation's website:  
Forms – [www.state.nj.us/treasury/taxation/forms.shtml](http://www.state.nj.us/treasury/taxation/forms.shtml)  
Publications – [www.state.nj.us/treasury/taxation/pubs.shtml](http://www.state.nj.us/treasury/taxation/pubs.shtml)
- Call the Forms Request System at **1-800-323-4400** (within NJ, NY, PA, DE, and MD) or **609-826-4400** (touch-tone phones only) to have printed forms or publications mailed to you.  
**Note:** Due to budgetary constraints, supplies are limited and only certain forms and publications can be ordered through this System.