

S&U-6, Sales Tax Exemption Certificates

Introduction

The New Jersey Sales and Use Tax Act imposes a tax of 6% on the receipts from every retail sale of tangible personal property and some services. Under certain conditions, exemptions are provided for otherwise taxable items. This bulletin explains the proper use and completion of New Jersey exemption certificates when making qualified exempt purchases.

NJ Exemption Certificates

Under New Jersey law, some items are exempt from tax regardless of who buys them or how they are used. Examples of exempt items include most clothing, most items of food and drink (except when sold in or by restaurants or similar establishments) and prescription drugs. There are however, items which are exempt from tax only under certain conditions. The New Jersey Division of Taxation issues several exemption certificates which allow qualified persons and businesses to purchase taxable merchandise and services tax free. Each exemption certificate has its own specific use.

Agencies of the Federal government and the United Nations as well as the State of New Jersey and its political subdivisions are exempt from paying sales tax. Sales tax is not charged if they provide the vendor with a copy of a valid purchase order or contract signed by an authorized official. See Note on page 8 for further information.

Registration

All businesses must register with New Jersey for tax purposes at least 15 business days before starting business in this State. To register, a business registration application, Form NJ-REG, must be filed with the State. You will receive a New Jersey Certificate of Authority, Form CA-1, for sales tax if you have indicated on your application that you will collect sales tax or purchase materials for resale. This certificate is your authorization from the State of New Jersey to collect sales tax and issue or accept exemption certificates.

The Certificate of Authority will be printed with your assigned identification number, which is usually based on your Federal identification number or

your social security number. This identification number will appear on any other pre-printed forms you receive from this Division. You must include your identification number on all exemption certificates you issue.

Issuing and Accepting Exemption Certificates

In general, both the purchaser who issues an exemption certificate and the seller who accepts it must be registered with New Jersey.

The buyer issuing the exemption certificate must fill it out completely, providing his New Jersey tax registration number, the name and address of the vendor, the merchandise or service being purchased and any other information specified on the form. Eligible nonregistered purchasers issuing exemption certificates must provide one of the following:

1. Federal employer identification number of the business; or
2. Out-of-State registration number; or
3. I.C.C. permit number; or
4. Social security number.

Nonregistered purchasers may *issue* the following exemption certificates (under certain circumstances):

ST-3NR	Resale Certificate for Non-New Jersey Vendors
ST-4	Exempt Use Certificate
ST-7	Farmer's Exemption Certificate
ST-8	Certificate of Capital Improvement
ST-16	Exemption Certificate for Student Textbooks

However, the New Jersey seller *accepting* an exemption certificate *must* always be registered with New Jersey.

Additional purchases by the same customer may be covered by one exemption certificate provided the merchandise purchased is of the same general type or will be used for the same purpose.

Generally, out-of-State businesses wishing to make exempt purchases in this State must register with New Jersey. However, exceptions exist for *drop shipments* and for "qualified out-of-State vendors" making purchases in this State for resale. A drop shipment occurs when an out-of-State purchaser who is not registered with New Jersey instructs the New Jersey vendor to deliver the merchandise to the purchaser's customer in New Jersey. The acceptable resale certificates for a qualified out-of-State vendor to use for a drop shipment are:

1. Purchaser's out-of-State resale certificate; or
2. Multijurisdiction Uniform Sales & Use Tax Certificate published by the Multi-State Tax Commission; or
3. New Jersey Form ST-3NR.

See *Resale Certificate for Non-New Jersey Vendors (Form ST-3NR)* on page 6 for information on purchases for resale by "qualified out-of-State vendors."

Good Faith

To act in *good faith* means to act in accordance with standards of honesty. In general, registered vendors who accept exemption certificates in good faith are relieved of liability for the collection and payment of sales tax on the transaction covered by the exemption certificate. The business owner is presumed to be familiar with the law and the regulations pertaining to his business, and to know when he can issue or accept exemption certificates.

In order for good faith to be established, the following conditions must be met:

- Certificate must be an official form or a proper and substantive reproduction;

- Certificate must be filled out completely and correctly;
- Certificate must be dated and include the purchaser's New Jersey tax registration number or, for a qualified nonregistered purchaser, the Federal employer identification number, out-of-State registration number, I.C.C. permit number or social security number;
- Property purchased is of a type ordinarily used in the purchaser's business (in the case of a business); and
- Seller has no reason to doubt that the purchaser has the right, under the Sales and Use Tax Act, to make an exempt purchase.

Example

Joe, of J and J's Pharmacy, may issue a New Jersey Resale Certificate, Form ST-3, to buy cosmetics for resale. However, he may **not** use a resale certificate to purchase tires for his delivery truck. The vendor can determine from the information listed on the ST-3 that Joe is clearly not in the business of selling tires and the vendor may not accept an ST-3 for this purchase.

Improper Certificates

Unless all the good faith conditions are met, the seller may *not* accept the exemption certificate, and *must* collect sales tax from the purchaser instead. Sales transactions which are not supported by properly executed exemption certificates are considered taxable sales. The burden of proof that the tax was not required to be collected is on the seller.

Correcting Certificates

Businesses have up to sixty (60) days after the sale is completed to obtain a corrected certificate if the original exemption certificate lacked some necessary information, or if the information was incorrectly stated.

Retaining Certificates

Certificates must be retained by the vendor for at least four (4) 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.

Out-of-State Sales

If you sell taxable items to customers in another state and the items sold are delivered out-of-State to the purchaser, do not collect New Jersey sales tax. Your records should show the out-of-State destination point and you should keep evidence of the method of delivery to that location such as parcel post receipts, bills of lading, etc. For more information on out-of-State sales, request ANJ-10, *Out-of-State Sales & New Jersey Sales Tax*.

Sales are subject to New Jersey sales tax if the out-of-State customer takes delivery or possession of the items sold in this State at the time of purchase. However, if it is a purchase for resale, an out-of-State purchaser who is registered with New Jersey, may issue a New Jersey Resale Certificate (Form ST-3) and not pay sales tax. A qualified out-of-State vendor may also make tax exempt purchases in New Jersey of goods and services purchased for resale. See *Resale Certificate (Form ST-3)* on page 3 and *Resale Certificate for Non-New Jersey Vendors (Form ST-3NR)* on page 6.

Using Exemption Certificates

Resale Certificate (Form ST-3)

Form ST-3, Resale Certificate, is used by registered vendors to purchase tangible personal property either for resale in its present form or for incorporation into other property held for sale. When purchasing goods or services, a retailer or wholesaler issues Form ST-3 to the wholesaler or manufacturer. This exempts the retailer or wholesaler from the sales tax on the purchase. Sales tax is collected when these items are

sold at retail. You may issue the New Jersey Resale Certificate, Form ST-3, when you purchase the following:

- **Inventory** which you intend to resell, rent or lease

Example

Ron, of Ron's Toy Store, purchases an inventory of dolls to sell on a retail basis. Ron issues the doll manufacturer a Resale Certificate instead of paying sales tax.

Ron also needs display cases for the dolls. He may **not** use a Resale Certificate when purchasing the display cases because they are not intended for resale. He must pay sales tax on the display cases.

Example

Allen, of Appliance Rentals, Inc., purchases inventory from his supplier to rent on a retail basis. Allen issues Form ST-3 instead of paying sales tax on these purchases. Allen will collect sales tax from his customers each time they rent an appliance from him.

If you take items out of inventory for your own personal use, you must pay New Jersey use tax at the current sales tax rate on the purchase price of the items you do not resell. For more information on when you may incur a use tax liability, request our publication ANJ-7, *Use Tax in New Jersey*.

Inventory for resale does **not** include supplies and materials purchased by contractors. A contractor is someone who works on the land and/or buildings of another. Builders and landscapers are contractors and contractors **always** pay sales tax on the supplies and materials they purchase unless they are doing work for a qualified exempt organization. Additional information for contractors is contained in Tax Topic Bulletin S&U-3, *Contractors and New Jersey Taxes*. Landscapers may also request publication ANJ-4, *Landscapers & New Jersey Sales Tax*.

- **Raw Materials** which will become component parts of the finished product

Example

Midge, a silversmith, purchases silver to make jewelry. She may issue her supplier Form ST-3 and pay no sales tax. The silver becomes part of the jewelry she is producing for resale.

When Midge purchases tools for her business, she may **not** use a Resale Certificate since the tools do not become a component part of her finished product. She must pay sales tax on the tools.

- **Services** for resale

Example

Tom's Gas Station is unable to complete all the repairs to a customer's car. Tom sends the car to a transmission specialist (Ace Transmission Repairs) who completes the work and returns the car to Tom's Gas Station. Tom may issue a Resale Certificate to the transmission specialist and pay no sales tax when he pays for the parts and services. When Tom bills his customer, he must charge sales tax on the total bill (parts and labor).

If Tom has the garage's hydraulic lifts repaired, he may **not** issue a Resale Certificate to the repairman. This repair is not a service which will be resold. Tom must pay sales tax on the price of the repair.

See page 5 for an example of how Tom will complete Form ST-3 for the repair services he purchases from Ace Transmission Repairs.

ST-3 (9-97, R-9)

**State of New Jersey
DIVISION OF TAXATION**

The seller must collect the tax on a sale of taxable property or services unless the purchaser gives him a properly completed New Jersey exemption certificate.

**SALES TAX
FORM ST-3
RESALE CERTIFICATE**

PURCHASER'S NEW JERSEY
CERTIFICATE OF AUTHORITY NUMBER

222-678-901/000

To be completed by purchaser and given to and retained by seller. See instructions on back.
Seller should read and comply with the instructions given on both sides of an exemption certificate.

TO Ace Transmission Repairs Date 3/21/98
(Name of Seller)

163 Holland Ave. Budd Lake NJ 07828
Address City State Zip

The undersigned certifies that:

- (1) He holds a valid Certificate of Authority (number shown above) to collect State of New Jersey Sales and Use Tax.
 (2) He is principally engaged in the sale of (indicate nature of merchandise or service sold):

Motor fuels, supplies and auto repairs

- (3) The merchandise or services being herein purchased are described as follows:

Transmission repairs

- (4) The **merchandise** described in (3) above is being purchased: *(check one or more of the blocks which apply)*

- (a) For resale in its present form.
 (b) For resale as converted into or as a component part of a product produced by the undersigned.
 (c) For use in the performance of a taxable service on personal property, where the property which is the subject of this Certificate becomes part of the property being serviced or is later transferred to the purchaser of the service in conjunction with the performance of the service.

- (5) The services described in (3) above are being purchased: *(check the block which applies)*

- (a) By a vendor who will either collect the tax or will resell the services.
 (b) To be performed on personal property held for sale.

I, the undersigned purchaser, have read and complied with the instructions and rules promulgated pursuant to the New Jersey Sales and Use Tax Act with respect to the use of the Resale Certificate, and it is my belief that the seller named herein is not required to collect the sales or use tax on the transaction or transactions covered by this Certificate. The undersigned purchaser hereby swears (under the penalties for perjury and false swearing) that all of the information shown in this Certificate is true.

Tom's Gas Station, Inc.
NAME OF PURCHASER (as registered with the New Jersey Division of Taxation)

16 Beverly Dr., Budd Lake, NJ 07828
(Address of Purchaser)

By Thomas Abbott President
(Signature of owner, partner, officer of corporation, etc.) (Title)

Resale Certificate for Non-New Jersey Vendors (Form ST-3NR)

Form ST-3NR is used by qualified out-of-State vendors to make tax exempt purchases in New Jersey of goods or services purchased for resale. "Qualified out-of-State vendors" are vendors that (1) are not registered with New Jersey (2) are not required to be registered with New Jersey and (3) are registered with another state.

When the qualified out-of-State vendor carries the goods away with him from the point of sale, or sends his own vehicle or messenger to pick them up in New Jersey, the **only** acceptable resale certificate for a qualified out-of-State vendor to use is the Resale Certificate for Non-New Jersey Vendors (Form ST-3NR). The ST-3NR requires the person picking up the merchandise to provide acceptable identification (i.e., driver's license of any state in the United States, major credit card including photograph, or any identification card which includes a number **and** a photograph **and** the bearer's address).

Qualified out-of-State vendors may also use Form ST-3NR for drop shipment sales in New Jersey. See *Issuing and Accepting Exemption Certificates* on page 2.

Exempt Use Certificate (Form ST-4)

The Exempt Use Certificate, Form ST-4, makes it possible for businesses to purchase production machinery, packaging supplies and other items without paying sales tax if the way they intend to use these items has been specifically exempted by New Jersey law. The exemption does not apply to services performed on the property, except as otherwise noted. Qualified purchases include:

- **Advertising for Use Out-of-State:** Advertising or promotional materials which are prepared within or outside of New Jersey by a New Jersey direct-mail advertising or promotional firm for distribution out-of-State. The exemption applies

to charges for printing or production of advertising and promotional materials whether prepared in New Jersey, or shipped into this State after preparation and stored for subsequent shipment to out-of-State customers. The exemption also applies to direct-mail processing services, including but not limited to preparing and maintaining mailing lists, addressing, separating, folding, inserting, sorting and packaging advertising or promotional materials.

- **Certain Aircraft:** The purchase of aircraft, equipment to be installed on the aircraft and repair or replacement parts, as well as labor, used by an air carrier as defined by the Civil Aeronautics Board or the Code of Federal Regulations and engaging in interstate, foreign or intrastate air commerce.
- **Certain Broadcasting Equipment:** Machinery, apparatus or equipment used directly and primarily in the production or transmission of radio or television broadcasts by commercial broadcasters operating under a broadcasting license issued by the Federal Communications Commission. The exemption also applies to parts with a useful life of one year or more. Equipment used in the construction or operation of towers does not qualify for the exemption.
- **Certain Buses:** Bus companies whose rates are regulated by the Interstate Commerce Commission or the Department of Transportation may purchase buses for public passenger transportation with Form ST-4. This exemption also applies to buses purchased by common or contract carriers who transport children to and from school. Repair parts, replacement parts and labor charges for qualified buses are also entitled to exemption.
- **Certain Chemicals and Catalysts:** The purchase of materials used to induce chemical or refining processes in which the materials are an essential part of the process but do not become part of the finished product.

- **Commercial Fishing Boats:** The purchase of certain boats, including commercial party boats (headboats) engaged in sport fishing and subject to annual inspection by the U.S. Coast Guard, and vessels primarily engaged in commercial fishing or shellfishing. Also exempt are charges for repairs, alterations, reoutfitting of boats, fuel, maintenance and charges for supplies (other than articles purchased for the original equipping of a new ship). Equipment necessary for harvesting fish and shellfish may also be purchased with Form ST-4.
- **Commercial Motor Vehicles:** The purchase, rental or lease of commercial trucks, tractors, trailers and vehicles used in combination with such, which are registered as provided by New Jersey law and have a gross vehicle weight rating of more than 26,000 pounds or are operated exclusively for the carriage of interstate freight pursuant to Federal law are exempt from tax. Repair parts and replacement parts are also exempt. An exemption exists for trucks, trailers and truck trailer combinations that are used directly and exclusively in the production for sale of tangible personal property on farms when the vehicles have a gross vehicle weight rating in excess of 18,000 pounds and are registered with the New Jersey Division of Motor Vehicles for farm use. A New Jersey Exempt Use Certificate, Form ST-4, should be issued to the vendor at the time of purchase. The purchaser is **not** required to be registered with the State to issue Form ST-4 for the purchase of commercial motor vehicles.

Example

Fred is a commercial trucker. He operates a vehicle which is registered in Pennsylvania and has a gross vehicle weight rating in excess of 26,000 pounds. When Fred has repairs made in New Jersey, he may give his mechanic an Exempt Use Certificate instead of paying sales tax on the parts. Sales tax must be paid on the charges for labor. As a qualified nonregistered user, Fred will enter his social security number on Form ST-4. When Fred buys motor

oil for his truck, he may **not** issue an Exempt Use Certificate. Motor oil is a supply, and sales tax must be paid at the time of purchase.

- **Commercial Printing:** Machinery and equipment used by businesses engaged in commercial printing, publishing of periodicals, books, business forms, greeting cards, or miscellaneous publishing, typesetting, photoengraving, electrotyping, stereotyping and lithographic platemaking, including supplies.
- **Communications:** Telephones, telephone lines, cables, central office equipment or station apparatus, or other machinery or equipment, including comparable telegraph equipment sold to a service provider subject to the jurisdiction of the Board of Public Utilities or the Federal Communications Commission, for use directly and primarily in receiving at destination or initiating, transmitting and switching telephone, telegraph, or interactive telecommunications service for sale to the general public.
- **Newspaper Advertising:** Advertising materials to be published in a newspaper, such as display or classified ads.
- **Newspaper Production Machinery:** Machinery and equipment used directly and primarily in the production of newspapers, including supplies. This machinery and equipment must be located in the production department of a newspaper plant.
- **Packaging Materials:** Including such items as wrapping paper, bags, cartons, rope, twine, labels, non-returnable containers and all other packaging supplies *when the use of the supplies is incidental to the delivery of merchandise*. Storage containers are not considered to be packaging materials.

Example

Henry Johnson owns a company (Crest Manufacturing, Inc.) that manufactures television sets. In order to deliver the sets to wholesalers, he must package them in cardboard boxes and seal the boxes with

tape. When Henry purchases the boxes and rolls of tape, he may issue his supplier an Exempt Use Certificate. However, he may **not** purchase the tape dispensers with Form ST-4 as these items are not part of the packaging used to deliver the television sets.

See page 9 for an example of how Henry will complete Form ST-4 when purchasing the packaging materials necessary to deliver his television sets.

- **Production Machinery:** Machinery and equipment used directly and primarily in the production of merchandise by manufacturing, assembling, processing and refining. The exemption also applies to parts with a useful life of one year or more. The exemption does not apply to tools, which are simple, hand held, and manually operated instruments.

Example

Jim purchases a turret lathe for use in his machine business. He may issue his supplier an Exempt Use Certificate instead of paying sales tax because the lathe will be used directly in the production of merchandise for sale. However, Jim may **not** use Form ST-4 to purchase a forklift used exclusively to transport his final product from the warehouse to the loading dock.

- **Recycling Equipment:** Equipment which is used exclusively to sort and prepare solid waste for recycling or in the recycling of solid waste. Equipment used in the process after the first marketable product is produced or equipment used to reduce iron or steel waste to a molten state does not qualify.

- **Research and Development:** Materials purchased for use or consumption directly and exclusively in research and development in the experimental or laboratory sense.
- **Solar Energy Devices:** Devices or systems specifically approved by the Board of Public Utilities, Division of Energy, Planning and Conservation and designed to provide heating or cooling or other energy by converting solar energy to some other usable energy source. The purchaser is **not** required to be registered with New Jersey to issue Form ST-4 to purchase solar energy devices.

Example

Mary buys a solar energy collector to heat and cool her home. She may issue the supplier an Exempt Use Certificate instead of paying sales tax on the collector. However, she may **not** use an Exempt Use Certificate to purchase insulation used to reduce heat loss through her walls, roof, slab or foundation. Since insulation is not directly used in the gathering, storing or conversion of solar energy, sales tax must be paid when it is purchased.

NOTE: Form ST-4 may also be used by the Federal government, the United Nations, the State of New Jersey and any of their agencies when making purchases of \$150 or less and no purchase order or contract is issued.

ST-4 (9-97, R-10)

**State of New Jersey
DIVISION OF TAXATION**

ELIGIBLE NONREGISTERED
PURCHASER: SEE INSTRUCTIONS**

**SALES TAX
FORM ST-4**

PURCHASER'S NEW JERSEY
CERTIFICATE OF AUTHORITY NUMBER

222-092-244/000

EXEMPT USE CERTIFICATE

To be completed by purchaser and given to and retained by seller.
Please read and comply with instructions on both sides of this Certificate.

TO West End Packaging Date 1/19/98
(Name of Seller)

1166 Homer St. Hackettstown NJ 07840
Address City State Zip

The undersigned purchaser certifies that there is no requirement to pay the New Jersey Sales and/or Use Tax on the purchase or purchases covered by this Certificate because the tangible personal property or services purchased will be used for an exempt purpose under the Sales & Use Tax Act.

The tangible personal property or services will be used for the following exempt purpose:

Delivering television sets.

The exemption on the sale of the tangible personal property or services to be used for the above described exempt purpose is provided in subsection N.J.S.A. 54:32B- 8.15 (See reverse side for listing for principal exempt uses of tangible personal property or services and fill in the block with proper subsection citation).

I, the undersigned purchaser, have read and complied with the instructions and rules promulgated pursuant to the New Jersey Sales and Use Tax Act with respect to the use of the Exempt Use Certificate and it is my belief that the seller named herein is not required to collect the sales or use tax on the transaction or transactions covered by this Certificate. The undersigned purchaser hereby swears under the penalties for perjury and false swearing that all of the information shown in this Certificate is true.

Crest Manufacturing, Inc.
NAME OF PURCHASER (as registered with the New Jersey Division of Taxation)

26 Eleventh Ave. Hackettstown NJ 07840
(Address of Purchaser)

By Henry Johnson President
(Signature of Owner, Partner, Officer of Corporation, etc. or qualified officer of Agency)

MAY BE REPRODUCED
(Front and Back Required)

Exempt Organization Certificate (Form ST-5)

An Exempt Organization Certificate, Form ST-5, is used by a qualified registered non-profit organization to purchase goods and services for its **exclusive** use without paying sales tax. When an organization has been approved as tax exempt under Section 501(c)(3) of the Internal Revenue Code, the organization may complete an Application for Exempt Organization Permit, Form REG-1E. After the application is approved by the New Jersey Division of Taxation, one original Exempt Organization Certificate, Form ST-5, is issued. When the organization makes purchases, a **photocopy** of Form ST-5 is given to the supplier and the organization does not pay sales tax. For more information on Exempt Organization Certificates, request brochure M-5014, *Exempt Organization Certificate Form ST-5*.

Direct Payment Certificate (Form ST-6A)

A Direct Payment Certificate, Form ST-6A, may be issued at the time of purchase by the holder of a valid Direct Payment Permit, Form ST-6, in those cases where the taxable status of the purchase is not known at the time of purchase. To obtain a Direct Payment Permit, an Application for Direct Payment Permit, Form ST-6B, must be completed and mailed to:

NEW JERSEY DIVISION OF TAXATION
PO BOX 264
TRENTON NJ 08646-0264

An application may only be filed by registered businesses that:

- Acquire tangible personal property or services under circumstances which make it impossible at the time of purchase to determine the taxable status of the property or services, or

- Derive 75% or more of their gross receipts from erecting structures for others or building on or otherwise improving, altering or repairing real property of others.

NOTE: The holder of a Direct Payment Permit may **not** use Form ST-6A to purchase goods that are clearly taxable at the time of purchase, such as office equipment and supplies, repair services, etc.

Farmer's Exemption Certificate (Form ST-7)

The Farmer's Exemption Certificate, Form ST-7, is used by farmers, nursery owners and greenhouse owners to purchase items used directly and primarily in producing agricultural or horticultural products for sale. However, no exemption is provided for the purchase of taxable services. Likewise, farmers cannot purchase materials tax free that will be used to build or repair structures. Motor vehicles for highway use are also taxable to the farmer. You do **not** need to be registered with New Jersey to issue Form ST-7.

Certificate of Capital Improvement (Form ST-8)

A Certificate of Capital Improvement, Form ST-8, is issued by property owners to contractors when work is done to real property which results in a capital improvement. A capital improvement occurs when real property (land or buildings) is improved in a way that its value or useful life is increased. A property owner issues Form ST-8 to the contractor and does not pay sales tax on the **labor** costs. Sales tax is paid on the materials at the time of purchase by the contractor or by any other individual making the purchase. A property owner does **not** need to register with New Jersey to issue Form ST-8. For more information on capital improvements, request Tax Topic Bulletin S&U-2, *Sales Tax and Home Improvements*.

Motor Vehicle Dealer Sales and Use Tax Exemption Report (Form ST-10)

Form ST-10 is used by registered motor vehicle dealers to report sales tax exemptions to the Division for **nonresidents** who have purchased and taken delivery of motor vehicles in this State.

NOTE: If a person has homes in both New Jersey and another state (owns a house in New Jersey, but spends the winters in Florida), he is not entitled to the ST-10 exemption because he is not a “nonresident.”

Aircraft Dealer Sales and Use Tax Exemption Report (Form ST-10A)

Form ST-10A is used by registered aircraft dealers to report exempt sales of airplanes. When a **nonresident** comes into New Jersey and purchases an airplane, no sales tax is due provided the purchaser will base the airplane in another state. If the nonresident purchaser bases the airplane in New Jersey within 12 months of the date of sale, the exemption is voided and sales tax plus penalty and interest charges are due on the purchase price of the aircraft.

Vessel Dealer Sales and Use Tax Exemption Report (Form ST-10V)

Form ST-10V is used by registered vessel dealers to report exempt sales of boats. An exempt sale is one made to a New Jersey resident who purchases the boat in New Jersey for use outside New Jersey and, as part of the sales contract, the dealer transports the boat out of State or the dealer arranges to have the boat transported out of State. Also exempt is a sale made to a nonresident who purchases the boat in New Jersey with the intention of basing it in his or her state of residence. This exemption applies whether the nonresident purchaser takes possession of the boat in New Jersey or contracts with the dealer to have it delivered out of State. If the

nonresident purchaser bases the boat in New Jersey within 12 months of the date of sale, the exemption is voided and sales tax plus penalty and interest charges are due on the purchase price of the boat.

Contractor’s Exempt Purchase Certificate (Form ST-13)

Form ST-13 is used by registered contractors performing services for exempt organizations or for Federal, State or municipal agencies. When a contractor purchases materials to do work for an exempt organization (which holds an Exempt Organization Certificate, Form ST-5, issued by New Jersey), he provides Form ST-13 to his supplier and does not pay sales tax. To qualify for the exemption, the materials to be purchased must be entirely used or consumed on the job contracted for by the exempt organization. Form ST-13 must include the exempt organization number shown on Form ST-5. If the work is done for a Federal, State or municipal agency, the contractor must record the agency’s purchase order number on Form ST-13.

Form ST-13 may **not** be used to rent machinery or equipment or to purchase tools or materials such as hammers and tarpaulins (rain covers) which may be used on other jobs. For more information on Contractor’s Exempt Purchase Certificates, request Tax Topic Bulletin S&U-3, *Contractors and New Jersey Taxes*.

Exemption Certificate for Student Textbooks (Form ST-16)

The sale of textbooks for use by students in a school, college, university or other educational institution, approved as such by the Department of Education, is exempt from sales tax. When the educational institution declares that the books are required reading for school purposes, the purchaser may issue the vendor Form ST-16 instead of paying sales tax. The purchaser is **not** required to be registered with New Jersey to issue Form ST-16.

Taxpayers' Bill of Rights

The New Jersey Taxpayers' Bill of Rights ensures that taxpayers are accorded fair and equitable treatment and receive the information and assistance they need to understand and meet their State tax responsibilities. To find out more, contact the Division of Taxation.

For More Information

For more information on New Jersey exemption certificates, contact the Division's Tax Hotline at 609-292-6400, or write to:

NEW JERSEY DIVISION OF TAXATION
TECHNICAL SERVICES TSB/OCE
PO BOX 281
TRENTON NJ 08646-0281

Many State tax forms and publications are now available, both by fax and through the World Wide Web. Call NJ TaxFax at 609-826-4500 from your fax machine's phone, or access the Division's home page via your computer's modem at: <http://www.state.nj.us/treasury/taxation/>