

**NEW JERSEY DIVISION OF TAXATION
SALES TAX GUIDELINES FOR HOTELS AND MOTELS**

FEDERAL EMPLOYEES CLAIMING TAX EXEMPTION

Federal employees paying for rooms and meals while traveling on business for the federal government often request exemption from sales tax. Some transactions are exempt and some are not, depending on the method of payment. The typical methods of payment, and the sales tax treatment for those methods of payment, are listed below. For further information, call the Regulatory Services Branch of the Division of Taxation at 609-292-5994.

Personal Check, Personal Credit Card or Cash	Taxable
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US SmartPay Credit Card Having #1, 2, 3, or 4 as Sixth Digit*	Taxable
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Cash, Personal Check or Above Charge Cards Accompanied by Government Documentation or Travel Orders	Taxable
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Cash, Personal Check or Above Charge Cards Accompanied By ST-3 or ST-4 Certificate or Non-New Jersey Exemption Certificate	Taxable
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US Government Check or Voucher	Exempt
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US Government IMPAC Card	Exempt
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US SmartPay Credit Card Having #0, 6, 7, 8, or 9 as the sixth digit (charge is directly billed to and paid by US Government)	Exempt
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* US SmartPay credit cards with 1, 2, 3, or 4 as the sixth digit are cards which the federal GSA has identified as being billed to and paid by the federal employee. The State of New Jersey does not recognize a sales tax exemption for the federal government when federal employees pay the bill with their own funds or cash, even though the employees may receive reimbursement from the federal government.

Federal employees using the SmartPay credit cards, which are centrally billed (those with #0, 6, 7, 8 or 9 as the sixth digit), must complete an Exempt-Use Certificate ([Form ST-4](#)), specifically noting the sixth digit of their SmartPay Credit Card in the space requesting the exempt purpose. In the space requesting the specific statutory code, the federal employee should enter “54:32B-9(a)(2).” The hotel should retain the Certificate in order to document the exemption from tax.

For more information on the GSA SmartPay program, go to www.gsa.gov.