



New Jersey Motor Vehicle Commission

P.O. Box 160
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STATE OF NEW JERSEY

To: New Car Dealers
From: NJ Motor Vehicle Commission
Date: 7/15/06
Subject: 0.4% Surcharge on new luxury or fuel-inefficient vehicle purchases and leases

Effective July 15, 2006, new car dealerships will be responsible for collecting a 0.4% surcharge on the sale of new passenger vehicles, light trucks, SUVs, or vans for which the following conditions apply:

- 1. The gross sales/lease price of the new vehicle is \$45,000 or greater, before trade-in, manufacturers rebates, or additional Handicapped Driver Adaptive Equipment.**
AND/OR
- 2. The new vehicle has an average EPA mile/gallon (city and highway) rating of less than 19.**

(Some exemptions apply. The gross sales price means the gross selling price appearing on the contract of sale, while the gross lease price means the capitalized cost as stated in the agreement between a lessor and a lessee.)*

Who collects the surcharge?

This surcharge will be assessed and collected by both New Jersey and out-of-state dealers for all applicable vehicles being titled in New Jersey. Remittal instructions for the surcharge are below. Please check www.njmvc.gov for frequent updates.

Titling process changes:

All new car dealers which currently collect and remit NJ sales tax will be responsible for assessing the sales/lease surcharge and paying the same electronically to the Division of Revenue. An internet service is being developed for electronic surcharge payments. Visit www.nj.gov/njbgs for updates on the availability of the new service.

Please note that the new surcharge must be reported and remitted on a quarterly basis to the Division. No changes will be made to the existing sales tax reporting and remittance processes. The two assessments will be kept separate.

Out-of-state new car dealers without NJ Tax ID numbers will also be responsible for calculating and assessing the surcharge. These dealers will submit the supplied paperwork, along with the applicable surcharge, to a NJ Motor Vehicle Agency for Title and Registration processing.

To accommodate the surcharge law, the NJ MVC has created a new *Application for Certificate of Ownership for a New Vehicle* that will be used for the initial title processing of all new vehicles, regardless of whether this surcharge is applicable.

***This surcharge shall not apply to:**

- 1. The surcharge does not apply to passenger vehicles if, after deducting the cost of handicapped driver adaptive equipment, the gross sales/lease price is less than \$45,000; provided however, the vehicle's EPA MPG rating is not less than 19.**
- 2. Passenger vehicles whose gross sales/lease price is equal to or greater than \$45,000 AND have an average EPA MPG rating of over 40. (Add both city and highway ratings and divide by 2).**
- 3. Passenger vehicles certified as zero emission vehicles by the Commissioner of Environmental Protection.**
- 4. Passenger vehicles that are titled and registered outside of New Jersey.**
- 5. The surcharge does not apply to the following vehicles: Motorcycle, RV, ATV, Boat, School Bus, Dump Truck, Tractor, Trailer, Municipal, County, State or Federal Government Vehicles, Construction Vehicles, Commuter Van, Farm Use, Farm Truck, Omnibus/Taxi, or Limousine for commercial hire.**