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 of whether or not an item is taxable, contact the New Jersey Division of Taxation. (For information on contacting the Division of Taxation see page 20 of this publication.)

Sales Tax Law
The New Jersey Sales and Use Tax Act imposes a tax of 6% upon the receipts from every retail sale of tangible personal property and the sale of certain services, except as otherwise provided in the Act. This means that in New Jersey, most items and most services performed upon tangible personal property are taxable unless they are specifically exempted by law. Exempt items include: most food intended for at-home or off-premises preparation and consumption, most clothing and footwear, disposable paper products for household use, prescription drugs, and over-the-counter drugs sold for the relief of pain.

Urban Enterprise Zones
New Jersey has established Urban Enterprise Zones in a number of economically depressed cities in the State. Urban Enterprise Zones have been designated as areas in which sales and use tax on certain items may be charged at 50% of the regular rate. A qualified business located in a reduced sales tax rate zone will charge 3% sales tax on all sales of merchandise qualified for the reduced rate. In order for the vendor to offer this reduced rate a purchaser must make the purchase in person at the vendor’s place of business. In addition, the purchaser must accept delivery at the vendor’s place of business in the zone, or the vendor must deliver the goods to the purchaser from the vendor’s location in the zone. For more information about Urban Enterprise Zones visit the New Jersey Commerce and Economic Growth Commission’s Web site at:
Salem County Reduced Sales Tax
There is also an exemption that provides for the assessment of sales tax at 50% of the regular rate on certain sales made by businesses located in Salem County. The 3% reduced rate applies solely to retail sales of tangible personal property with certain exceptions. 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 vendor for the purpose of making retail sales. The items must be regularly exhibited and offered for retail sale and the merchandise must either be ordered or picked up in person at the place of business in Salem County.

What Is Use Tax?
A use tax liability may be incurred when taxable goods or services are purchased for use in New Jersey but sales tax was not collected, or was collected at a rate less than the New Jersey sales tax rate. In these instances the purchaser is liable for payment of use tax at the New Jersey sales tax rate. Thus, when taxable items are purchased from Internet retailers or mail order catalog companies that do not collect New Jersey sales tax, the purchaser is required to remit the use tax directly to the State of New Jersey.

Example: Frank Smith, a New Jersey resident, ordered a $3,000 pool table over the Internet from a company based in another state. The company sent the pool table to Mr. Smith’s home in New Jersey and did not charge him any sales tax. It is Mr. Smith’s responsibility to remit use tax, in the amount of $180 ($3,000 x 6%), directly to the State of New Jersey.

For more information about use tax, request the publication ANJ-7, Use Tax in New Jersey.

Grocery, Drug, and Household Items
Most items of food and drink purchased in a food store (supermarket, grocery store, produce market, bakery, etc.) are not subject to sales tax. They are intended to be prepared and consumed off the premises, that is, away from the food store. Candy, confectionery, carbonated beverages (whether or not sold in liquid form), and alcoholic beverages are taxable, regardless of where they are purchased or consumed.

When eligible food and beverages are purchased with food stamps, they are exempt from sales tax. Thus, taxable items such as candy and soda are not subject to tax when purchased with food stamps.

Sales of disposable household paper products, such as towels, napkins, toilet tissue, diapers, paper plates and cups, are exempt from sales.
tax. This exemption does not apply to the sale of disposable paper products for industrial, commercial, or other business use.

Also exempt from tax are sales of prescription drugs and over-the-counter drugs recommended and generally sold for the relief of pain, ailments, distresses, or disorders of the human body.

The following is a list of items commonly found in a retail store and the tax status of each item.

- Acne Products: Exempt
- Afghans: Taxable
- Air Fresheners: Taxable
- Alcohol, Rubbing: Exempt
- Alcohol, Swabs and Pads: Exempt
- Alcoholic Beverages (prepackaged or by the drink): Taxable
- Allergy Relief Products: Exempt
- Aluminum Foil: Taxable
- Ammonia: Taxable
- Analgesics: Exempt
- Anesthetics: Exempt
- Anorectal Products: Exempt
- Antacids: Exempt
- Antibiotics: Exempt
- Antiemetics: Exempt
- Antifungals: Exempt
- Antihistamines: Exempt
- Antimicrobials: Exempt
- Antiperspirants: Taxable
- Antipsoriasis: Exempt
- Antiseborrhea: Exempt
- Arch Supports: Exempt
- Arthritis Relievers: Exempt
- Artificial Tears: Exempt
- Aspirins and Combinations: Exempt
- Asthma Preparations: Exempt
- Astringents: Exempt
- Athlete’s Foot Treatments: Exempt
- Baby Bath Soaps-Liquid, Bar: Taxable
- Baby Food: Exempt
- Baby Formulas: Exempt
- Baby Lotions: Taxable
- Baby Pants: Exempt
- Baby Powder: Taxable
- Baby Shampoos: Exempt
- Baby Wipes: Exempt
- Bags:
  - Cloth, Plastic: Taxable
  - Paper*: Exempt
- Baked Goods: Exempt
- Baking Cups:
  - Foil: Taxable
  - Paper*: Exempt
- Baking Powder: Exempt
- Baking Soda: Exempt
- Bandages: Taxable
- Band Aids: Taxable
- Bath Beads, Oils, Sachets: Taxable
- Bathing Caps: Exempt
- Bathroom Cleaners: Taxable
- Batteries: Taxable
- Batteries-Hearing Aid: Exempt
- Bed Linens: Taxable
- Bed Pans: Taxable
- Bee Sting Relievers: Exempt
- Beverages, Carbonated:
  - Sodas or Other Soft Drinks: Taxable
  - Water (artificially carbonated): Taxable
  - Water (naturally carbonated): Exempt
- Beverages, Noncarbonated:
  - Chocolate Drinks: Exempt
  - Fruit Drinks: Exempt
  - Sports Drinks: Exempt
  - Water: Exempt
- Bibs: Exempt
- Bird Food: Taxable

*For household use
<table>
<thead>
<tr>
<th>Item</th>
<th>Taxable/Exempt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Birth Control Preparations</td>
<td>Exempt</td>
</tr>
<tr>
<td>Biscuits, Sweet Crackers</td>
<td>Exempt</td>
</tr>
<tr>
<td>Bitters</td>
<td>Exempt</td>
</tr>
<tr>
<td>Blankets (except baby receiving blankets)</td>
<td>Taxable</td>
</tr>
<tr>
<td>Bleach-Liquid, Dry</td>
<td>Taxable</td>
</tr>
<tr>
<td>Blistex (medicated)</td>
<td>Exempt</td>
</tr>
<tr>
<td>Blood Pressure Cuffs</td>
<td>Taxable</td>
</tr>
<tr>
<td>Bluing, Laundry</td>
<td>Taxable</td>
</tr>
<tr>
<td>Books (except certain textbooks approved by the school)</td>
<td>Taxable</td>
</tr>
<tr>
<td>Braces-Ankle, Knee</td>
<td>Exempt</td>
</tr>
<tr>
<td>Bread and Rolls</td>
<td>Exempt</td>
</tr>
<tr>
<td>Breast Cream</td>
<td>Taxable</td>
</tr>
<tr>
<td>Breast Pump</td>
<td>Taxable</td>
</tr>
<tr>
<td>Breast Shells, Bra Pads</td>
<td>Exempt</td>
</tr>
<tr>
<td>Breath Freshener</td>
<td>Taxable</td>
</tr>
<tr>
<td>Bubble Bath</td>
<td>Taxable</td>
</tr>
<tr>
<td>Cake Mixes</td>
<td>Exempt</td>
</tr>
<tr>
<td>Calling Cards, Telephone (prepaid):</td>
<td>Taxable</td>
</tr>
<tr>
<td>Sale of Card</td>
<td>Taxable</td>
</tr>
<tr>
<td>Camera Lens and Eyeglass Cleaner</td>
<td>Taxable</td>
</tr>
<tr>
<td>Condiments (catsup, mustard, etc.)</td>
<td>Exempt</td>
</tr>
<tr>
<td>Chips-Chocolate, Butterscotch, etc. (for use in baking)</td>
<td>Exempt</td>
</tr>
<tr>
<td>Christmas Trees</td>
<td>Taxable</td>
</tr>
<tr>
<td>Christmas Tree Skirts-Paper, Cloth</td>
<td>Taxable</td>
</tr>
<tr>
<td>Cigarette Filters</td>
<td>Taxable</td>
</tr>
<tr>
<td>Cigarette Papers</td>
<td>Taxable</td>
</tr>
<tr>
<td>Cigarettes</td>
<td>Taxable</td>
</tr>
<tr>
<td>Cigars</td>
<td>Taxable</td>
</tr>
<tr>
<td>Cleaning Liquids, Powders</td>
<td>Taxable</td>
</tr>
<tr>
<td>Clothes Lines</td>
<td>Taxable</td>
</tr>
<tr>
<td>Clothes Pins</td>
<td>Taxable</td>
</tr>
<tr>
<td>Clothing (see Clothing and Footwear, page 13)</td>
<td>Exempt</td>
</tr>
<tr>
<td>Coal Tar and Sulfur</td>
<td>Exempt</td>
</tr>
<tr>
<td>Cocktail Onions, Olives</td>
<td>Exempt</td>
</tr>
<tr>
<td>Cocktail Sauces</td>
<td>Exempt</td>
</tr>
<tr>
<td>Cocoa, Instant</td>
<td>Exempt</td>
</tr>
<tr>
<td>Cod Liver Oil</td>
<td>Exempt</td>
</tr>
<tr>
<td>Coffee (beans, packaged, instant)</td>
<td>Exempt</td>
</tr>
<tr>
<td>Coffee Filters-Paper</td>
<td>Exempt</td>
</tr>
<tr>
<td>Coffee Pot Cleaners</td>
<td>Exempt</td>
</tr>
<tr>
<td>Cold Pack, Chemical (&quot;Ice Pack&quot;)</td>
<td>Taxable</td>
</tr>
<tr>
<td>Cold Preparations and Remedies</td>
<td>Exempt</td>
</tr>
<tr>
<td>Cold Sore Preparations</td>
<td>Exempt</td>
</tr>
<tr>
<td>Combs</td>
<td>Exempt</td>
</tr>
<tr>
<td>Computers: (see also Services, page 10)</td>
<td>Taxable</td>
</tr>
<tr>
<td>Computer Systems</td>
<td>Taxable</td>
</tr>
<tr>
<td>Hardware Components</td>
<td>Taxable</td>
</tr>
<tr>
<td>Prepackaged Software</td>
<td>Taxable</td>
</tr>
<tr>
<td>Condiments (catsup, mustard, etc.)</td>
<td>Exempt</td>
</tr>
<tr>
<td>Conditioning Rinse</td>
<td>Taxable</td>
</tr>
</tbody>
</table>

*For household use*
Confections (Cracker Jacks, etc.)……. Taxable
Constipation Products ……….. Exempt
Contact Lens Care Products ………. Taxable
Contact Lens Cleaner, Solution……….. Taxable
Contraceptives …………. Taxable
Copper Cleaner……….. Taxable
Corn and Callus Pads ……….. Taxable
Corn and Callus Removers……….. Exempt
Cornstarch …………. Exempt
Cosmetics …………. Taxable
Cottonballs ………….. Taxable
Cough Preparations …………. Exempt
Cream, Milk, Half and Half …………. Exempt
Creams and Lotions……… Taxable
Crepe Paper……….. Taxable
Crutches………. Exempt

Cups:
  Paper*……………………… Exempt
  Plastic, Foam………… Taxable
Cuticle Remover………………….. Taxable
Dandruff/Seborrhea Preparations…… Exempt
Decongestants………………….. Exempt
Decorations-Paper, Plastic……….. Taxable
Dehydrated Food (hunting, etc.)…… Exempt
Dental Floss……….. Taxable
Denture Adhesives, Preparations……… Taxable
Deodorants, Antiperspirants……….. Taxable
Deodorizers-Room, Car, Carpet…… Taxable
Depilatories………… Taxable
Detergents………… Taxable
Diabetic Testing Items……….. Exempt
Diapers (including disposable)……. Exempt
Diaper Liners…………………. Exempt
Diarrhea Aids…………………. Exempt
Diet Foods, Supplements……….. Exempt
Digestive Aids……….. Exempt

Dinnerware:
  Paper*……………………… Exempt
  Plastic, Foam………… Taxable

Dips (cheese, onion, etc.)…………….. Exempt
Dish Detergents………………… Taxable
Disinfectants………………… Taxable
Distilled Water……….. Exempt
Diuretics…………………. Exempt
Dog Food…………………. Taxable
Doilies-Paper, Foil……………… Taxable
Douches:
  Antiseptic, Anti-infectious…… Exempt
  Cleaning, Deodorizing…… Taxable
  Drain Openers, Cleaners…… Taxable
  Drawer Liners……………….. Taxable
  Dyes…………………. Taxable
  Ear Preparation, Ache Aids…… Exempt
  Ear Syringes……….. Taxable
  Eczema Preparations………. Exempt
  Eggs (fresh, dried)………….. Exempt
  Electrical Supplies………… Taxable
  Energy Bars………………….. Exempt
  Epson Salt:
    Garden Use………………….. Taxable
    Medical Use (for humans)…… Exempt
  Expectorants…………………. Exempt
  Eyeglass Cleaner Tissues……… Taxable
  Eyeglass Frames (fitted with
    corrective lenses)…………… Exempt
  Eyeglasses (prescription)……….. Exempt
  Eye Preparations………………. Exempt
  Fabric Softeners……………….. Taxable
  Facial Cleansing Pads……….. Taxable
  Feminine Napkins, Tampons…… Exempt
  Fever Blister Aids……………… Exempt
  Fiberglass Cleaner…………….. Taxable
  Film, Film Processing………… Taxable
  Firewood…………………. Exempt
  First Aid Kits…………………. Taxable
  First Aid Products:
    Bandages………………….. Taxable
    Healing Agents, Cleaners, etc….. Exempt

*For household use
Flags:
  State of New Jersey .................. Exempt
  United States of America ........ Exempt
  All Others .......................... Taxable
Flashlights .......................... Taxable
Flatware ................................ Taxable
Flea Collars .......................... Taxable
Floor Cleaner and Polishes .... Taxable
Floor Coverings ...................... Taxable
Floor Finishes (Wax) ................. Taxable
Floor Wax Remover ................... Taxable
Flowers ................................ Taxable
Food Coloring ........................ Exempt
Food Supplements ................... Exempt
Food Wraps:
  Aluminum Foil ........................ Taxable
  Paper Freezer Wrap* ................. Exempt
  Plastic Storage Bags ............... Taxable
  Plastic Wrap ........................ Taxable
  Waxed Paper* ......................... Exempt
Foot Care Preparations ............. Exempt
Foot Deodorizers ...................... Taxable
Footwear (see Clothing and Footwear, page 13)
Formica Cleaners and Polishes .... Taxable
Frozen Foods ........................ Exempt
Fruit .................................. Exempt
Fuels:
  Charcoal ................................ Exempt
  Charcoal Lighter ...................... Exempt
  Cigarette Lighter Fluid ............. Exempt
Fungicides ............................ Exempt
Furniture .............................. Taxable
Furniture Polishes and Cleansers ... Taxable
Fuses .................................. Taxable
Garbage Pails ........................ Taxable
Garden Supplies ...................... Taxable
Gatorade .............................. Exempt
Gelatin and Gelatin Desserts ...... Exempt
Gift Certificates ..................... Exempt
Gift Wrap, Bows, Boxes, Tags ...... Taxable

Glass Cleaners ........................ Taxable
Gloves .................................. Exempt
Greeting Cards ....................... Taxable
Grenadine ............................ Exempt
Grip Tape .............................. Taxable
Guest Towels-Paper* ................. Exempt
Hair Care Products:
  Brushes, Combs .................... Taxable
  Conditioners ........................ Taxable
  Curler Papers ....................... Taxable
  Rinses Taxable........................
  Rogaine® ............................ Taxable
  Shampoos ............................ Taxable
  Halloween Masks .................... Taxable
  Hand Cleaners ........................ Taxable
  Hand Lotion .......................... Taxable
  Hay Fever Aids ...................... Exempt
  Headache Relief Aids .............. Exempt
  Health Food Supplements:
    Energy Bars ......................... Exempt
    Heating Pads ........................ Exempt
    Hemorrhoid Treatments ........... Exempt
  H.I.V. Testing Kits (only when
    sample is sent to lab for analysis
    and report) ........................ Exempt
  Hosiery, all types .................. Exempt
  Hot Chocolate, Instant ........... Exempt
  Hypodermic Syringes and Needles Exempt
  Ibuprofen ........................... Exempt
  Ice ................................... Exempt
  Ice Buckets, Ice Chests .......... Taxable
  Ice Cream:
    Individually wrapped bars,
      sandwiches, popsicles, cones
        (single item or by the box) .... Exempt
    By the gallon or part thereof .... Exempt
    Ice Cream Cones (hand-dipped) ... Taxable
    Ice Packs (chemical cold pack) ... Taxable
    Iced Tea ........................... Exempt
    Ingrown Nail Preparations ....... Exempt

*For household use
Insect Bite and Sting Preparations          Exempt
Insecticides, Repellents              Taxable
Instant Cocoa, Coffee, Tea           Exempt
Insulin                              Exempt
Iodine, Tincture of                  Exempt
Ith, Rash Relievers                  Exempt
Jams and Jellies                     Exempt
Jewelry Cleaners                     Taxable
Juices-Noncarbonated               Exempt
Keys                                 Taxable
Laundry Soaps and Detergents      Taxable
Lawn Bags                            Taxable
Laxatives                            Exempt
Leather Cleaners (saddle soap)   Taxable
Leavening Agents                     Exempt
Lemonade                             Exempt
Lice Treatments (for humans)    Exempt
Light Bulbs                          Taxable
Lighter Fluid                        Exempt
Liners                               Taxable
Liners (garbage can, shelf, etc.) Taxable
Lint Remover Refills                 Taxable
Lip Balms (medicated)              Exempt
Lipstick                             Taxable
Litter Box Liners                   Taxable
Lotions:
  Cleansing                           Taxable
  Moisturizing                        Taxable
Lunch Bags:
  Paper*                              Exempt
  Plastic                             Taxable
Lye                                  Taxable
Magazines (qualified periodicals)   Exempt
Make-up                              Taxable
Make-up Remover                      Taxable
Maraschino Cherries                 Exempt
Marshmallow Fluff                    Exempt
Marshmallows                        Exempt
Matches                              Taxable
Meal Replacement Bars            Exempt
Meats                                Exempt
Medicines (for pets)               Taxable
Menstrual Cramp Relievers        Exempt
Metal Cleaners and Polishes   Taxable
Mildew Remover                      Taxable
Milk (fresh, dried), Cream,    Half and Half         Exempt
Mineral Oil                          Exempt
Mixes for Soaps                     Exempt
Mixes (dry or noncarbonated liquid, for alcoholic beverages) Exempt
Mixes (carbonated)                  Taxable
Mops, Mop Handles                   Taxable
Motion Sickness Remedies           Exempt
Mouthwash                           Taxable
Muscle Ache Relievers              Exempt
Nail Biting Detergents             Taxable
Nail Polish                         Taxable
Nail Polish Remover                Taxable
Napkins, Table-Paper*              Exempt
Nasal Sprays, Decongestants       Exempt
Newspapers, Periodicals           Exempt
Nicotine Gum                        Exempt
Nicotine Patch                      Exempt
Nursing Bottles, Nipples, Funnels Taxable
Nursing Pads-Paper                   Exempt
Nuts (without confection)           Exempt
Oil-Cooking, Salad                  Exempt
Olives                               Exempt
Ophthalmics                         Exempt
Oral Pain Relievers                Exempt
Orthopedic Devices                  Exempt
Oven Cleaners                       Taxable
Oven Cooking Bags:
  Paper*                              Exempt
  Plastic or Aluminum                 Taxable
  Ovulation Testing Kits           Taxable
  Oxygen                           Exempt
  Paint Remover                     Taxable
  *

*For household use

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Paperback Books .......................... Taxable
Paper Bags* .................................. Exempt
Paper Goods (plates, towels, etc.)* .... Exempt
Peroxide, Hydrogen (for medical use) .. Exempt
Perrier Water ............................... Exempt
Pet Foods .................................... Taxable
Pet Shampoo............................... Taxable
Pet Supplies ................................ Taxable
Petroleum Jelly............................ Taxable
Pets ............................................ Taxable
Pickles ....................................... Exempt
Pies, Pie Crusts............................ Exempt
Pillows ....................................... Taxable
Place Mats:
  Cloth and plastic........................ Taxable
  Paper* ...................................... Exempt
Plants ......................................... Taxable
Plastic Items ................................ Taxable
Plates:
  Paper* ...................................... Exempt
  Plastic, Foam ............................ Taxable
Poison Ivy and Oak Preparations ... Exempt
Polishing Cloths and Mitts ........ Taxable
Popcorn (packaged without
confection) .................................. Exempt
Pregnancy Testing Kits ................. Taxable
Pre-Soaks, Laundry ....................... Taxable
Preserves .................................... Exempt
Pretzels (unheated) ...................... Exempt
Prosthetic Aids ......................... Exempt
Puddings .................................... Exempt
Pumpkins:
  Used for food............................ Exempt
  Used for decoration .................... Taxable
Rainhoods .................................. Exempt
Rock Salt .................................... Taxable
Rogaine® .................................... Taxable
Rubber Gloves.............................. Exempt
Rug Cleaners and Shampoos ......... Taxable
Rug Deodorizers ........................... Taxable
Salads (potato salad, coleslaw, etc.) .. Exempt
Saliva Substitutes ......................... Exempt
Salt and Salt Substitutes ............... Exempt
Sandwich Bags:
  Paper* ...................................... Exempt
  Plastic ....................................... Taxable
Sanitary Napkins, Tampons .......... Exempt
Scouring Pads ............................ Taxable
Seeds (flower or vegetable) .......... Taxable
Shampoos .................................. Taxable
Shaving Cream ............................ Taxable
Sheets Liners .............................. Taxable
Shoe Inserts (Odor Eaters) ........... Exempt
Shoe Laces ................................. Exempt
Shoe Polish ................................. Taxable
Shoes (see Clothing and Footwear, page 13)
Shower Caps ............................... Taxable
Sinus Relievers ............................ Exempt
Skin Bleaches .............................. Taxable
Skin Lotions and Creams .............. Taxable
Skin Irritation Relievers ............... Exempt
Sleep Aids ................................. Exempt
Snuff ......................................... Taxable
Soap ......................................... Taxable
Soap Pads ................................. Taxable
Soups, Soup Mixes ....................... Exempt
Spaghetti .................................. Exempt
Spices ....................................... Exempt
Spring Water ............................... Exempt
Sponges ................................. Taxable
Sports Drinks ............................ Exempt
Stain and Spot Remover ............. Taxable
Starch:
  Corn ....................................... Exempt
  Laundry ................................. Taxable
Static Remover .......................... Taxable
Stationery .................................. Taxable
Steel Wool ............................... Taxable
Stirrers (wood, plastic) ............... Taxable

*For household use
Straws:
   - Paper* ........................................ Exempt
   - Plastic .................................. Taxable
Styptic Pencils ................................ Taxable
Sugar and Sugar Substitutes .......... Exempt
Sulfur and Salicylic Acid .............. Exempt
Sunburn Relief Products .............. Exempt
Sunscreens .................................. Taxable
Sunglasses .................................. Taxable
Sundae Topping .......................... Exempt
Surgical Adhesive ......................... Taxable
Table Covers:
   - Paper* ........................................ Exempt
   - Plastic .................................. Taxable
Tampons (and like products) ......... Exempt
Tea (prepackaged, dry or instant) ..... Exempt
Tears, Artificial .......................... Exempt
Teething Lotions ........................ Exempt
Telephone Calling Cards (prepaid):
   - Sale of Card ................................ Taxable
   - Tenderizers ................................. Exempt
   - Thermometers ............................. Taxable
   - Tile Cleaners .............................. Taxable
   - Tissue (facial and toilet)* ............. Exempt
   - Tobacco .................................. Taxable
Toilet Bowl Cleaners ................. Taxable
Toilet Bowl Deodorizers .............. Taxable
Tooth Ache Relievers ................ Exempt
Tooth Desensitizers .................. Exempt
Tooth Polish ............................... Taxable
Toothpaste ................................. Taxable
Toothpicks ................................ Taxable
Towels:
   - Cloth .................................. Taxable
   - Paper* ................................ Exempt
Towelettes* ................................ Exempt
Trashbags and Liners ................ Taxable
Tri-Sodium Phosphate (TSP) .......... Taxable
Undergarments, Disposable .......... Exempt
Underpads, Disposable-Paper ....... Exempt
Upholstery Cleaners .................. Taxable
Upset Stomach Relief ................ Exempt
Vacuum Cleaner Bags:
   - Cloth, Plastic ......................... Taxable
   - Paper* ................................ Exempt
   - Vaporizer Tablets ..................... Taxable
   - Vaseline ................................ Taxable
   - Vegetables ............................... Exempt
   - Vitamins ................................. Exempt
   - Wart Removers ........................ Exempt
   - Water (including naturally carbonated) .... Exempt
   - Water Conditioners ................ Exempt
   - Water Pills .............................. Exempt
   - Water Repellent ...................... Taxable
   - Wax .................................. Taxable
   - Wax Remover .......................... Taxable
   - Waxed Paper* .......................... Exempt
   - Weight Control Food ............... Exempt
   - Wheelchairs .......................... Exempt
   - Whipped Cream ......................... Exempt
   - Whiteners, Laundry ................ Taxable
   - Wigs ................................ Taxable
   - Window Cleaning Liquids ......... Taxable
   - Windshield Washer Solution ...... Taxable
Wipes:
   - Handi-Wipes (rayon) ............... Taxable
   - Witch Hazel ........................ Exempt
   - Wool Washes ......................... Taxable
   - Wrapping Paper, Bows .......... Taxable
Wraps:
   - Foil, Plastic ........................ Taxable
   - Paper* ................................ Exempt

*For household use

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Services

The New Jersey Sales and Use Tax Act specifically imposes tax on the receipts from retail sales of the following services:

1. Producing, fabricating, processing, installing, maintaining, repairing, storing, and servicing tangible personal property;

2. Maintaining and repairing real property except for maintaining, servicing, or repairing a residential heating system serving not more than three families living independently of each other and doing their own cooking on the premises;

3. Sales of restaurant and catered meals;

4. Rental of hotel and motel rooms;

5. Direct mail advertising processing services in connection with advertising or promotional material distributed in New Jersey;

6. Certain admission charges;

7. Storage charges for tangible personal property not held for sale;

8. Telecommunications services charged to a New Jersey address; and

9. Utility service (natural gas, electricity) provided to customers in New Jersey.

The following is a list of common services and their tax status.

Accounting Services:
   Professional Services .................. Exempt
   Electronic Filing Charges ............ Taxable

Spectator Sports:
   (baseball games, basketball games, professional wrestling events, etc.) .................. Taxable

Participant Sports:
   (bowling, fishing, swimming, etc.) ............ Exempt

Places of Amusement:
   (movie theaters, amusement parks, trade shows, craft shows, etc.) .................. Taxable

Advertising, Direct Mail Processing Services for ................................ Taxable

Alarm Monitoring:
   Via control station .................. Taxable

Animal Boarding .......................... Taxable

Animal Grooming ........................ Exempt

Appliance Repairs ........................ Taxable

Appraisals:
   (jewelry, real estate, etc.) ............... Exempt

Architectural Services (in general) ..... Exempt

Automobile Repairs:
   Inspection Sticker .................. Exempt
   Labor ................................ Exempt
   Parts ................................ Taxable

Barber Shop Services .................. Exempt

Beauty Parlor Services ................. Exempt

Beeper and Paging Services .......... Taxable

Boat Docking Fees:
   Slip Rentals .......................... Exempt
   Storage-water or land ................. Taxable

Bookkeeping Services .................. Exempt

Cable Television Subscription ........ Exempt

Car Washing .......................... Taxable

Carpet Cleaning ........................ Exempt

Catering Services ...................... Taxable

Cleaning Services (janitorial) ........ Taxable

Computer Maintenance/Repair .......... Taxable

Credit Repair Services ................ Exempt

Data Processing Services .......... Exempt

Data Processing Services .......... Exempt
Debt Collection .............................................. Exempt
Delivery Charges:  
  (between vendor and end user)…….. Exempt
Disc Jockey…………………………………… Exempt
Dry Cleaning …………………………….. Exempt
Electronic Filing Charges……………….. Taxable
Employment Agency Fees………………… Exempt
Extended Warranty Agreements…….. Taxable
Facsimile (Fax) Services ………………….. Taxable
Garbage Removal:  
  Contractual (30 days or more)…….. Exempt
Non-Contractual……………………… Taxable
Home Repairs (except residential heating systems as explained above) …………… Taxable
Insurance Premiums ..…………………… Exempt
Internet Access Charges ………………….. Exempt
Landscaping Services:  
  Capital Improvement………………….. Exempt
  Repairs and Maintenance………. Taxable
Laundry Services …………………………… Exempt
Lawn Mowing Services ………………….. Taxable
Limousine Services:  
  With a Driver…………………………… Exempt
  Without a Driver…………………….. Taxable
Locker Rentals………………………… Taxable
Maintenance Agreements ……………… Taxable
Manufacturer’s Rebate:  
  (automobile, etc.)………………….. Taxable
Membership Fees:  
  Discount Clubs………………………… Exempt
  Health Clubs………………………….. Exempt
  Professional/Social Clubs……….. Exempt
Parking …………………………………….. Exempt
Pest Control:  
  Inspection …………………………. Exempt
  Treatment ………………………….. Taxable
Photocopying Services ………………….. Taxable
Photographer’s Services ………………….. Taxable
Printing Services ………………………… Taxable
Professional Services:  
  (doctor, lawyer, etc.)………………….. Exempt
Restaurant Meals …………………… Taxable
Safe Deposit Box Rental ……………… Taxable
Security Guard Services ……………… Exempt
Service Contracts:  
  (on taxable property)……………….. Taxable
Shoe Repair …………………………….. Exempt
Silk-screening, Monogramming, Embroidering:  
  Purchase of Clothing Included………. Exempt
  Services Only………………………… Taxable
Snow Removal ……………………. Taxable
Storage Charges …………………….. Taxable
Tanning Sessions ……………………. Exempt
Telecommunication Services:  
  (telephone, telegraph, pagers, alarm monitoring, etc.)………… Taxable
Telephone Answering Services ……… Taxable
Tips and Gratuities (separately stated and paid in full to employees)…….. Exempt
Towing ……………………………………….. Exempt
Transportation …………………………… Exempt
Trash Removal:  
  Contractual (30 days or more)…….. Exempt
Non-Contractual……………………… Taxable
Travel Agency Fees …………………….. Exempt
Typing Services …………………….. Exempt
Utilities (natural gas, electricity)……… Taxable †
Web Site Design …………………………… Exempt
Web Site Hosting …………………………… Exempt

**Coupons**

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

- When a store issues a coupon entitling a purchaser to a discounted price on the item purchased or a free or reduced price on an

†Effective 1/1/98, included in rate
additional item, and the vendor 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.

- When a store issues a coupon entitling a purchaser to pay a reduced price on an item purchased, and the vendor is reimbursed by a manufacturer, distributor or other third party, the tax is due on the full regular price of the item. The taxable receipt is composed of the amount paid and the amount of the coupon value.

- When a manufacturer issues a coupon entitling a purchaser to pay a reduced price on an item purchased, and the vendor is reimbursed by the manufacturer, distributor, or other third party, the tax is due on the full regular price of the item. The taxable receipt 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 vendor.

- When a manufacturer or a vendor 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 vendor will collect from the purchaser only the tax due on the reduced price, but will be required to pay the tax applicable to the entire receipt, i.e. the amount of the price paid and the reimbursement received from the manufacturer or other third party.

For more information about coupons, request the publication ANJ-9, Coupons, Discounts & New Jersey Sales Tax.

Prepared Food

On-Premises Consumption. Food and beverages which are purchased for consumption on the premises are subject to sales tax. This includes not only prepared food, but also prepackaged food. Examples include:

- Potato chips, pretzels, prepackaged cakes and snacks;
- Prepared salads or soups.

Food and beverages that are prepared (e.g., heated, buttered, or arranged on trays) by the vendor on the premises, but taken and consumed off the premises (take-out orders), are also taxable.

Off-Premises Consumption. Certain food or drink which is not heated and is intended to be eaten off the premises may be exempt from sales tax because of the way it is packaged or sold. Such items are generally sold in food or grocery stores by bulk, by weight, by the dozen (or part of a dozen), or by volume (gallon, quart, etc.). When these unheated items are sold for off-premise consumption in the same form, condition, quantities, and packaging as commonly sold in a food store, they are not subject to sales tax. Examples include:

- Potato chips and pretzels;
- Ice cream individually wrapped or bought by the gallon;
- Prepared salads at a salad bar sold by weight or volume.

For more information about the sale of food and beverages for both on- and off-premises consumption, request the publications S&U-1, Restaurants and New Jersey Taxes, and ANJ-20, Delicatessens & New Jersey Sales Tax.
Newspapers, Magazines, and Books
Sales of newspapers, magazines, and periodicals are specifically exempt from sales tax. Sales of books, both hardback and softback, including sales of the Bible or other sacred scripture are taxable.

Clothing and Footwear
Sales of articles of clothing and footwear for human use are exempt from New Jersey sales tax. Exceptions to this rule include articles made of fur and certain athletic equipment.

The definition of 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 are also exempt.

Special and safety occupational clothing and equipment worn on the person and necessary for the daily work of the user are considered clothing and footwear under the above definition and are exempt.

Exempt Clothing and Footwear

- Aprons (household and shop)
- Arch Supports
- Bathing Caps
- Bathing Suits
- Beach Capes and Coats
- Belts and Suspenders
- Bibs
- Bowling Shirts (if suitable for ordinary street wear)
- Bridal Apparel and Accessories
- Camp Clothes
- Children’s Costumes
- Coats and Wraps (for either evening or daytime wear)*
- Crib Blankets and Receiving Blankets
- Dress Shields
- Dresses (including evening wear)
- Ear Muffs*
- Garters and Garter Belts
- Girdles
- Gloves
- Hairbows
- Hand Muffs*
- Head and Neck Scarfs
- Headwear and Millinery (all types)*
- Hosiery and Peds
- Incontinence Briefs
- Leotards and Tights
- Men’s Formal Wear
- Neckwear
- Overshoes
- Rainwear
- Rubber Gloves (for home or work use)
- Safety Clothing (normally worn in hazardous occupations)
- Scout Uniforms
- Shoe Inserts (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
- Thermal Underwear
- Work Clothes, Work Uniforms
- Yarmulke and Turbans

*Non-fur
Athletic Clothing and Footwear
Athletic equipment that is worn only in conjunction with a particular sport is taxable. Articles which can be adapted for general use not exclusively connected with a sporting activity are exempt from tax.

Taxable:
- Baseball and Hockey Gloves
- Bicycle Shorts (padded)
- Bowling Shoes
- Fishing Boots (waders)
- Golf Shoes
- Helmets (sports and motorcycle)
- Ice Skates
- Protective Masks
- Roller Blades
- Roller Skates (boot and screw-on)
- Shin Guards and Padding
- Skin Diving Suits
- Track Shoes and Cleats

Exempt:
- Athletic Supporters
- Children’s Baseball Uniforms
- Children’s Football Uniforms
- Girls’ and Boys’ Gym Suits
- 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, Turtleneck and Other Sweaters
- Ski Masks

Fur Garments
Garments or articles such as coats, stoles, jackets, capes, collars, muffins, and hats made essentially of fur are subject to sales tax. Any article of clothing or footwear made from fur and other materials is subject to tax if more than one-half of the value of the article is attributable to the fur part.

The word fur means natural or dressed animal hair on the hide or pelt. It does not include felt, woolens or other fabrics made from animal hair or leather or suede.
- Rabbit fur dyed to resemble mink is fur,
- Sheepskin with wool or hair attached is fur,
- Woven or knit materials made of animal hair or wool (such as angora or alpaca) are not fur, and
- Cloth printed with a leopard pattern is not fur.

Accessories
Accessories are not considered clothing and footwear, and are taxable. Some of these are:
- Barrettes
- Belt Buckles
- Bobby Pins
- Elastic Ponytail Holders
- Hairclips
- Hairnets
- Handbags
- Handkerchiefs
- Headbands
- Jewelry
- Key Cases
- Key Rings
- Shower Caps
- Umbrellas
- Wallets
- Watches
- Watch Bands
Yarn Goods, Yarns and Sewing Accessories
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
- Knitting Yarns
- Lace
- Ribbons
- Seam Binding and Bias Tape
- Thread
- 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 of these items 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
- Scissors
- Straight Pins
- Thimbles

Leasing
The New Jersey Sales and Use Tax Act distinguishes between leases and rentals. A rental is a short-term transaction with an original contract term of no more than 28 days. A lease is a long-term transaction with an original contract term longer than 28 days. The lessor is the owner of the property which is rented or leased. A lessee is someone who rents or leases property.

A rental is considered a retail sale and the renter pays sales tax on the amount of the rental payments. For example, Joe Smith (the lessee) rents a car for two days. Since this is a short-term transaction lasting less than 28 days, the agency (the lessor) from which Mr. Smith rents the car collects 6% sales tax on the rental fee and remits the tax to the Division of Taxation.

In the case of a lease (a contract covering more than 28 days), the lessor is responsible for paying use tax. The lessor may pay the use tax by choosing one of two methods. Use tax may be paid on the purchase price of the property being leased. When use tax is paid on the purchase price, it does not have to be paid again if the lease is renewed or the property is re-leased by the same lessor. The second method is to pay use tax on the total amount of payments attributable to the lease, not including interest charges directly paid by the lessee. When choosing this method, the lessor must pay use tax each time a lease is renewed or a new lease is signed.

When property is leased, the lessor issues a Lessee Certification (Form ST-40) to the lessee, certifying that the lessor will pay the tax due on the leased property directly to the Division of Taxation at the beginning of the lease. Thus, if Joe Smith leases a car for six months, the automobile...
agency (as the lessor) will issue Mr. Smith (the lessee) a properly completed ST-40 and will not charge sales tax on the lease payments.

For more information about the sales and use tax treatment of these transactions, request the publication S&U-12, *Leases and Rentals*.

**Claim for Refund of Sales Tax**

**Refunds Requested by Individuals from Sellers.** If nontaxable items are purchased and the seller charges sales tax, a request for a refund of sales tax paid may be made directly to the seller. If an individual is unable to recover the erroneously collected tax from the seller, a request can be made to the Division of Taxation.

**Refunds Requested by Individuals from the Division of Taxation.** To request a refund from the Division, a Claim for Refund (Form A-3730) must be filed within four years from the date of payment of the sales tax.

**Refunds Requested by Businesses from the Division of Taxation.** Business owners who have improperly collected and remitted sales tax to the State on their monthly remittance (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 end of the calendar quarter, an Amended Quarterly Return (Form ST-607A) and a Claim for Refund (Form A-3730) must be filed with the Division of Taxation. Business owners must have records of canceled sales, returned goods, or uncollectable receipts to substantiate any claim for a refund of sales tax remitted to the State.

**Businesses Collecting Sales Tax**

**Registering a Business**

All businesses in New Jersey must register with the State for tax purposes at least 15 business days before starting business. A Public Records filing may also be required depending on the type of business ownership. For information on registering a business, request a New Jersey Complete Business Registration Package (NJ REG) or our publication MISC-3, *Starting Business in New Jersey*.

**Using Exemption Certificates**

New Jersey has exemption certificates which can be used to purchase goods without the payment of sales tax in certain situations. Each exemption certificate has a specific use. In some cases, the purchaser must be registered for sales and use tax purposes to issue exemption certificates. However, the New Jersey seller accepting an exemption certificate must always be registered with New Jersey. For information on exemption certificates, request the publication S&U-6, *Sales Tax Exemption Certificates*.

**Keeping Records**

Whatever the business, keeping accurate records is essential to success. Keeping records is more than just good business sense — it is a necessary part of compliance with both State and Federal tax laws. Keeping good records will insure the accuracy of tax returns, and will protect the business owner in the event of an audit or investigation by the State.

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.

This section contains recordkeeping requirements for New Jersey retailers who collect sales tax.

**Bookkeeping Methods**

The two accepted methods of bookkeeping are single-entry and double-entry. The single-entry method is the simpler and the easier of the two. Although the double-entry method is more complex, it has the advantage of greater accuracy, and it reduces the chance of errors. A business owner may choose whichever method best suits the company’s needs.

**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 television set 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 remit sales tax due on the sale with his sales tax return due April 20, even though he did not receive payment until May.

**Sales Records**

Retailers registered to do business in New Jersey are responsible for collecting sales tax and remitting it to the State. They may also be accepting and issuing New Jersey exemption certificates. These certificates exempt the purchaser from paying New Jersey sales and use tax on merchandise and/or services. Exemption 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. It is essential that businesses maintain clear, accurate records of all sales. For information on issuing and accepting exemption certificates, request the publication S&U-6, *Sales Tax Exemption Certificates*.

There are two principles to remember when collecting sales tax:

1. Vendors 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 and/or lease transactions that are subject to use tax
- Amount of sales tax due the State (whether collected or billed)

Use the figures from these totals to complete the monthly and/or quarterly tax returns.
Sales and Use Tax Returns
Every business which is on a reporting basis for sales tax purposes must file sales tax returns. For more information on filing requirements and reporting methods, contact the Division of Taxation and request the publication S&U-7, *Filing Sales & Use Tax Returns*.

Accepting Exemption Certificates
Some businesses will accept New Jersey exemption certificates from certain customers instead of collecting sales tax. The most common certificates are the Resale Certificate (Form ST-3), Exempt Use Certificate (Form ST-4), and Exempt Organization Certificate (Form ST-5).

Keep these rules in mind when accepting exemption certificates:

1. Accept an exemption certificate only if:
   - It is filled out completely and correctly; and
   - There is no reason to doubt that the customer has the right to make an exempt purchase.

2. Keep exemption certificates for at least four years from the date of the purchase.

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. Retain this certificate for at least four years from the date of the last purchase covered by the certificate.

Sales to Government Agencies
Sales tax should not be collected when a product is sold to the Federal government, the United Nations or any international organization of which the United States is a member, and the State of New Jersey or any of their agencies. 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 and payment by government check or payment by a “United States of America” SmartPay Visa Card or MasterCard with the number 0, 6, 7, 8, or 9 as the sixth digit (credit card charged to and paid directly by the Federal government, not a card charged to an employee who gets reimbursed by the Federal government); or
- For government cash purchases of $150 or less, an ST-4 form signed by a qualified government official (not acceptable for room occupancies).

Out-of-State Sales
If taxable items are sold and the items sold are delivered out-of-State to the purchaser, New Jersey sales tax should not be collected. If the merchandise is shipped out-of-State to a recipient other than the purchaser, (e.g., in a gift transaction), the sale is also exempt from sales tax. Make sure the records show 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 merchandise in New Jersey. They are also taxable if the merchandise is delivered to the customer’s location in New Jersey, even though the customer may intend to ship the merchandise out-of-State at a later date. However, out-of-State purchasers who are registered with New Jersey and “qualified out-of-State vendors” may make tax exempt purchases.
in New Jersey of goods and services purchased for resale. For more information, request the publication ANJ-10, *Out-of-State Sales & New Jersey Sales Tax*.

**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.

**Microfilm Records**

Books of account (cash books, ledgers, journals, etc.) must be retained. Microfilm reproductions are not acceptable for audit purposes. However, sales invoices, purchase invoices, credit memoranda, etc. may be reproduced on microfilm to be retained 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 New Jersey 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.

Retain 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 insure accuracy.

Document important changes in the system and their effective dates.

**Other Sales Taxes**

**Atlantic 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 may not exceed 12%. For more information, request our publication ANJ-17, *Atlantic City Luxury Tax & New Jersey Sales Tax*. 
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Rev. 10/01