

**NEW JERSEY DIVISION OF TAXATION
REGULATORY SERVICES BRANCH
TECHNICAL BULLETIN**

TB -73

ISSUED: 8-13-13

TAX: SALES AND USE TAX

TOPIC: NURSING HOME PURCHASES

The New Jersey Sales and Use Tax Act (N.J.S.A. 54:32B-1 et. seq.) imposes tax on the retail sales of tangible personal property, specified digital products, and certain services unless a valid exemption exists. N.J.S.A. 54:32B-3. Whenever taxable tangible personal property, specified digital products, or certain services are purchased and no sales tax is collected or sales tax is collected at a rate less than the applicable New Jersey rate, the purchaser must remit use tax to the State. N.J.S.A. 54:32B-6.

Nursing homes located in New Jersey are required to pay sales or use tax on all purchases of tangible personal property, specified digital property, and certain services, unless otherwise exempt by law. Nonprofit nursing homes that have an Exempt Organization Certificate (Form ST-5), or nursing homes operated by the federal government or by a New Jersey State or local government agency, generally are exempt from sales and use tax (see S&U-6).

N.J.S.A. 54:32B-8.1 provides exemption from sales and use tax for: prescription and over-the-counter drugs, diabetic supplies, medical oxygen, human blood and its derivatives, prosthetic devices, durable medical equipment *for home use*; and mobility enhancing equipment sold by prescription. Durable medical equipment is taxable when it is sold for use in providing medical services for compensation and not transferred to the purchaser of the service in conjunction with the performance of the service. See N.J.S.A. 54:32B-8.1. Details may be found in TB-63(R).

The following is a list of common business purchases, with an indication of whether the item is taxable (T) or exempt (E) from sales and use tax:

Advertising

- Creative Services (separately stated on bill) E
- Media Buys (ad time or space) E
- Tangible Personal Property produced for advertising purposes
such as posters T

Accounting Services

- Professional Services (e.g., bookkeeping services) E
- Electronic Filing Charges T

Building Maintenance/Repair	T
Business/Restaurant Meals	T
Capital Improvements	
- Generally	E
- Landscaping	T
- Installation of floor coverings and alarms and security systems	T
Catering Services	T
Cleaning Services (janitorial)	T
Cleaning Supplies	T
Computer Equipment (computers, printers, copiers, faxes, etc.)	T
Computer Disks, CD's, DVD's and USB Drives	T
Disposable Paper Products ¹	
(towels, napkins, toilet tissue, paper plates, paper cups, etc.)	T
Equipment Maintenance/Repairs	
(including warranties purchased for repair and maintenance)	T
Flowers and Gifts	T
Furniture	T
Garbage Removal	
- Contractual (30 days or more)	E
- Non-Contractual	T
Heating Oil	E
Magazines purchased for waiting areas/client use	
- Purchased as single copies	T
- Purchased as subscriptions	E
Office Equipment	
(overhead projectors, telephones, teleconferencing equipment, etc.)	T
Office Supplies (ink, paper, toner, etc.)	T
Photocopying and Printing Charges	T

¹ See Wrappers/Wrappings, page 6

Pre-written Computer Software for exclusive business use (transferred in physical medium or “Load and Leave” format)	T
Pre-written Computer Software for exclusive business use (electronically delivered)	E
Pre-written Computer Software - Installation, Maintenance and Service Contracts	T
Snow Removal	T
Storage Services	T
Telecommunications Services	T
Utility Service (e.g., gas and electricity)	T

The following is a list of items commonly purchased by nursing homes, with an indication of whether the item is taxable (T) or exempt (E) from sales and use tax. **For purposes of this Bulletin, it is presumed that purchases of the items listed are being made by a for-profit nursing home to be used to provide medical services and that the nursing home is not reselling them to residents of the nursing home.**

Ace Bandages	E
Alarm Installation or Alarm Monitoring Services	T
Alcohol Pads and Swabs	E
Bags Used for Disposal Purposes (paper or plastic)	T
Band Aids	T
Bibs	E
Blood Pressure Measuring Devices	T
Canes	T
Carts (pushcarts, storage carts, etc.)	T
Casts and Casting Materials (for arm casts, foot castes, etc.)	E
Collection Devices worn on the body (for urine or other bodily fluids)	E
Craft Supplies (decorative yarn, glue, paper, pencils, pens, etc.)	T
Curtains for room separation use or for shower, window or similar openings	T
Dehumidifiers	T
Defibrillators	T
Denture Adhesives, Preparations	T

Diabetic Supplies (lancets, needles, syringes, test strips, wipes, etc.)	E
Diapers and Diaper Liners	E
Durable Medical Equipment (see TB-63(R))	T
Exercise Equipment (bicycles, ellipticals, treadmills, weights, etc.)	T
Food Preparation and Service Dishware, Equipment, and Utensils	T
Furniture (including hospital beds)	T
Garbage Pails and Pail Liners	T
Glucose Monitoring Equipment	T
Grooming/Hygiene Products (lotion, soap, toothpaste, etc.; see TB-63(R))	T
Hair Care Products (brushes, combs, conditioner, rinses, shampoo, etc.)	T
Hair Covers (e.g., worn for food hygiene or other hygiene purposes)	E
Hearing Aids and Hearing Aid Batteries	E
Humidifiers	T
Hydrogen Peroxide (for medical use)	E
Incontinence Briefs and Similar Incontinence Products worn on the body	E
Janitorial Services	T
Lawn and Landscaping Services	T
Laundry Services (including dry cleaning, linen supply, steam cleaning, etc.)	
- For clothing items (aprons, gowns, pants, uniforms, etc.)	E
- For non-clothing items (bed linens, tablecloths, towels, etc.)	T
Medical Equipment (see Durable Medical Equipment)	
Medical Record Charges	
- Charges for copies of medical records (including photocopy costs)	E
- Photocopy charges (separately stated on bill)	T
Mobility Enhancing Equipment (hand rails, wheelchairs, etc.)	T
Motor Vehicle Modifications for handicap accessibility	T
Needles and Syringes	
- Diabetic Use	E
- Disposable (for non-diabetic use)	T
- Reusable (for home use)	E
Over the Counter Drugs (see TB-63(R))	

Oxygen (medical)	E
Pillows	T
Prepared Foods and Beverages served to patients on the premises	E
Prescription Drugs	E
Protective Gloves (made of fabric, neoprene, plastic, rubber, etc.)	E
Protective Face Masks or Shields (including protective glasses or goggles)	E
Prosthetics (corrective device worn in or on body; see TB-63(R))	E
Rock Salt and Other Deicers	T
Safety Belts and Harnesses (worn on the body)	E
Scales (for weighing residents or food)	T
Scooters	T
Scopes (ear scopes, throat scopes, etc.)	T
Sharps Disposal Containers	T
Slings worn on body (e.g., arm slings)	E
Soaps and Sanitizers (including disinfectants used to clean surfaces)	T
Splints worn on body	E
Sponges	T
Stethoscopes	T
Support Bandages, Braces, Tape, or Wraps (worn for support)	E
Surgical Instruments	T
Tongue Depressors	T
Trays	T
Thermometers (medical or other types)	T
Underpads or Paper for protecting mattresses or other surfaces	T
Vitamins (having “Supplement Facts” box on label)	E
Walkers	T
Wheelchairs	T
Wipes/Wet Wipes (see Diabetic Supplies)	T
Witch Hazel	E

Wrappers/Wrapping for Food/Beverages (disposable bags, cups, lids, etc.)

- For delivery of beverages or food to residents E
- For other nursing home uses (used for disposal, storage, etc.) T

Remitting Use Tax

Nursing homes may report and remit any use tax due on the Annual Business Use Tax Return ([Form ST-18B](#)). However, if a nursing home's average annual use tax liability for the last three calendar years exceeds \$2,000, the nursing home must change its business registration to include sales tax eligibility and must begin to file quarterly/monthly sales and use tax returns by filing [Forms ST-50/51](#). For more information on use tax and filing Forms ST-18, ST-18B, and ST-50/51 see Tax Topic Bulletins [S&U-7, Filing Sales and Use Tax Returns](#) and [ANJ-7, Use Tax in New Jersey](#).

Note: A Technical Bulletin is an informational document that provides guidance on a topic of interest to taxpayers and may describe recent changes to the relevant laws, regulations, and/or Division policies. It is accurate as of the date issued. However, taxpayers should be aware that subsequent changes to applicable laws, regulations, and/or the Division's interpretation thereof may affect the accuracy of a Technical Bulletin. The information provided in this document does not cover every situation and is not intended to replace the law or change its meaning.