


 Taxpayer  
Services

# Use Tax In New Jersey

Publication ANJ-7

## What is Use Tax?

The New Jersey Sales and Use Tax Act ([N.J.S.A. 54:32B-1 et seq.](#)) provides for Use Tax to be imposed when taxable property (including [specified digital products](#)) and services are purchased for use in New Jersey, but Sales Tax was not collected by the retailer in the state of purchase or was collected at a rate less than the New Jersey Sales Tax rate.

When the seller does not collect Sales Tax at the time of purchase or collects tax at a rate less than the current New Jersey Sales Tax rate, the purchaser owes Use Tax to New Jersey.

## What is the Use Tax Rate?

The New Jersey Use Tax rate is the same as the Sales Tax rate. The Sales and Use Tax rate will be reduced in two phases between 2017 and 2018 ([N.J.S.A. 54:32B-3](#)). The tax rate decreases from 7% to 6.875% for January 1 to December 31, 2017. The tax rate will decrease to 6.625% on and after January 1, 2018. Additional information about the Sales and Use Tax rate change is available [online](#).

## Imposition of Use Tax

Examples of when Use Tax is due:

- Taxable property and services are purchased out of State for use in New Jersey, and no Sales Tax is collected. The purchaser owes Use Tax.
- Taxable property and services are purchased out of State for use in New Jersey, and Sales Tax is collected at a lower rate than New Jersey's. The purchaser owes Use Tax. See *Reciprocity* below.
- Items of inventory that were purchased tax-free with a resale certificate are used by the purchaser (e.g., are given away as part of a promotion). The purchaser owes Use Tax.

## Reciprocity

**Out-of-State Purchases Received Outside New Jersey.** When taxable property and services are purchased and received in another state, and sales tax is paid to that state, New Jersey will allow a credit against the Use Tax due, provided that the other state allows a similar credit for Sales Tax paid to New Jersey. If the sales tax rate in a reciprocating state is equal to or greater than New Jersey's tax rate, no Use Tax is due.

If the sales tax rate in the state where the purchase is made is less than New Jersey's, Use Tax is due at the current rate. However, a credit for the sales tax paid in another state is allowed against the Use Tax due. For example, if a buyer made an out-of-State purchase on January 11, 2017, for \$100 and the sales tax rate was 4%, the buyer paid \$4 in sales tax. The New Jersey Use Tax rate in effect for that period is 6.875%, so the buyer owes \$6.88 (6.875% × \$100), less a credit for the \$4 already paid to the other state, for a New Jersey Use Tax due of \$2.88.

**Out-of-State Purchases Delivered to New Jersey.** When taxable property and services are purchased in another state and delivered to New Jersey for use in New Jersey, no credit is allowed for sales tax paid to the other state. Use Tax is due on the purchase price, including delivery charges.

**Purchases Made in a Foreign Country.** When taxable property and services are purchased in a foreign country, no credit is allowed for sales tax paid to the foreign country, regardless of whether the purchaser takes possession of the items there or has them delivered to New Jersey. Use Tax is due on the purchase price, including delivery charges.

## Businesses Registered to Collect Tax

When taxable property or services are purchased from an out-of-State business and the buyer takes possession of the items in New Jersey, the seller will collect New Jersey Sales Tax if registered to do business in this State. In that case, no Use Tax is due. On the other hand, an out-of-State business that is not registered in New Jersey cannot legally collect New Jersey Sales Tax. If taxable property or services are purchased from an out-of-State business that does not charge New Jersey Sales Tax, the tax is due even though the seller is not authorized to collect it. In such instances, the purchaser must pay Use Tax directly to New Jersey.

**Remitting  
Use Tax**

Individuals and businesses report and pay Use Tax on different forms.

**Individuals.** Individual taxpayers report and pay any Use Tax due on [Form ST-18](#) within 20 days after property is brought into New Jersey or on their New Jersey Resident Income Tax Return (Form NJ-1040).

**Businesses.** Sellers and those nonsellers who file monthly remittances and/or quarterly returns with New Jersey report and pay Use Tax on Forms ST-50 and ST-51. Certain nonseller businesses, if qualified, are authorized to report and pay Use Tax on the Annual Business Use Tax Return ([Form ST-18B](#)). For more information on filing Forms ST-50, ST-51, and ST-18B see Tax Topic Bulletin [S&U-7](#), *Filing Sales and Use Tax Returns*.

**Self-Audit  
Programs**

From time to time the Division of Taxation conducts Use Tax Self-Audit Programs of businesses and licensed professionals in the State. These programs are geared towards businesses that regularly purchase taxable services and taxable property such as office supplies and equipment from out-of-State businesses for use in New Jersey without paying Sales Tax. These businesses and professionals are required to pay Use Tax on these purchases. With very few exceptions, the Sales and Use Tax Act *does not* exempt from tax items used in conducting business. In addition, some items are taxable *because they are used in business*. For example, paper products are exempt when purchased for household use but are taxable when purchased for use in a business (e.g., toilet tissue for a restroom). If the business does not pay Sales Tax on the purchase of the paper products, Use Tax is due.

**For More  
Information**

For more information on New Jersey Use Tax, contact the Division's Customer Service Center at 609-292-6400, [email](#) us, or write to:

NEW JERSEY DIVISION OF TAXATION  
TAXPAYER COMMUNICATIONS UNIT  
PO Box 281  
TRENTON NJ 08695-0281

Many State tax forms and publications are available on our [website](#).

<b>USE TAX</b> <b>Form ST-18 (1-17)</b>	<b>STATE OF NEW JERSEY</b> <b>DIVISION OF TAXATION</b> SELLER'S NAME AND ADDRESS	<b>FOR OFFICIAL USE ONLY</b>															
PURCHASER'S NAME AND ADDRESS _____ _____ _____ Social Security or Federal Identification Number	_____ _____ _____ Attach Rider if Necessary	1. AMOUNT OF PURCHASE \$ _____ 2. USE TAX (Line 1 x .06875) _____ 3. CREDIT, IF ANY, FOR TAX PAID IN JURISDICTION OF PURCHASE (See instruction for Line 3) _____ 4. AMOUNT DUE (Line 2 Less Line 3) \$ _____															
<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:30%;">TAXABLE ITEM(S) PURCHASED</th> <th style="width:20%;">POSSESSION DATE</th> <th style="width:10%;">PRICE PAID</th> </tr> </thead> <tbody> <tr> <td>a) _____ / _____</td> <td style="text-align: center;">\$</td> <td>_____</td> </tr> <tr> <td>b) _____ / _____</td> <td></td> <td>_____</td> </tr> <tr> <td>c) _____ / _____</td> <td></td> <td>_____</td> </tr> <tr> <td colspan="2">(If more taxable items were purchased, attach rider)</td> <td>(Carry Total to Line 1)</td> </tr> </tbody> </table>	TAXABLE ITEM(S) PURCHASED	POSSESSION DATE	PRICE PAID	a) _____ / _____	\$	_____	b) _____ / _____		_____	c) _____ / _____		_____	(If more taxable items were purchased, attach rider)		(Carry Total to Line 1)		
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b) _____ / _____		_____															
c) _____ / _____		_____															
(If more taxable items were purchased, attach rider)		(Carry Total to Line 1)															
I CERTIFY THAT ALL THE INFORMATION GIVEN IS CORRECT _____ <div style="display: flex; justify-content: space-between;"> <span>Signature</span> <span>Date</span> </div>																	

**INSTRUCTIONS FOR COMPLETING USE TAX RETURN (Form ST-18)**

LINE 1 - Enter the Total amount of all purchases subject to the Use Tax.

LINE 2 - Multiply Line 1 by 6.875% (.06875) and enter the amount of Use Tax.

LINE 3 - Enter credit for sales tax previously paid *ONLY* on purchases where items or services were received outside of New Jersey.

A. TAX PAID TO ANOTHER STATE EQUAL OR HIGHER - If you paid Sales Tax on the purchase at the current New Jersey rate of 6.875% or a higher rate to another state or jurisdiction and did not take delivery in New Jersey, NO Use Tax is due New Jersey. No credit will be given for such payments on items or services delivered into New Jersey or for taxes paid in foreign countries.

B. TAX PAID TO ANOTHER STATE LESS THAN 6.875% - If you paid sales tax on the purchase at less than the current New Jersey rate of 6.875% and did not take delivery in New Jersey, Use Tax is due New Jersey in the amount of any difference.

LINE 4 - Subtract line 3 from line 2 and enter result on line 4. Make payment to: State of New Jersey-Use Tax.

Mail this form upon completion together with your payment to: State of New Jersey-Division of Taxation, Revenue Processing Center, Use Tax, P.O. Box 999, Trenton, N.J. 08646-0999. *(KEEP A COPY FOR YOUR RECORDS)*

For information regarding the ST-18 and its completion contact: NJ Division of Taxation, Customer Service Center at (609) 292-6400.

**PRIVACY ACT NOTIFICATION**

The Tax Reform Act of 1976, P.L. 94-455, modified at 42USC 405(c)(2)(c)(i), authorizes the use of social security numbers in the administration of a tax law. The Division will use the number for tax account identification and tax administration and collection purposes.

\* Please Complete and Return Remittance with Payment \*