

Out-of-State Sales & New Jersey Sales Tax

Publication ANJ-10

Introduction

In general, sales tax is due to the state where the purchaser takes possession or delivery of the item(s) purchased. Sales tax on most services is imposed in the state where the services are performed or sold. However, any tangible personal property serviced or repaired in New Jersey and delivered to the purchaser outside New Jersey is exempt from New Jersey sales tax.

Businesses That Collect Sales Tax

All businesses are required to register with the State for tax purposes at least 15 business days before starting business. To register, a **Business Registration Application (Form NJ-REG)** must be filed. Form NJ-REG may be filed online from the Division of Revenue's New Jersey Business Gateway Services Web site at: www.state.nj.us/njbgs/. Businesses that sell taxable items and/or perform taxable services have to charge, collect, and remit sales tax to the State. Such businesses receive a **New Jersey Certificate of Authority (Form CA-1)** for sales tax. This certificate must be prominently displayed at the business location so customers know that the seller has the authority and obligation to collect tax on all taxable items and services sold and to issue or accept exemption certificates. A seller **must** always be registered with New Jersey to accept exemption certificates. A Public Records Filing may also be required depending upon the type of business ownership. More information on Public Records Filing is available in the New Jersey Registration Package (**NJ REG**) or by calling 609-292-9292.

Many out-of-State businesses (e.g., mail-order companies) are also registered with New Jersey for the collection of sales tax. These businesses are required to charge and collect New Jersey sales tax on taxable items delivered to customers in this State.

Use Tax

When a customer purchases taxable items or services in New Jersey, the seller charges New Jersey sales tax. When taxable items or services are purchased from a seller that does not collect New Jersey sales tax, the customer owes use tax. Use tax is charged at the same rate as sales tax and is calculated on the price paid, including delivery charges, for all items or services that are brought into and used in New Jersey. For more information on use tax, see publication [ANJ-7, Use Tax in New Jersey](#).

Gifts

When a customer purchases a gift in New Jersey and arranges with the seller to deliver the gift to an out-of-State recipient, generally no New Jersey sales tax is due. Such sales are considered out-of-State sales. However, when a gift is purchased and the seller is directed to deliver the gift to a recipient in this State, New Jersey sales tax is due.

Florist Sales

When a New Jersey florist accepts an order, the florist must charge and collect New Jersey sales tax regardless of where the flowers or gift will be delivered. This holds true even if a second florist located outside the State must be called for the actual delivery. New Jersey sales tax is due because the sale is deemed to have occurred when the customer placed the original order through a florist in this State. The florist calculates the sales tax on the price of the item plus the charge for any taxable service provided. For example, service charges, delivery charges, and charges for telephone calls are all part of the taxable receipt.

On the other hand, when a New Jersey florist receives instructions from another florist for the delivery of flowers, the New Jersey florist does not charge tax on any monies received from that transaction. This is true regardless of where the other florist is located.

Drop Shipments

When a retailer accepts an order from a New Jersey customer for an item that the retailer has to purchase from another supplier, and the retailer instructs that supplier to deliver the item directly to the retailer's customer rather than to the retailer, this results in a *drop shipment*. If the supplier is registered with New Jersey for sales tax, the retailer may issue a valid **New Jersey Resale Certificate (Form ST-3)** or the **Streamlined Sales and Use Tax Certificate of Exemption (Form ST-SST)** to the supplier rather than pay New Jersey sales tax on that purchase.

If the retailer is located out-of-State, the supplier may also accept any of the following as acceptable proof that the sale to the retailer is a sale for resale:

- Purchaser's out-of-State resale certificate
- **Uniform Sales & Use Tax Certificate – Multijurisdiction** published by the Multistate Tax Commission
- Resale Certificate for Non-New Jersey Sellers (**Form ST-3NR**)
- Streamlined Sales and Use Tax Certificate of Exemption (**Form ST-SST**)

For more information see Tax Topic Bulletin **S&U-6, Sales Tax Exemption Administration**.

Delivery

Charges for the delivery of property (or services) from a seller directly to a customer are subject to sales tax if the items sold are subject to tax; delivery charges for nontaxable items are exempt from tax. "Delivery charges" means charges by the seller for the preparation and delivery of property or services, and includes transportation, shipping, postage, handling, crating, packing, etc., even if such charges are separately stated on the bill. The taxability of delivery charges follows the taxability of the property or services sold. Thus, if a shipment includes both taxable and nontaxable property, the seller should allocate the delivery charges based on either total sales price or total weight. In these mixed transactions, if the seller does not allocate the delivery charge, the entire delivery charge is taxable.

For More Information

For more information on out-of-State sales and New Jersey sales tax, contact the Division's Customer Service Center at 609-292-6400, e-mail us at nj.taxation@treas.state.nj.us, or write to:

NEW JERSEY DIVISION OF TAXATION
 INFORMATION AND PUBLICATIONS BRANCH
 PO BOX 281
 TRENTON NJ 08695-0281

Many State tax forms and publications are available by fax and on our Web site. Call NJ TaxFax at 609-826-4500 from your fax machine's phone, or access the Division's home page at: www.state.nj.us/treasury/taxation/

Intrastate and Interstate Sales & New Jersey Sales Tax

| State of Purchase | Residence of Purchaser | Delivery to | Seller Registered in New Jersey | New Jersey Tax Due ¹ |
|--------------------|------------------------|-------------|---------------------------------|---------------------------------|
| New Jersey | New Jersey | New Jersey | Yes | Yes |
| | | Outside NJ | Yes | No |
| | Outside New Jersey | New Jersey | Yes | Yes |
| | | Outside NJ | Yes | No ² |
| Outside New Jersey | New Jersey | New Jersey | Yes | Yes |
| | | Outside NJ | Yes | No ³ |
| | Outside New Jersey | New Jersey | Yes | Yes |
| | | Outside NJ | Yes | No |

¹ The answers in this column do not take into account exemptions that apply if valid exemption certificates (ST-3, ST-3NR, ST-4, ST-5, ST-6, ST-SST, etc.) are issued.

² Nonresidents purchasing motor vehicles in New Jersey must complete Form ST-10 in order not to be charged New Jersey sales tax.

³ If a taxable item was delivered out-of-State and subsequently returned to New Jersey for use in this State, use tax may be due.