

New Jersey Sales Tax Amended Return (Form ST-607-A) should be completed for the appropriate tax period(s).

2. Individual refunds: If the taxpayer overpaid sales tax when making a retail purchase, the taxpayer may request a refund directly from the vendor from whom the purchase was made. However, if the vendor has already submitted the tax to the State, the taxpayer must complete a Claim for Refund (Form A-3730) and include supporting documents to substantiate the claim.

3. Refund claims of Sales and Use Tax shall include documentation of all transactions to substantiate the tangible personal property or service that is the subject of the refund claim and the amount requested. Documentation required is as follows:

i. The refund claim (A-3730, shall be filed with documents, such as invoices, receipts, proof of payment of tax, and exemption certificates. These documents must be provided in a format suitable to determine the correctness of the grounds for the refund and the amount of the refund or credit. Acceptable formats include photocopies or in lieu of paper copies, imaged documents. Imaged documents, which can be read with universal readable software such as Adobe PDF and presented on CD may be submitted if first:

(1) The taxpayer submits a proposed plan for the submission to the Sales Tax Refund Section and received a written approval; and

(2) In claims of 25 or more transactions, the images of the documents are presented in an organized manner, which permits examination of the documents together with an electronic spreadsheet listing the transaction (see (d)4 below) and the taxpayer retains the original invoices for Division examination;

ii. All sales/purchase documentation must clearly identify the seller, purchaser, invoice number, invoice date, description of the transaction, amount of the invoice excluding the tax, and the amount of sales tax billed for the transaction. For those transactions exempt from sales tax by the tendering of an exemption certificate, the documentation relevant to all transactions with the issuer of the exemption certificate must clearly identify the purchaser. Cash receipts, register tapes or other receipts that do not identify the purchaser are not acceptable;

iii. Proof of payment for sales/use tax remitted.

(1) Proof of sales tax remitted to vendors is required and the Division will accept copies of canceled checks. A request for use of an alternative proof of payment must be requested in writing to the Sales and Use Tax Refund Section and written approval received by the claimant prior to submission of such alternative proof of tax payment in support of the refund claim. Any approved alternate proof of pay-

ment must provide a trail between the documents presented by use of notation, highlighting or other identification of the particular matching transactions.

(2) Proof of use tax accrual and remittance is required and the Division will accept copies of detailed journal entries or detailed listings previously prepared by the taxpayer in determining the use tax liability as reported on the ST-50 Quarterly Return, an ST-18 Use Tax Return, an ST-18B Annual Business Use Tax Return, or on the Gross Income Tax Individual Return NJ-1040. Payment of use tax will be confirmed from Division records;

iv. When the basis of a claim for refund is the receipt of an exemption certificate from the customer after the seller has remitted the tax on their ST-50 return, then copies of the following documents are required:

(1) The exemption certificate;

(2) The initial invoice showing the amount of tax billed; and

(3) Credit memoranda or proof of repayment of the tax to the customer; and

v. Amended quarterly returns are required for any period where the claim for refund results in the change of any of the figures previously reported. The amended return(s) should be filed online at the time of submitting a refund claim.

4. Refund claims of Sales and Use Tax with 25 or more separate transactions or credit memoranda shall be filed with a computer spreadsheet (A-3730-SU-1). A computer spreadsheet is a computer program that arranges numerical and textual data into a table of rows and columns. The computer spreadsheet shall display information for each transaction that is included as the subject of the refund claim.

i. The spreadsheet shall include, but is not limited to:

(1) The names of vendor and customer;

(2) The location of the transaction (for example, delivered to Pennsylvania, shipped by carrier or customer pickup);

(3) The invoice number;

(4) The invoice date;

(5) The item sold/purchased;

(6) The amount of the sale/purchase subject to refund;

(7) The amount of sales tax or use tax claimed for refund; and

(8) A statement of the grounds for the claimed refund.

ii. The computer spreadsheet should be edit-locked and, for the purposes of this section, the Division will accept computer spreadsheets created with Excel or any other .xls file compatible computer spreadsheet application. The computer spreadsheet shall be submitted with the refund claim on a compact disc or similar medium in common use. Receipt of a computer spreadsheet without simultaneous or prior filing of the form A-3730 does not constitute the filing of a claim for purposes of statute of limitations.

(e) A taxpayer requesting a refund of a payment of an additional assessment of Corporation Business Tax, Corporation Income Tax, Savings Institution Tax, Transfer Inheritance Tax, Estate Tax, Petroleum Gross Receipts Tax, Tobacco Products Wholesale Tax, Sales and Use Tax or Gross Income Tax pursuant to N.J.S.A. 54:49-14.b is required to use Form A-1730.

(f) If there is no other established refund claim procedure or amended return for other State taxes paid in error, a Claim for Refund (Form A-3730) should be completed and submitted with a detailed explanation with supporting documentation.

(g) The refund claim shall set forth the taxpayer's name, address, identifying number, signature, and a full narrative description of the claim. The narrative description shall set forth in detail each ground upon which a credit or refund is claimed and facts sufficient to apprise the Division of the exact basis thereof. Citations to relevant statutes, regulations, and case law are not required but maybe included if known. The statement of the grounds and facts shall be verified by a written declaration that it is made under the penalties of perjury. If a refund claim does not contain sufficient information, the Division will return the claim with guidance to the taxpayer. For purposes of the statute of limitations for filing claims for refunds under N.J.S.A. 54:49-14 and 54A:9-8, or the statute of limitations for the computation of interest payments on late refunds that are not paid within six months from the last date prescribed, or permitted by extension of time for filing the return, or within six months after the return is filed, whichever is later, pursuant to N.J.S.A. 54:49-15.1, the refund claim will not be deemed complete until the required information is submitted. A claim which does not comply with the applicable requirements of this section shall not be considered for any purpose as a claim for refund or credit. (See also N.J.A.C. 18:2-5.9, Interest on overpayments.)

Amended by R.1999 d.295, effective September 7, 1999.
See: 31 N.J.R. 1583(a), 31 N.J.R. 2626(a).

Added (f).

Amended by R.2002 d.153, effective May 20, 2002.
See: 33 N.J.R. 4083(a), 34 N.J.R. 1849(b).

Added a new (e); recodified former (e) as (f) and inserted "other" preceding "established refund"; recodified former (f) as (g).

Amended by R.2007 d.386, effective December 17, 2007.

See: 39 N.J.R. 3728(a), 39 N.J.R. 5368(a).

In the introductory paragraph of (d), inserted "(other than urban enterprise zone refunds)"; added (d)3 and (d)4; and in (g), substituted "for filing" for "on", "or the statute of limitations for the computation

of" for "and" following "54A:9-8", "that are not paid within six months from the last date prescribed, or permitted by extension of time for filing the return, or within six months after the return is filed, whichever is later, pursuant to" for "under" following "late refunds", and "the applicable requirements of this section" for "this subsection".

18:2-5.9 Interest on overpayments

(a) For tax paid with respect to reports or returns due on and after January 1, 1994, interest shall be allowed and paid on overpayments of tax at a rate determined by the Director to be equal to the prime rate, determined for each month or fraction thereof, compounded annually at the end of each calendar year, from the date that such interest commences to accrue to the date of the refund. "The date of the refund" shall be deemed the date set forth on the check or the documents authorizing electronic funds transfer (EFT). If interest must be paid, it will be calculated to accrue from the later of the date of the filing of a refund claim, the date the tax is paid, or the due date of the return. No interest shall be allowed or paid on an overpayment of less than one dollar; or on an overpayment refunded within six months after the last date prescribed, or permitted by extension of time, for filing the return; or within six months after the return is filed, whichever is later. Interest will not be paid on overpayments where the taxpayer has requested that the overpayment be applied to the following year's tax liability.

(b) No interest will be paid on a refund of an overpayment issued pursuant to N.J.S.A. 54:49-16 unless and until six months after the taxpayer files a claim for refund. See N.J.A.C. 18:35-1.27.

Example 1: Corporation Business Tax Return (calendar year taxpayer)

Due Date:	April 15
Postmarked:	March 2
Return with overpayment received by the Division of Taxation:	March 12

A refund of overpaid taxes would accrue interest if not refunded by October 15 (six months after the due date of the return, April 15).

Example 2: Corporation Business Tax Return (calendar year taxpayer)

Due Date:	April 15
Return and overpayment (unknown to taxpayer at time return was filed) received by Division of Taxation:	April 15
Claim for refund received by Division of Taxation:	May 1

Interest would accrue on an overpayment not refunded by November 1 (six months after the claim for refund date of May 1).

Example 3: Same as above, except no claim filed. The Division of Taxation discovers the overpayment within two years of payment. No interest is due on the refund of the overpaid tax.

(c) No interest shall be paid on a refund of an overpayment unless the claim for refund or amended return contains:

1. The taxpayer's name, address, and identifying number and the required signatures; and
2. Sufficient information (whether on the refund claim, amended return and necessary attachments) to permit the verification of the claim, including a full narrative description of the basis for the claim. (See also N.J.A.C. 18:2-5.8, Refund claim procedures.)

Amended by R.1999 d.295, effective September 7, 1999.
See: 31 N.J.R. 1583(a), 31 N.J.R. 2626(a).
Added (c).

18:2-5.10 Separate claims required

For claims accruing on or after July 1, 1993, each taxpayer shall file a separate refund claim. A refund claim on behalf of a class is not permitted.

SUBCHAPTER 6. CONFIDENTIALITY AND DISCLOSURE

18:2-6.1 Records confidential

(a) Division of Taxation records and files are confidential and privileged.

(b) Division officers and employees, former Division officers and employees, any Division employee engaged in the custody or administration of Division records, and any person who may have secured information from Division records, may not divulge, disclose or use for their own personal advantage any information obtained from Division records, from the examination or inspection of the property of any person, or any copy of a federal return or federal return information required to be attached to or included in any New Jersey return.

(c) The Division of Taxation is not required to produce any records or files for inspection of any person or use in any action or proceeding except when the records or files are shown to be directly involved in an action or proceeding under the State Tax Uniform Procedure Law, N.J.S.A. 54:48-1 et seq. or other State tax law, or where the determination of an action or proceeding will affect the validity or amount of State claims for taxes, or any lawful proceeding for the investigation and prosecution of violations of the criminal provisions of the State Tax Uniform Procedure Law or other State tax law.

(d) Violation of these provisions is a crime of the fourth degree.

(e) Requests for information from Division records, including requests for information pursuant to N.J.S.A. 54:50-9,

should be directed to the Division of Taxation Office of Chief of Staff.

SUBCHAPTER 7. RECORDKEEPING AND RETENTION REQUIREMENTS

18:2-7.1 Purpose

The purpose of this subchapter is to define the requirements imposed on taxpayers for the maintenance and retention of books, records, and other sources of information where all or a part of the taxpayer's records are received, created, maintained or generated through various computer, electronic and imaging processes and systems.

18:2-7.2 Definitions

For purposes of this subchapter, the following terms shall be defined as follows:

"Database management system" means a software system that controls, relates, retrieves, and provides accessibility to data stored in a database.

"Electronic data interchange" or "EDI technology" means the computer-to-computer exchange of business transactions in a standardized structured electronic format.

"Hard-copy" means any documents, records, reports or other data printed on paper.

"Machine-sensible record" means a collection of related information in an electronic format. Machine-sensible records do not include hard-copy records that are created or recorded on paper or stored in or by an imaging system such as microfilm, microfiche, or storage-only imaging systems.

"Storage-only imaging system" means a system of computer hardware and software that provides for the storage, retention and retrieval of documents originally created on paper. It does not include any system, or part of a system, that manipulates or processes any information or data contained on the document in any manner other than to reproduce the document in hard copy or as an optical image.

"Taxpayer" as used in the subchapter means any person owing or liable to pay any State tax or any person deemed by the Director to be so owing or liable.

18:2-7.3 Recordkeeping requirements—general

(a) A taxpayer shall maintain all records that are necessary to a determination of the correct tax liability. All required records shall be made available on request by the Director or his or her authorized representatives. Such records shall include, but not be necessarily limited to, books of account, invoices, sales receipts or other documents required to be maintained by any specific tax statute or regulation of this State.

(b) If a taxpayer retains records required to be retained under this section in both machine-sensible and hard-copy formats, the taxpayer shall make the records available to the Director in machine-sensible format upon request of the Director.

(c) If the machine-sensible or hard-copy records of the taxpayer are determined to be incorrect or insufficient, the return(s) filed on the basis of the information obtained from such records may be deemed to be incorrect or insufficient and the Director may determine the amount of tax due the State by using any information available, whether from the taxpayer's place of business or from any other source.

(d) Nothing in this section shall be construed to prohibit a taxpayer from demonstrating tax compliance with traditional hard-copy documents or reproductions thereof, in whole or in part, whether or not such taxpayer also has retained or has the capability to retain records on electronic or other storage media in accordance with this regulation. However, this subsection shall not relieve the taxpayer of the obligation to comply with (b) above.

18:2-7.4 Recordkeeping requirements—machine-sensible records

(a) General requirements pertaining to machine-sensible records are as follows:

1. Machine-sensible records used to establish tax compliance shall contain sufficient transaction-level detail in-

formation so that the details underlying the machine-sensible records can be identified and made available to the Director upon request. A taxpayer has discretion to discard duplicate records and redundant information provided its responsibilities under this section are met.

2. At the time of an examination, the retained records shall be capable of being retrieved and converted to a standard record format.

3. Taxpayers are not required to construct machine-sensible records other than those created in the ordinary course of business. A taxpayer who does not create the electronic equivalent of a traditional paper document in the ordinary course of business is not required to construct such a record for tax purposes.

(b) Electronic data interchange requirements are as follows:

1. Where a taxpayer uses electronic data interchange processes and technology, the level of record detail, in combination with other records related to the transactions, shall be equivalent to that contained in an acceptable paper record. For example, the retained records shall contain such information as vendor name, invoice date, product description, quantity purchased, price, amount of tax, indication of tax status, shipping detail, etc. Codes may be used to identify some or all of the data elements, provided that the taxpayer provides a method which allows the Director to interpret the coded information.