

**CHAPTER 24B**  
**STREAMLINED SALES AND USE TAX**  
**RULES AND PROCEDURES**

**Authority**

N.J.S.A. 54:32B-24 and 54:50-1.

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**Chapter Expiration Date**

Chapter 24B, Streamlined Sales and Use Tax Rules and Procedures, expires on August 3, 2014.

**Chapter Historical Note**

Chapter 24B, Streamlined Sales and Use Tax Rules and Procedures, was adopted as new rules by R.2009 d.242, effective August 3, 2009. See: Source and Effective Date.

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**SUBCHAPTER 1. STREAMLINED SALES AND USE**  
**TAX RULES AND PROCEDURES**

**18:24B-1.1 Definitions**

The following words and terms, when used in this chapter, shall have the following meanings:

“Agent” means a person appointed by a seller to represent the seller before the member states.

“Agreement” or “SSUTA” means the Streamlined Sales and Use Tax Agreement.

“Certified automated system” or “CAS” means software certified under the Agreement to calculate the tax imposed by each jurisdiction on a transaction, determine the amount of tax to remit to the appropriate state and maintain a record of the transaction.

“Certified service provider” or “CSP” means an agent certified under the Agreement to perform all the seller’s sales

and use tax functions, other than the seller’s obligation to remit tax on its own purchases.

“Division” refers to the New Jersey Division of Taxation within the Department of the Treasury.

“Entity-based exemption” means an exemption based on who purchases the product or who sells the product. An exemption that is available to all individuals shall not be considered an entity-based exemption.

“Governing Board” refers to the Streamlined Sales Tax Governing Board, Inc., which is comprised of representatives of the states that are members of the Agreement.

“Model 1 seller” means a seller that has selected a CSP as its agent to perform all the seller’s sales and use tax functions, other than the seller’s obligation to remit tax on its own purchases.

“Model 2 seller” means a seller that has selected a CAS to perform part of its sales and use tax functions, but retains responsibility for remitting the tax.

“Model 3 seller” means a seller that has sales in at least five member states, has total annual sales revenue of at least 500 million dollars, has a proprietary system that calculates the amount of tax due each jurisdiction and has entered into a performance agreement with the member states that establishes a tax performance standard for the seller. As used in this definition, a seller includes an affiliated group of sellers using the same proprietary system.

“Person” means an individual, trust, estate, fiduciary, partnership, limited liability company, limited liability partnership, corporation or any other legal entity.

“Product-based exemption” means an exemption based on the description of the product and not based on who purchases the product or how the purchaser intends to use the product.

“Purchaser” means a person to whom a sale of personal property is made or to whom a service is furnished.

“Registered under the Agreement” means registration by a seller with the member states under the central registration system provided in Article IV of this Agreement.

“Seller” means a person making sales, leases or rentals of personal property or services.

“Use-based exemption” means an exemption based on a specified use of the product by the purchaser.

**18:24B-1.2 Administration of exemptions**

(a) The Division shall require the following provisions when a purchaser claims an exemption:

1. The seller shall obtain identifying information of the purchaser and the reason for claiming a tax exemption at the time of the purchase as determined by the Governing Board;

2. A purchaser is not required to provide a signature to claim an exemption from tax unless a paper exemption certificate is used;

3. The seller shall use the standard form for claiming an exemption electronically as adopted by the Governing Board;

4. The seller shall obtain the same information for proof of a claimed exemption regardless of the medium in which the transaction occurred;

5. The Division may utilize a system wherein the purchaser, exempt from the payment of the tax, is issued an identification number that shall be presented to the seller at the time of the sale;

6. The seller shall maintain proper records of exempt transactions and provide them to the Division when requested;

7. The Division shall administer use-based and entity-based exemptions when practicable through a direct pay permit, an exemption certificate or another means that does not burden sellers; and/or

8. In the case of drop shipment sales, the Division will allow a third-party vendor (for example, drop shipper) to claim a resale exemption based on an exemption certificate provided by its customer/reseller or any other acceptable information available to the third-party vendor evidencing qualification for a resale exemption, regardless of whether the customer/reseller is registered to collect and remit sales and use tax in the state where the sale is sourced.

(b) The Division shall relieve sellers that follow the requirements of this section from the tax otherwise applicable if it is determined that the purchaser improperly claimed an exemption and will hold the purchaser liable for the non-payment of tax. This relief from liability does not apply to a seller who fraudulently fails to collect tax, to a seller who solicits purchasers to participate in the unlawful claim of an exemption or to a seller who accepts an exemption certificate when the purchaser claims an entity-based exemption when:

1. The subject of the transaction sought to be covered by the exemption certificate is actually received by the purchaser at a location operated by the seller; and

2. The state in which that location resides provides an exemption certificate that clearly and affirmatively indicates that the claimed exemption is not available in that state (for example, striking out exemption reason types on the uniform form and posting it on a state's web site is an indicator).

(c) For sales made after January 1, 2008, the Division shall relieve a seller of the tax otherwise applicable if the seller obtains a fully completed exemption certificate or captures the relevant data elements required under the Streamlined Agreement within 90 days subsequent to the date of sale.

1. If the seller has not obtained an exemption certificate or all relevant data elements as provided in this section or (b) above, the seller may, within 120 days subsequent to a request for substantiation by the Division, either prove that the transaction was not subject to tax by other means or obtain a fully completed exemption certificate from the purchaser, taken in good faith. For purposes of this section, the Division may continue to apply its own standards of good faith until such time as a uniform standard for good faith is defined in the Agreement.

2. Nothing in this section shall affect the ability of the Division to require purchasers to update exemption certificate information or to reapply with the State to claim certain exemptions.

3. Notwithstanding the aforementioned, the Division shall relieve a seller of the tax otherwise applicable if it obtains a blanket exemption certificate for a purchaser with which the seller has a recurring business relationship. The Division may not request from the seller renewal of blanket certificates or updates of exemption certificate information or data elements when there is a recurring business relationship between the buyer and seller. For purposes of this section, a recurring business relationship exists when a period of no more than 12 months elapses between sales transactions.

### 18:24B-1.3 Administration of tax returns

(a) Only one tax return is required to be filed for each taxing period for each seller.

(b) Returns are due on the 20th day of the month following the month in which the transaction occurred.

(c) Any Model 1, 2 or 3 seller may submit its sales and use tax returns in a simplified format that does not include more data fields than permitted by the Governing Board. Additional informational returns may be required to be submitted not more frequently than every six months under a staggered system developed by the Governing Board.

(d) Sellers that are registered under the Agreement, who do not have a legal requirement to register with the Division but voluntarily choose to register with the Division, and are not a Model 1, 2, or 3 seller, may submit its sales and use tax returns as follows:

1. Upon registration, the required returns will be provided to the seller;