

**NEW JERSEY DIVISION OF TAXATION
REGIONAL OFFICES**

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1st Floor
Cherry Hill, NJ 08002

Sea Girt Office 2100 Hwy. 35
Old Mill Plaza
Suite C
Sea Girt, NJ 08750

Fair Lawn Office 2208 Rt. 208, S.
Fair Lawn, NJ 07410

Bridgewater Office 1011 Rte. 22
2nd Floor
P.O. Box 6818
Bridgewater, NJ 08807

Newark Office 124 Halsey St.
2nd Floor
Newark, NJ 07101

Vineland Office 80 S. Main Rd
Suite 112
Vineland, NJ 08360

Mid-Jersey Office University Office Plaza
3635 Quakerbridge Rd.
CN-269
Trenton, NJ 08646

Northfield Office 1915-A New Rd. (Rte.9)
Northfield, NJ 08225

Trenton Office Taxation Building
50 Barrack Street
1st Floor Lobby
Trenton, NJ 08646

Randolph Office 121 Center Grove Rd.
Randolph, NJ 07869

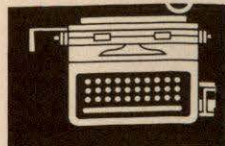
Turnersville Office 390 Hurffville-
Cross Keys Rd.
Ctr. Sq. Shopping Ctr.
Suite 15
Turnersville, NJ 08012



For forms or information please visit one of our Regional Offices or call (609) 292-6400 or Toll Free 1-(800) 323-4400.

write to us:

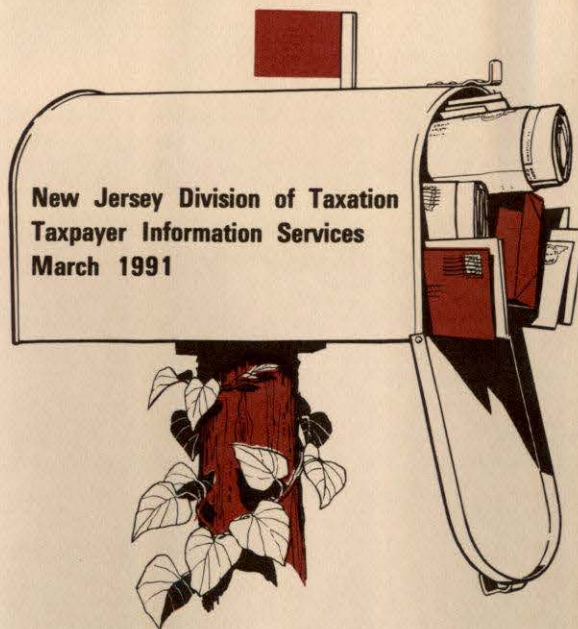
Taxpayer Services
New Jersey Division of Taxation
50 Barrack St. CN-269
Trenton, NJ 08646-0269



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MAIL ORDER BUSINESSES AND NEW JERSEY SALES TAX



New Jersey State Library

YOUR MAIL ORDER BUSINESS

Do You Operate A Mail Order Business In New Jersey?

Whether you make and sell your own products or resell the merchandise of others through the mail, you are "doing business" in New Jersey and you must comply with the State's tax laws.

REGISTRATION

All businesses in New Jersey must file an **Application for Registration (Form REG-1)** with the New Jersey Division of Taxation. You must register even if you don't think you will be collecting or withholding taxes. Once you're registered, you will be assigned a twelve digit identification number which will appear on any preprinted forms you receive from this Division. Be sure to include this number on all checks and correspondence you send to the Division.

ONCE YOU'VE REGISTERED

• CERTIFICATE OF AUTHORITY

If you indicate on your Application for Registration that you will be collecting sales tax or using exemption certificates (see box), you will receive by mail a **SALES TAX CERTIFICATE OF AUTHORITY**. This certificate authorizes you to collect sales tax and to use exemption certificates. It must be displayed prominently at your place of business.



What is an Exemption Certificate?

A valid New Jersey exemption certificate allows qualified persons and businesses to purchase certain merchandise and services without paying sales tax. The New Jersey Division of Taxation has designed several exemption certificates, each having a specific use.

In most cases, both the person who issues these certificates and the one who accepts them must be registered with the Division of Taxation.

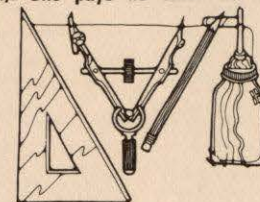
If you operate a mail order business in New Jersey, you may be issuing and receiving at least two of these exemption certificates—the New Jersey Resale Certificate and the Exempt Use Certificate. These certificates are examined in this pamphlet.

• BUYING MATERIALS AND MERCHANDISE

Do You Make The Product You Sell?

When you buy materials (plastic, wood, paper, metals, etc.) which will eventually become a part of the product you sell, you may give your supplier a **New Jersey Resale Certificate (Form ST-3)** instead of paying sales tax. In New Jersey, only the ultimate consumer—the final buyer—is required to pay sales tax.

Example: Lois designs and prints her own greeting cards. She then sells them through her mail order company, Sunny Designs. Since Sunny Designs is properly registered with the New Jersey Division of Taxation, Lois issues a resale certificate to her supplier when she purchases her paper, inks, paint and glue (all of which become part of the product to be sold). She pays no sales tax on these materials.



BUYING FOR YOUR BUSINESS/ USING EXEMPTION CERTIFICATES

Do You Sell Products Which You Buy From Someone Else?

When you buy **inventory** from a New Jersey supplier, you are not required to pay sales tax provided you issue to your supplier a valid **New Jersey Resale Certificate (Form ST-3)**.

Example: Sunny Designs also sells items purchased from New Jersey craftsmen and sells these items through her catalog. When Lois buys inventory, she gives each supplier a New Jersey Resale Certificate and pays no sales tax.

NOTE: You must pay a 7% New Jersey Use Tax on items you decide not to resell or items which you use for our own purposes.

• BUYING SUPPLIES AND TOOLS

When you buy **supplies** or **tools** (scissors, hammers, needles, electric hand tools, easels, detergents and disposable paper products, etc.) which will become your personal property, you must pay sales tax. Supplies do not become part of the final product as materials do and are subject to tax.

Example: When Lois of Sunny Designs purchases her scissors, paintbrushes and pens, she must pay sales tax.

• BUYING EQUIPMENT

When you buy **machinery** or **equipment** which you use directly in the production or manufacture of your product, you may give your supplier a **New Jersey Exempt Use Certificate (Form ST-4)** and pay no sales tax.

Example: Lois needs a printing press to make many of her cards. Since the press will be used directly in the production of her product, Lois may issue an exempt use certificate when she purchases the press and pay no sales tax.

• BUYING PACKAGING SUPPLIES

When you buy **packaging supplies** to contain, protect, wrap and send your product to customers, you may issue a **New Jersey Exempt Use Certificate (Form ST-4)** instead of paying sales tax. The packaging supplies must be essential to the delivery of your product.

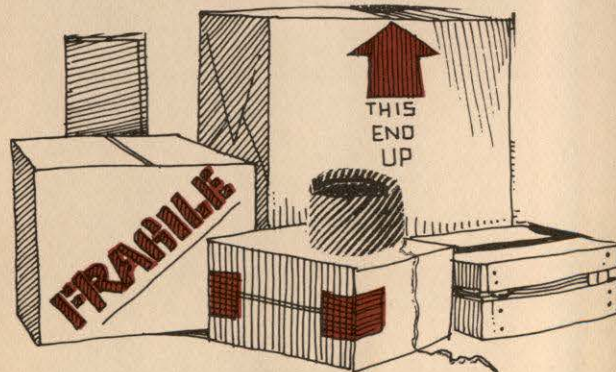
Example: Lois uses cartons, tape and labels to send boxes of cards to her mail order customers. When she purchases these packaging supplies, Lois may give her supplier an exempt use certificate and pay no sales tax.

PACKAGING SUPPLIES WHICH MAY BE EXEMPT FROM TAX

- wrapping paper
- wrapping twine
- cartons
- labels
- bags
- tape
- rope
- boxes

• WHAT ITEMS ARE TAXABLE?

In New Jersey, most items are taxable, with the exception of food for off-premises consumption, clothing, footwear and prescription drugs. If you are unsure of whether you should collect sales tax on a certain item, contact Taxpayer Services, New Jersey Division of Taxation.



SELLING YOUR PRODUCT/ COLLECTING SALES TAX

• WHEN TO COLLECT SALES TAX?

If you operate a New Jersey mail order business, the following guidelines should be used.

RESIDENCE OF PURCHASER	DELIVERY TO	TAX DUE
New Jersey	New Jersey	Yes
Outside N.J.	New Jersey	Yes
New Jersey	Out-of-State	No*
Outside N.J.	Out-of-State	No

Business must retain records verifying out-of-state delivery.

*Merchandise intended as a gift, purchased in New Jersey and shipped out-of-state is taxable in New Jersey.



• WHEN YOU SELL TO TAX EXEMPT ORGANIZATIONS . . .

When you sell your product to a **registered** exempt organization, you should charge no sales tax.* Many churches, hospitals, volunteer fire departments and other non-profit organizations are exempt from paying sales tax in New Jersey.

The exempt organization must give you a photocopy of its **New Jersey Exempt Organization Certificate (Form ST-5)**. You should keep this in your records to show why you did not collect sales tax.

Also exempt are the United Nations, the Federal government, the State of New Jersey and any of their agencies.

In transactions with governmental agencies, you must obtain a purchase order on the letterhead of the agency. This purchase order must be signed by an authorized official.

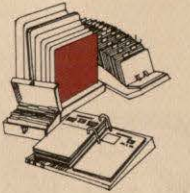
*NOTE: This exempt status applies only on purchases that are for the exclusive use of the exempt organization.

• KEEPING YOUR BUSINESS RECORDS/ FILING SALES TAX RETURNS

Whether your business is large or small, it's good business sense to keep accurate records. New Jersey requires you to retain resale and exemption certificates for at least three years in case of an audit.

Every three months, you must file a **New Jersey Sales and Use Tax Quarterly Return (Form ST-50)**, even if in that particular quarter you have not collected sales tax.

In addition, if you collect \$100 or more in sales tax during the first or second month of the quarter, you must file **Monthly Remittance Statements (Form ST-51)**. Make certain you take credit for any monthly remittance when you file your quarterly return.



• SEASONAL SALES

If you intend to make seasonal sales only, list on your Application for Registration the months in which you will be doing business. You will be required to file sales and use tax returns only for the quarters for which you are registered and doing business.

QUESTIONS

If you have questions about the contents of this pamphlet or if you need information about New Jersey taxes, call our toll-free **HOTLINE** at 1-800-323-4400.

If you have a touch tone telephone, call our **TAX-TALK** line for information on various tax subjects and forms.