

**CHAPTER 25**  
**LUXURY TAX**

**Authority**

N.J.S.A. 54:32B-24.

**Source and Effective Date**

R.2006 d.77, effective January 24, 2006.  
See: 37 N.J.R. 4196(a), 38 N.J.R. 1227(a).

**Chapter Expiration Date**

In accordance with N.J.S.A. 52:14B-5.1c, Chapter 25, Luxury Tax, expires on July 23, 2011. See: 43 N.J.R. 278(a).

**Chapter Historical Note**

Chapter 25, Luxury Tax, was adopted as R.1980 d.437, effective October 9, 1980. See: 12 N.J.R. 678(c). Pursuant to Executive Order No. 66(1978), Chapter 25 expired on October 9, 1985.

Chapter 25, Luxury Tax, was adopted as new rules by R.1985 d.653, effective January 6, 1986. See: 17 N.J.R. 2241(a), 18 N.J.R. 94(c). Pursuant to Executive Order No. 66(1978), Chapter 25 expired on January 6, 1991.

Chapter 25, Luxury Tax, was adopted as new rules by R.1991 d.62, effective February 19, 1991. See: 22 N.J.R. 3323(a), 23 N.J.R. 419(b).

Pursuant to Executive Order No. 66(1978), Chapter 25, Luxury Tax, was readopted as R.1996 d.96, effective January 24, 1996. See: 27 N.J.R. 4854(a), 28 N.J.R. 1223(a).

Pursuant to Executive Order No. 66(1978), Chapter 25, Luxury Tax, was readopted as R.2000 d.437, effective October 3, 2000. See: 32 N.J.R. 2670(a), 32 N.J.R. 4001(a).

Chapter 25, Luxury Tax, was readopted by R.2006 d.77, effective January 24, 2006. See: Source and Effective Date. See, also, section annotations.

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**SUBCHAPTER 1. GENERAL PROVISIONS**

**18:25-1.1 Scope of chapter**

This chapter is intended to clarify the application of the luxury tax to certain sales at retail or the hiring of property or services at retail, the receipts from which are subject to tax in Atlantic City.

**18:25-1.2 Definitions**

The following words and terms when used in this chapter, shall have the following meanings unless context clearly indicates otherwise.

“Director” means the Director of the Division of Taxation, Department of Treasury, State of New Jersey.

“Luxury tax” means the Retail Sales Tax in Fourth Class Cities, N.J.S.A. 40:48-8.15, et seq. (P.L. 1947, c.71).

“Purchaser” means any person purchasing or hiring property or services from another person, the receipts from which are taxable.

“Retail sale” or “sale at retail” means and includes:

1. Any sale in the ordinary course of business for consumption of whiskey, beer or other alcoholic beverages by the drink in restaurants, cafes, bars, hotels and other similar establishments;
2. Any cover charge, minimum charge, entertainment, or other similar charge made to any patron of any restaurant, cafe, bar, hotel or other similar establishment;
3. The hiring, with or without service, of any room in a hotel, inn, rooming or boarding house;
4. The hiring of any rolling chair, beach chair or cabana; and
5. The granting or sale of any ticket, license or permit for admission to any theatre, moving picture exhibition or show, pier, exhibition, or place of amusement, except charges for admission to boxing, wrestling, kick boxing or combative sports events, matches, or exhibitions, which charges are taxed pursuant to section 20 of P.L. 1985, c.83 (N.J.S.A. 5:2A-20).

“Sales tax” means the taxes imposed by the New Jersey Sales and Use Tax Act, N.J.S.A. 54:32B-1 et seq.

“Vendor” means any person selling or hiring property or services to another person upon the receipts from which a tax is imposed.

Amended by R.1991 d.62, effective February 19, 1991.  
See: 22 N.J.R. 3323(a), 23 N.J.R. 419(b).

Definitions of purchaser, retail sale and vendor added.

**18:25-1.3 Luxury tax forms and instructions enumerated**

(a) ST-250, Combined Atlantic City luxury tax; State sales tax monthly return.

(b) ST-250A, Instructions for filing ST-250.

Amended by R.1996 d.96, effective February 20, 1996.  
See: 27 N.J.R. 4854(a), 28 N.J.R. 1223(a).

**18:25-1.4 Imposition of luxury tax**

A luxury tax is imposed by Atlantic City upon retail sales, or sales at retail within the territorial limits of the City of Atlantic City.

New Rule, R.1991 d.62, effective February 19, 1991.  
See: 22 N.J.R. 3323(a), 23 N.J.R. 419(b).

**18:25-1.5 Tax rates**

(a) Luxury tax is imposed at a rate of nine percent except for sales of alcoholic beverages which are taxed at a rate of three percent.

(b) The combined rate for sales subject to both the Atlantic City luxury tax and New Jersey sales and use tax is 12 percent (luxury tax at nine percent and sales tax at three percent).

(c) Sales subject only to New Jersey sales and use tax are taxable at a rate of six percent.

(d) Sales of alcoholic beverages by the drink in Atlantic City are taxable at the combined rate of nine percent (luxury tax at three percent and sales tax at six percent). Sales of package goods are subject only to New Jersey sales and use tax at the rate of six percent.

New Rule, R.1991 d.62, effective February 19, 1991.  
See: 22 N.J.R. 3323(a), 23 N.J.R. 419(b).  
Amended by R.1996 d.96, effective February 20, 1996.  
See: 27 N.J.R. 4854(a), 28 N.J.R. 1223(a).  
Lowered rates.

**SUBCHAPTER 2. ROOM AND APARTMENT RENTALS****18:25-2.1 Scope of subchapter**

This subchapter is intended to clarify the application of the luxury tax to the rental of apartments or the hiring of rooms, with or without service, within the territorial limits of Atlantic City.

**18:25-2.2 Luxury tax on room and apartment rentals**

(a) The rental of a room or rooms, with or without service, in hotels, motels, rooming houses, inns, boarding houses or private homes is subject to luxury tax.

(b) The rental of apartments is subject to luxury tax. For the purposes of this subchapter, an apartment is defined to be a complete housekeeping unit of real property, either constructed or modified for such use, which has as part of its permanent physical design, kitchen and bath facilities located within such unit.

**18:25-2.3 Tax rates for room and apartment rentals**

Luxury tax shall be imposed on the rental of a room or rooms and apartments at a rate of nine percent.

Amended by R.1991 d.62, effective February 19, 1991.  
See: 22 N.J.R. 3323(a), 23 N.J.R. 419(b).  
Tax increased from three to nine percent.

**18:25-2.4 Exemption from luxury tax on room and apartment rentals**

(a) The following room and apartment rentals are exempt from luxury tax.

1. The rental of a room or rooms by a person who resides therein as a permanent resident of Atlantic City. A permanent resident is any person who:

- i. Will occupy a room or rooms under lease for a term of one year or more; or
- ii. Can show a permanency of residence through other objective factors; such as, voter registration, postal records, driver's license, work records, etc.

2. The rental of a room or rooms or an apartment by any person where the rent is paid directly by an agency of New Jersey State, county or municipal government or by any agency of the United States of America. Where the rent is not paid directly by the governmental agency, it is subject to the luxury tax.

- i. For example: A State government employee is in Atlantic City on government business. He pays for the occupancy of a room in a motel, the expense to be reimbursed by an agency of State government. The rental is subject to luxury tax.

3. The room rents received by a church or bona fide charitable association not conducted for profit. This exemption is limited to rentals which are directly related to the purpose for which the church or association was organized.

4. The isolated rental of a room, apartment or single family dwelling by a person not engaged in a course of repeated and successive transactions of like character.

5. That portion of a room rental attributable to the provision of food service to the occupant or boarder; for example, American Plan.

6. The rental of apartments for a period of eight weeks or more.

(b) Every rental of a room or rooms and apartments is subject to luxury tax unless exempt from tax as provided in (a) above. There is no exemption from luxury tax by reason of an exemption from sales tax in this State.

1. For example: An organization holding a valid New Jersey Exempt Organization Certificate (Form ST-5) arranges for the occupancy of rooms in a hotel for members attending a convention. The rental charge is invoiced to and directly paid by the organization. The room rentals are subject to luxury tax inasmuch as said tax does not provide an exemption for such organizations. However, the room rentals

are not subject to the State sales tax provided the vendor is given a copy of the organization's Exempt Organization Certificate (Form ST-5) by the organization (See N.J.A.C. 18:24-9.12).

Amended by R.1996 d.96, effective February 20, 1996.  
See: 27 N.J.R. 4854(a), 28 N.J.R. 1223(a).

Amended by R.2006 d.77, effective February 21, 2006.  
See: 37 N.J.R. 4196(a), 38 N.J.R. 1227(a).

In (b)1, substituted "Exempt Organization Certificate" for "exempt organization permit," substituted "a copy of the organization's Exempt Organization Certificate" for "an exempt organization certificate," and deleted "A" following "Form ST-5."