

STATE OF NEW JERSEY

Sales & Use Tax Exemption for Purchase of Electric Vehicle

Short Description: Exemption from New Jersey Sales & Use tax on the cost to lease or purchase an electric vehicle. The purchaser must complete an Exempt Use Certificate (ST-4) and provide it to the seller.

Beneficiary: Purchaser or Lessee of a qualified electric vehicle in the State of New Jersey

Type of Incentive: Sales & Use tax exemption,

Effective Dates: Current benefit, no sunset date

Value of Benefit: The amount of the exemption is based on the current New Jersey sales tax rate. Form ST-4 is to be filled out to claim the benefit. If the vehicle is leased, the lessor should provide a Form ST-40 to the lessee in order for the lessee to claim the benefit.

Full Description:

Zero emission vehicles sold, rented, or leased in New Jersey are exempt from state sales and use tax. This exemption is not applicable to partial zero emission vehicles, including hybrid electric vehicles. This exemption is also not available to labor or parts for qualified vehicles. The definition of "sale" in the law includes rentals and leases. Thus, the exemption is applicable to the sale, rental, or lease of a new or used zero-emission motor vehicle on or after May 1, 2004. Zero Emission Vehicles are defined as vehicles certified as such by the California Air Resources Board. The zero emission vehicles can either be new or used.

In order to document the exemption for the sale or rental of a qualified ZEV, the customer should complete an Exempt Use Certificate (ST-4) and insert the statutory reference "N.J.S.A. 54:32B-8.55"

A lessee who can claim sales and use tax exemption may pass it along to the lessor who, upon receipt of the Exempt Use Certificate (ST-4), will not be liable for the lessor's use tax. The lessor should complete the Lessor's Certification (ST-40), and provide the form to the lessee.

State Statutory references:

- NJ Statute 54:32B-8.55 (reproduced below)
 - <http://www.state.nj.us/treasury/taxation/zevnotice.shtml>

Other Link(s):

- <http://www.afdc.energy.gov/afdc/laws/law/NJ/5778> (AFDC website)

SALES TAX EXEMPTION - ZERO EMISSION VEHICLES (ZEV) (N.J.S.A. 54:32B-8.55)

The New Jersey Sales and Use Tax Act provides a sales and use tax exemption for zero emission vehicles (ZEVs), which are vehicles certified pursuant to the California Air Resources Board zero emission standards for the model year.

The exemption is NOT applicable to partial zero emission vehicles, which includes hybrids such as the Toyota Prius and Honda Civic Hybrid. The exemption is also NOT applicable to labor or parts for qualified vehicles.

The definition of "sale" in the law includes rentals and leases. Thus, the exemption is applicable to the sale, rental or lease of a new or used zero emission motor vehicle on and after May 1, 2004.

Motor Vehicle Dealers, Leasing and Rental Companies and Other Vendors:

In order to document the exemption for the sale or rental of a qualified zero emission vehicle, the customer should complete an Exempt Use Certificate (ST-4) and insert the statutory reference "N.J.S.A. 54:32B-8.55."

The following vehicles have been certified by the Commissioner of the New Jersey Department of Environmental Protection (DEP) as qualified Zero Emission Vehicles and thus, are exempt from New Jersey sales and use tax:

[Model Year 1991-2005](#)

[Model Year 2006-2010](#)

State of New Jersey
DIVISION OF TAXATION

SALES TAX

FORM ST-4

PURCHASER'S NEW JERSEY
TAXPAYER REGISTRATION NUMBER

ELIGIBLE NONREGISTERED
PURCHASER: SEE INSTRUCTIONS **

EXEMPT USE CERTIFICATE

To be completed by purchaser and given to and retained by seller.
Please read and comply with the instructions given on both sides of this certificate.

TO _____ Date _____
(Name of Seller)

Address _____ City _____ State _____ Zip _____

The undersigned certifies that there is no requirement to pay the New Jersey Sales and/or Use Tax on the purchase or purchases covered by this Certificate because the tangible personal property or services purchased will be used for an exempt purpose under the Sales & Use Tax Act.

The tangible personal property or services will be used for the following exempt purpose:

The exemption on the sale of the tangible personal property or services to be used for the above described exempt purpose is provided in subsection N.J.S.A. 54:32B- _____ (See reverse side for listing for principal exempt uses of tangible personal property or services and fill in the block with proper subsection citation).

I, the undersigned purchaser, have read and complied with the instructions and rules promulgated pursuant to the New Jersey Sales and Use Tax Act with respect to the use of the Exempt Use Certificate, and it is my belief that the seller named herein is not required to collect the sales or use tax on the transaction or transactions covered by this Certificate. The undersigned purchaser hereby swears under the penalties for perjury and false swearing that all of the information shown in this Certificate is true.

NAME OF PURCHASER (as registered with the New Jersey Division of Taxation)

(Address of Purchaser)

By

(Signature of owner, partner, officer of corporation, etc.)

(Title)

INSTRUCTIONS FOR USE OF EXEMPT USE CERTIFICATES - ST-4

- 1. Good Faith** - To act in good faith means to act in accordance with standards of honesty. In general, registered sellers who accept exemption certificates in good faith are relieved of liability for the collection and payment of sales tax on the transactions covered by the exemption certificate.

In order for good faith to be established, the following conditions must be met:

- (a) Certificate must contain no statement or entry which the seller knows is false or misleading;
- (b) Certificate must be an official form or a proper and substantive reproduction, including electronic;
- (c) Certificate must be filled out completely;
- (d) Certificate must be dated and include the purchaser's New Jersey tax identification number or, for a purchaser that is not registered in New Jersey, the Federal employer identification number or out-of-State registration number. Individual purchasers must include their driver's license number; and
- (e) Certificate or required data must be provided within 90 days of the sale.

The seller may, therefore, accept this certificate in good faith as a basis for exempting sales to the signatory purchaser and is relieved of liability even if it is determined that the purchaser improperly claimed the exemption.

- 2. Improper Certificate** - Sales transactions which are not supported by properly executed exemption certificates are deemed to be taxable retail sales. In this situation, the burden of proof that the tax was not required to be collected is upon the seller.
- 3. Retention of Certificates** - Certificates must be retained by the seller for a period of not less than four years from the date of the last sale covered by the certificate. Certificates must be in the physical possession of the seller and available for inspection on or before the 90th day following the date of the transaction to which the certificate relates.
- 4. Common exempt uses** of property or services for which the ST-4 is applicable follow.

NOTE: The descriptions are general and do not necessarily cover every exempt use or service or every condition for exemption. Further information is available from the Division of Taxation.

- Sales of machinery and equipment for use directly and primarily in the production of property by manufacturing, processing, assembling or refining. N.J.S.A. 54:32B-8.13a.
 - Sales of equipment to a telecommunication service provider subject to the jurisdiction of the BPU or the FCC for use directly and primarily in providing interactive telecommunications services for sale. N.J.S.A. 54:32B-8.13c.
 - Sales of tangible personal property for use directly and exclusively in experimental research and development in the laboratory sense. N.J.S.A. 54:32B-8.14.
 - Sales of wrapping materials or non-returnable containers for use in the delivery of tangible personal property or sales of containers for use in a farming enterprise. N.J.S.A. 54:32B-8.15.
 - Sales of busses to regulated bus companies for public passenger transportation or to carriers for use in school children transportation services. N.J.S.A. 54:32B-8.28.
 - Sales of equipment for use directly and primarily in the production department of a newspaper plant or for use in the production of property for sale by a commercial printer. N.J.S.A. 54:32B-8.29.
 - Sales of advertising material to be published in a newspaper. N.J.S.A. 54:32B-8.30.
 - Sales of aircraft or repair services to an "air carrier," and repairs to certain business aircraft, including machinery or equipment installed on such. N.J.S.A. 54:32B-8.35.
 - Sales of equipment used exclusively to sort and prepare solid waste for recycling or in recycling (does not include motor vehicles). N.J.S.A. 54:32B-8.36.
 - Sales of printed advertising materials for out-of-state distribution and sales of direct-mail processing services rendered in connection with the distribution of such materials to out-of-state recipients. N.J.S.A. 54:32B-8.39.
 - Sales of commercial trucks, truck tractors and semi-trailers which are properly registered and 1) have a gross vehicle weight rating in excess of 26,000 pounds; or 2) are operated actively and exclusively for the carriage of interstate freight under a certificate or permit issued by the Interstate Commerce Commission; or 3) are registered as a farm vehicle under the Motor Vehicle Statute (N.J.S.A. 39:3-24 and 25) and have a gross vehicle weight rating in excess of 18,000 pounds. N.J.S.A. 54:32B-8.43.
 - Sales of machinery and equipment used directly and primarily in producing broadcast programming or cable/satellite television programming. N.J.S.A. 54:32B-8.13e.
 - Sales of tangible property for use directly and primarily in the production of film or video for sale, including motor vehicles, parts, supplies and services to such property.. N.J.S.A. 54:32B-8.49.
 - Sales of commercial ships and charges for components, repair and alteration services for commercial ships. N.J.S.A. 54:32B-8.12.
- 5. Eligible Nonregistered Purchaser** - If the purchaser is not required to be registered for sales and use tax purposes in New Jersey, in the box at the top, left corner of the form marked "Eligible Nonregistered Purchaser" the purchaser is required to place one of the following in order of preference: 1) the Federal Identification Number of the business; 2) out of state registration number.

Private reproduction of both sides of the Exempt Use Certificates may be made without the prior permission of the Division of Taxation.

FOR MORE INFORMATION:

Call the Customer Service Center (609) 292-6400. Send an e-mail to nj.taxation@treas.state.nj.us. Write to: New Jersey Division of Taxation, Information and Publications Branch, PO Box 281, Trenton, NJ 08695-0281.

ST-40
(11-99, R-3)

STATE OF NEW JERSEY
Division of Taxation

SALES AND USE TAX
LESSOR CERTIFICATION
P.L. 1989, c. 123

(READ INSTRUCTIONS ON REVERSE SIDE OF THIS CERTIFICATE)

To be completed by Lessor and issued to Lessee.
Lessor and Lessee must retain for inspection.

TO:

(NAME OF LESSEE) (DATE)

(TAXPAYER I.D. NUMBER OR SOCIAL SECURITY NUMBER)

(ADDRESS) (CITY) (STATE) (ZIP CODE)

The undersigned Lessor certifies that:

1. The Lessor is registered with the New Jersey Division of Taxation for Sales & Use Tax purposes.
2. The property subject to this lease transaction is:

(LEASED PROPERTY DESCRIPTION)

If the leased property is a motor vehicle, insert serial number: _____

3. a) The lessor will pay the Sales and Use Tax on the purchase or use of the property described in 2 above directly to the Division of Taxation or;
- b) The lessor will claim the exemption checked below. Lessor claims exemption from tax on the purchase of the property described in 2 above by reason of:
 - Lease for Exempt Use under N.J.S.A. 54:32B-_____ (*insert section number*).
 - Lease to Exempt Lessee under N.J.S.A. 54:32B-9.
 - Lease of motor vehicle, vessel or aircraft exempt under N.J.S.A. 54:32B-10.
 - Other _____
(Explain and provide statutory citation for exemption claimed)

The undersigned Lessor hereby affirms (under the penalties for perjury and false swearing) that all the information shown in this certificate is correct.

NAME OF LESSOR (AS REGISTERED WITH DIVISION OF TAXATION) TAXPAYER I.D. NUMBER

By:

(SIGNATURE OF DULY AUTHORIZED OFFICER) (TITLE)

(ADDRESS) (CITY) (STATE) (ZIP CODE)

INSTRUCTIONS FOR USE OF LESSOR CERTIFICATION

1. **Good Faith -**

In general, a person who accepts an exemption certificate in "good faith" is relieved of liability for payment of tax upon the sale or lease transaction covered by the certificate. The question of "good faith" is one of fact and depends upon a consideration of all the conditions surrounding the transaction.

In order for "good faith" to be established, the following conditions must be met:

- (a) The certificate must contain no statement or entry which the person knows, or has reason to know, is false or misleading.
- (b) The certificate must be an officially promulgated certificate form or a proper reproduction thereof.
- (c) The certificate must be dated and executed in accordance with the published instructions, and must be complete and regular in every respect.

2. **Improper Certificate -**

Lease transactions that are not supported by properly executed certificates may subject the lessee to tax liability on the total of the payments due under the lease. Sales transactions not supported by properly executed certificates shall be deemed to be taxable retail sales.

3. **Retention of Certificates -**

Certificates must be retained by the lessee and lessor for a period of not less than three years from the date of the termination of the lease covered by the certificate. Certificates must be in the physical possession of the lessee and available for inspection on or before the 60th day following the date of the transaction to which the certificate relates.

4. **Reproduction of ST-40 Certificate forms -**

Private reproduction of ST-40 Certificates may be made without the prior permission of the Division of Taxation provided that both sides of the certificate are reproduced.

5. **Issuance of Certificate -**

The lessor must complete and execute this certification and give it to the lessee on all applicable lease transactions. If the lease is assigned to a bank or other financial institution, this certification must be provided to the assignee.

6. **Lessee Certificate Issuance -**

If the lessor claims exemption, he must receive and keep with this certification a copy of the lessee's exemption certificate: In the case of exempt use, an Exempt Use Certificate (Form ST-4). In the case of an exempt organization, an Exempt Organization Certificate (Form ST-5) or in the case of motor vehicle, vessel or aircraft, Form ST-10, ST-10V or ST-10A.

PRIVACY ACT NOTIFICATION

The Federal Privacy Act of 1974 requires all agencies requesting information to inform individuals from whom it seeks information why the request is being made and how the information is being used. Your social security number is used primarily to account for and give credit for tax payments. It is also used in the administration and enforcement of all tax laws for which the Division of Taxation has statutory responsibility.

For further information, write to: New Jersey Division of Taxation, Technical Services, Taxpayer Services Branch/OCE, PO Box 281, Trenton, NJ 08695-0281.