

## 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](mailto:nj.taxation@treas.state.nj.us). Write to: New Jersey Division of Taxation, Information and Publications Branch, PO Box 281, Trenton, NJ 08695-0281.