

INSTRUCTIONS FOR USE OF EXEMPT USE CERTIFICATES - ST-4

- 1. Good Faith** - In general, a vendor who accepts an exemption certificate in "good faith" is relieved of liability for collection or payment of tax upon the 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. A vendor is presumed to be familiar with the law and the regulations pertinent to the business in which he deals.

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 vendor knows, or has reason to know, is false or misleading.
 - (b) The certificate must be an officially promulgated certificate form or a substantial and 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.**
 - (d) The purchaser's Certificate of Authority number, indicating that the purchaser is registered with the New Jersey Division of Taxation, is entered on the face of the Certificate.
 - (e) The purchaser has entered all other information required on the form.
 - (f) The vendor has no reason to believe that the property or service to be purchased is not entitled to exemption under the Sales & Use Tax Act.
- 2. Improper Certificate** - Sales transactions which are not supported by properly completed and executed exemption certificates shall be deemed to be taxable retail sales. The burden of proof that the tax was not required to be collected is upon the purchaser at the time of the sale and the vendor upon audit.
 - 3. Retention of Certificates** - Certificates must be retained by the vendor 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 vendor and available for inspection on or before the 60th 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 advertising materials for out-of-state distribution and sales of direct-mail 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) the purchaser's I.C.C. permit 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 WRITE:

NJ Division of Taxation, TSB/OCE, PO Box 281, Trenton, NJ 08695-0281. Call Center (609) 292-6400.