




SALES TAX IMPLICATIONS OF AN EV SALE

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- **SALES TAX LAW**

- **NEW JERSEY IMPOSES A 6.625% TAX ON THE FOLLOWING TRANSACTIONS OCCURRING IN NEW JERSEY:**
 - **“RETAIL SALES” OF “TANGIBLE PERSONAL PROPERTY”**
 - **SALES OF “SERVICES”**
 - **EXCEPTION FOR “SALES FOR RESALE”**



- **100% ZERO EMISSION VEHICLE (ZEV)**
 - ZEV ARE THOSE VEHICLES CERTIFIED PURSUANT TO THE CALIFORNIA AIR RESOURCES BOARD (CARB) ZERO EMISSION STANDARDS FOR THE MODEL YEAR.
 - A LIST OF THESE VEHICLES CAN BE FOUND ON THE NJ DEPARTMENT OF ENVIRONMENTAL PROTECTION (DEP) WEBSITE:
[HTTPS://DEP.NJ.GOV/DRIVEGREEN/SALES-AND-USE-TAX-EXEMPTION](https://dep.nj.gov/drivegreen/sales-and-use-tax-exemption)



- **ZEV SALES TAX EXEMPTION**

- **THE NEW JERSEY SALES AND USE TAX ACT PROVIDES AN EXEMPTION FOR NEW AND USED ZERO EMISSION VEHICLES (ZEVs). N.J.S.A. 54:32B-8.55**
- **THE EXEMPTION IS NOT APPLICABLE TO PARTIAL ZERO EMISSION VEHICLES, WHICH INCLUDES HYBRIDS SUCH AS THE TOYOTA PRIUS AND HONDA CIVIC HYBRID, NOR DOES IT APPLY TO PLUG-IN HYBRIDS SUCH AS THE CHEVY VOLT OR TOYOTA PRIUS PRIME.**
- **THE EXEMPTION IS ALSO NOT APPLICABLE TO LABOR OR PARTS FOR QUALIFIED VEHICLES.**
- **AN ST-4 MUST BE USED TO DOCUMENT THE EXEMPTION. “8.55” MUST BE INSERTED IN THE SPACE ON THE FORM FOR STATUTORY REFERENCE.**



- **SALES PRICE – WHAT IS INCLUDED**

- "SALES PRICE" IS THE MEASURE SUBJECT TO SALES TAX AND MEANS THE TOTAL AMOUNT OF CONSIDERATION, INCLUDING CASH, CREDIT, PROPERTY, AND SERVICES, FOR WHICH PERSONAL PROPERTY OR SERVICES ARE SOLD, LEASED, OR RENTED, VALUED IN MONEY, WHETHER RECEIVED IN MONEY OR OTHERWISE, WITHOUT ANY DEDUCTION FOR THE FOLLOWING:
 - (A) THE SELLER'S COST OF THE PROPERTY SOLD;
 - (B) THE COST OF MATERIALS USED, LABOR OR SERVICE COST, INTEREST, LOSSES, ALL COSTS OF TRANSPORTATION TO THE SELLER, ALL TAXES IMPOSED ON THE SELLER, AND ANY OTHER EXPENSE OF THE SELLER;
 - (C) CHARGES BY THE SELLER FOR ANY SERVICES NECESSARY TO COMPLETE THE SALE;
 - (D) DELIVERY CHARGES;



- **SALES PRICE – WHAT IS INCLUDED (CONT'D)**

- DOCUMENTARY FEE IS PART OF THE SALES PRICE OF THE VEHICLE BECAUSE IT IS CONSIDERED EXPENSES OF THE DEALER OR SERVICES NECESSARY TO COMPLETE THE SALE.
- IN AN EV SALE, THE DOCUMENTARY FEE IS ALSO TAX EXEMPT.



- **SALES TAX TREATMENT OF SPECIFIC ITEMS**

- **HARD BOLTED (AFTERMARKET) ITEMS THAT BECOME A PART OF THE VEHICLE AND SOLD DURING THE INITIAL PURCHASE ARE EXEMPT FROM SALES TAX.**
 - **SALES TAX IS DUE ON AFTERMARKET ITEMS SOLD AFTER THE INITIAL PURCHASE (1 DAY, 1 WEEK OR 1 MONTH AFTER).**
- **SOFT ITEMS THAT GENERALLY DO NOT BECOME A PART OF THE VEHICLE AND ARE SOLD DURING THE INITIAL PURCHASE ARE TAXABLE.**



- ITEMS **EXEMPT** FROM SALES TAX
 - THE VEHICLE ITSELF
 - DOCUMENTARY FEE
 - HARD BOLTED ITEMS (AFTERMARKET PARTS)
 - GAP INSURANCE PROVIDED BY A THIRD-PARTY INSURANCE CARRIER (ALWAYS EXEMPT)
- ITEMS **NOT EXEMPT** FROM SALES TAX
 - GAP WAIVER ADDENDUMS
 - TIRE AND WHEEL IF IN THE FORM OF WARRANTY/SERVICE AGREEMENT
 - EXTENDED WARRANTY/SERVICE CONTRACTS



- **SPECIAL ITEMS DURING EV SALES**

- NO SUPPLEMENTAL TITLE FEE (LUXURY FUEL INEFFICIENT SURCHARGE(LFIS))
- NO TIRE FEE (ONLY DUE WHEN ITEM IS TAXED)
- **NOTE:** IF A CUSTOMER TRADES IN AN EV TOWARDS A GAS VEHICLE, THEY GET THE TRADE CREDIT. TRADE CREDIT IS BASED ON A LIKE KIND EXCHANGE VALUE FOR VALUE AND NOT BASED ON WHETHER SALES TAX WAS PAID DURING THE INITIAL PURCHASE.
- **NOTE:** EVS ARE ELIGIBLE FOR NJ CHARGE UP INCENTIVE WHEN THAT PROGRAM IS ACTIVE AND FUNDED.
- **NOTE:** QUALIFIED EVS ARE ELIGIBLE FOR FEDERAL TAX CREDIT TO QUALIFIED CUSTOMERS.
- **NOTE:** DEALERS MUST REGISTER WITH THE IRS TO SUBMIT SELLER REPORTS AND TO BE ELIGIBLE TO RECEIVE THE TRANSFER OF THE FEDERAL TAX CREDIT.



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