

**NEW JERSEY DIVISION OF TAXATION
REGULATORY SERVICES BRANCH
TECHNICAL BULLETIN**

TB - 45(R)

ISSUED: 8-10-17

**TAX: SALES AND USE TAX
URBAN ENTERPRISE ZONES**

**TOPIC: URBAN ENTERPRISE ZONE- IMPACTED
BUSINESS DISTRICTS**

The Urban Enterprise Zones Act ([N.J.S.A. 52:27H-60 et seq.](#)) establishes the designation of Urban Enterprise Zone-impacted business districts. An Urban Enterprise Zone-impacted business district (zone-impacted district) is classified by the Urban Enterprise Zone Authority (the Authority) as an economically distressed business district negatively impacted by two or more adjacent Urban Enterprise Zones (UEZs).

To become a zone-impacted district, a municipality must demonstrate to the Authority its economic distress and the negative impact of two or more adjacent UEZs. Adjacent means the applicant municipality's business district is located between two municipalities that have UEZs. In addition, a business located within a designated zone-impacted district must apply to the Authority to become a "qualified business."

A qualified business must meet the same eligibility and annual reporting requirements as qualified businesses operating in the adjacent UEZs, with the exception of location. The applicant business must be engaged in a trade or business within a zone-impacted district and meet certain employment criteria. The Authority considers whether the applicant business will create new employment in the municipality within the zone-impacted district without creating unemployment elsewhere in the State.

If the Authority acknowledges there is a zone-impacted district within the municipality, qualified sellers operating there may apply the partial Sales Tax exemption which allows them to collect Sales Tax at 50% of the State's [Sales Tax rate](#) on most taxable sales of tangible personal property. New Jersey considers a qualified business that receives authorization to apply the partial Sales Tax exemption and collect Sales Tax at 50% of the State's Sales Tax rate a "certified seller." A certified seller must be a qualified business retailer that offers an inventory of tangible personal products for sale. The applicant cannot be primarily a catalog, mail order, internet, or similar business. The partial Sales Tax exemption applies to most taxable sales of tangible personal property. Sales of motor vehicles, trailers, alcoholic beverages, cigarettes, services, and energy are not eligible for the reduced rate.

An eligible business applies to become a "certified seller" when completing the online application to become a qualified business or when filing its annual report. A certified seller must comply with specific order and delivery requirements to apply the partial Sales Tax exemption and make all sales from their place of business within a zone-impacted district. Only receipts from sales that originate and are completed in person by the purchaser at the certified seller's place of business qualify for the partial Sales Tax exemption. For additional guidance, click on the [Notice](#) on Order and Delivery Requirements.

When the duration of one or more UEZs adjacent to the zone-impacted district expires and that district is adjacent to one or more remaining UEZs, the zone-impacted district designation will continue if the Authority determines the district continues to be economically distressed and negatively impacted by

adjacent UEZs. The designation will automatically terminate when the duration of the last UEZ adjacent to the zone-impacted district ends.

A business seeking “qualified business” status may apply online using the [UEZ Business Certification System](#) through the State’s [Premier Business Services](#) website.

For additional information about the UEZ Program, you may call the UEZ Help Desk at 877-913-6837 or send an email to HelpDesk@dca.state.nj.us. You may contact the Division’s Customer Service Center at 609-292-6400 for tax-related questions.

Note: A Technical Bulletin is an informational document designed to provide guidance on a topic of interest to taxpayers and describe changes to the law, regulations, or Division policies. It is accurate as of the date issued. However, taxpayers should be aware that subsequent changes in the Tax Law or its interpretation may affect the accuracy of a Technical Bulletin. The information provided in this document does not cover every situation and is not intended to replace the law or change its meaning.