

NOTICE TO ALL VENDORS AND LESSORS OF MOTOR VEHICLES AND NEW MOTOR VEHICLE TIRES (Effective August 1, 2004)(Revised 9/9/04)

For transactions on and after August 1, 2004, new legislation (P.L. 2004, c. 46) imposes a fee of \$1.50 on the sale of new tires, including new tires that are component parts of a new or used motor vehicle which is either sold or leased, if the transaction is subject to sales tax pursuant to the New Jersey Sales and Use Tax Act. The \$1.50 Motor Vehicle Tire Fee is imposed per tire, including the spare tire sold as part of a motor vehicle. The Tire Fee also applies to sales of new tires in connection with a repair or maintenance service. The Tire Fee does not apply to the sale of recapped tires.

The Tire Fee must be collected from the purchaser by the retail vendor, and in general, must be separately stated on any bill, invoice, receipt or similar document. The \$1.50 Tire Fee is not subject to New Jersey sales or use tax.

A "motor vehicle" is defined as any vehicle propelled other than by muscular power, including trailers and semi-trailers, or any other vehicle drawn by a motor vehicle, that is designed for use on the public highways. This excludes tires sold for or as a component part of All Terrain Vehicles (ATVs) and certain farm and construction vehicles which are not designed for use on the public highways.

Since the Motor Vehicle Tire Fee is only imposed on transactions subject to New Jersey sales tax, the sale of new motor vehicle tires, including tires that are component parts of a motor vehicle which is either sold or leased to the following **purchasers**, is exempt from the Motor Vehicle Tire Fee:

1. agencies and instrumentalities of the United States;
2. agencies, instrumentalities, public corporations or political subdivisions of the State of New Jersey;
3. the United Nations or any international organization of which the U.S. is a member;
4. qualified exempt organizations, which have been authorized under IRC 501(c)(3) and have been issued an Exempt Organization Certificate (ST-5) from the New Jersey Division of Taxation;
5. volunteer fire companies, rescue, ambulance, first aid or emergency squads;
6. parent-teacher associations;
7. veteran's organizations;
8. qualified diplomatic or consular personnel.

In addition, sales or leases of the following **motor vehicles**, including the sale of replacement tires* for such vehicles, are not subject to the Motor Vehicle Tire Fee:

1. Buses for public passenger transportation, to bus companies whose rates are regulated by the ICC or the Department of Transportation, or to carriers engaged in the transportation of children to or from school;
2. Commercial trucks, tractors, semi-trailers and vehicles used in combination, which have a gross vehicle weight rating in excess of 26,000 lbs. or are operated exclusively for the carriage of interstate freight, or are registered as a farm vehicle under N.J.S.A. 39:3-24 or 25.
3. Qualified zero emission vehicles (ZEVs), as certified by the New Jersey Department of Environmental Protection;
* the sales tax exemption for ZEVs does not include replacement tires, so new replacement tires for a ZEV are subject to both sales tax & the Motor Vehicle Tire Fee;
4. Limousines sold to a licensed limousine service provider.

(For sales tax purposes, these exempt vehicle transactions must be documented with the Exempt Use Certificate (ST-4.))

The sale or lease of a motor vehicle to a **non-resident** of New Jersey is also not subject to New Jersey Sales Tax, so such transactions are also not subject to the Motor Vehicle Tire Fee. For sales tax purposes, these non-resident motor vehicle sales must be documented with the Motor Vehicle Exemption Report (ST-10.)

The Tire Fee is imposed on sales and leases, but not on **rental** transactions, which are defined as agreements for the possession or control of property for a period of 28 days or less. Thus, car rental companies such as Hertz, Avis, Enterprise, Alamo, Budget and Dollar are not required to collect the Tire Fee on their motor vehicle rental transactions.

If the customer takes delivery of the new tires or the motor vehicle **outside of New Jersey**, the transaction is also not subject to the Tire Fee. There is no specific exemption form for these out of state transactions.

FILING AND PAYMENT: The Motor Vehicle Tire Fee must be collected on all sales of new tires or sales or leases of motor vehicles on and after August 1, 2004. The Fee will be reported and remitted on a quarterly basis and the first return, covering the short period of August 1 through September 30, will be due on October 20, 2004. Additional information concerning the form and manner of payment will be provided when it becomes available.

Revenue from the Motor Vehicle Tire Fee is deposited in the Tire Management and Cleanup Fund, established in the Department of Environmental Protection.

Any questions concerning the Motor Vehicle Tire Fee should be directed in writing to: New Jersey Division of Taxation, Regulatory Services Branch, 50 Barrack St., P.O. Box 269, Trenton, New Jersey 08695-0269, or by telephone to (609)292-6400.

