

Professional Photographers & New Jersey Sales Tax

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Business Purchases

The purchase, lease or rental of cameras, lenses, filters, tripods, processing equipment and lighting equipment used by a professional photographer is exempt from New Jersey sales tax as equipment used directly and primarily in the production of tangible personal property. Under the manufacturing exemption, replacement parts with a useful life greater than one year are also entitled to the exemption. In addition, chemicals for processing film are also exempt from sales tax under the catalyst exemption. Purchases of qualified equipment and processing chemicals may be made with a valid **New Jersey Exempt Use Certificate (Form ST-4)**. Purchases of replacement parts with a useful life of one year or less and supplies, however, are taxable. See N.J.S.A. 54:32B-8.13(a) and N.J.S.A. 54:32B-8.20.

The purchase of film which becomes positive photographs after processing (such as slides, transparencies and "instant" contact prints), is transferred to the customer **and** becomes the property of the customer is considered a resale purchase and may be made without payment of tax, provided the photographer issues to the supplier a valid **New Jersey Resale Certificate (Form ST-3)**. Purchases of flash bulbs, camera batteries and like supplies are subject to sales tax, including film which produces a negative image which then must be developed into a photograph.

Sales

RETAIL SALES

Sales of portraits, photographs, motion pictures, slides, frames, photograph albums, picture post cards and brochures are subject to sales tax as sales of tangible personal property.

NEWSPAPERS AND PERIODICALS

Sales of photographs for use in newspapers, magazines, periodicals and other publications are taxable. However, sales or licenses to use photos for use as **advertising** in newspapers or periodicals are specifically exempt from sales tax. You must obtain a **New Jersey Exempt Use Certificate (Form ST-4)** from the customer when photos are sold for use in newspaper or magazine advertising.

SALES FOR RESALE

When services and photographs are purchased by a customer who intends to resell the photos, you are not required to collect sales tax, provided the purchaser issues a valid **New Jersey Resale Certificate (Form ST-3)**.

If you purchase supplies and equipment specifically as inventory for resale, you may issue a valid **New Jersey Resale Certificate (Form ST-3)** to your supplier and not pay sales tax. Supplies removed from inventory for your own personal use are subject to 6% **use tax**. Use tax is remitted to the State on your monthly sales tax remittance (**Form ST-51**) or quarterly sales tax return (**Form ST-50**).

ELECTRONIC TRANSMISSION

If a photograph is either scanned, taken with a digital camera, or computer-generated and then transmitted solely by e-mail or other form of electronic transmission, the transaction is treated as the sale of intangible property, which is not subject to tax.

Out-of-State Sales & Purchases

If photographs are delivered by the photographer outside New Jersey for use by the purchaser outside this State, no sales tax is due. If the buyer directs the photographer to deliver the photographs to a New Jersey location, the photographer must collect New Jersey sales tax. This is true regardless of whether or not the photos are subsequently taken out-of-State by the purchaser.

When you purchase taxable items out-of-State for use in New Jersey and no sales tax is collected, you owe 6% **use tax** to the State of New Jersey based on the purchase price of the items. If sales tax is collected at a rate lower than New Jersey's and the other state has sales tax reciprocity with New Jersey, you owe **use tax** on the difference between the amount of sales tax paid and New Jersey's sales tax rate.

Services & Other Charges

Charges for retouching photographs are subject to sales tax. Developing negatives from film furnished by a customer is also subject to tax.

Travel expenses, hours worked, or any method of computing the total charge to customers, are subject to sales tax. These charges are considered a part of the price of the taxable tangible personal property for sale.

Postage and shipping charges are not subject to sales tax when they are separately stated on the customer's bill.

Records

You should keep all exemption certificates and records of out-of-State deliveries in your files for four years in case of an audit by the New Jersey Division of Taxation.

Registration

New Jersey law requires all vendors to register with the State at least 15 business days before starting business. To register, an **Application for Business Registration (Form NJ-REG)** must be filed. You will receive a **New Jersey Certificate of Authority (Form CA-1)** for sales tax if you have indicated on your application that you will collect sales tax or purchase materials for resale. This certificate is your authorization from the State of New Jersey to collect sales tax and issue or accept exemption certificates. In most cases, both the seller and the buyer must be registered with the State to issue and/or accept exemption certificates. A Public Records Filing may also be required depending upon the type of business ownership. For more information on Public Records Filing call 609-292-9292.

For More Information

For more information on professional photographers and New Jersey sales tax, call the Division's Customer Service Center at 609-292-6400, e-mail us at **taxation@tax.state.nj.us**, or write to:

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Many State tax forms and publications are now available, both by fax and through the World Wide Web. Call NJ TaxFax at 609-826-4500 from your fax machine's phone or access the Division's home page via your computer's modem at: **<http://www.state.nj.us/treasury/taxation/>**