



# Parking, Storing, Garaging Motor Vehicles & New Jersey Sales Tax

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## Introduction

New Jersey imposes a 7% sales tax on the receipts from parking, storing, or garaging a motor vehicle, excluding charges for the following types of parking: residential parking; employee parking, when provided by an employer or at a facility owned or operated by the employer; municipal parking, storing or garaging; and such receipts subject to tax pursuant to any other law or ordinance.

## Residential Parking

“Residential parking” means parking provided to the occupants of a residence who park on the same premises that constitutes their primary residence.

“Same premises” is defined as an area within the residence, an area adjacent to the residence, or any area owned or leased by the landlord, condominium association, or cooperative for the purpose of providing parking for its residents.

“Residence” means a single family home, a duplex, a condominium unit, cooperative unit, a townhouse unit, a school dormitory, an apartment, or a mobile home used by a person or persons as a place of primary residence or abode. Residence does not include a hotel, motel, a summer camp, a resort lodge, or other dwellings of a temporary or transient nature.

*Parking privileges provided for in a lease* or in a separate writing between a landlord and a tenant, a condominium association and the owner of the unit, or between a cooperative and one of its members are considered nontaxable residential parking.

*Parking charges paid to a homeowners’ association* are not subject to sales tax provided that the parking facility is owned or leased and operated by the association, the association is comprised solely of owners or residents of the residential dwelling units, and the parking charges are paid by the members to the association.

*A fee for a residential parking permit* that allows a person living within a certain area to park on the street or in a specified lot would qualify for the residential parking exception and is not subject to sales tax.

*For parking facilities that provide both residential and nonresidential parking*, the operator or parking vendor must keep a record of the sale including the name of the resident, the residential address of the resident, and the amount of the sale in order to substantiate that the sale is for residential parking purposes.

*Students* that live in school-provided housing are deemed residents, so parking fees charged by the school are not subject to sales tax. However, parking fees charged by the school to commuter students are subject to sales tax.

## Employee Parking

The sales tax applies to the sale of parking but does not apply to the sale of employee parking when provided by an employer, or when provided at a facility owned or operated by the employer. If the employer does not own or operate the parking facility and employees pay for their own parking, such charges are subject to tax even if they are reimbursed by the employer. If the employer owns or operates the parking facility, then parking charges paid directly by employees are exempt.

For parking facilities that provide both employee parking and nonemployee parking, the operator or parking vendor must keep a record of the sale including the name of the employer, the employer's address, and the amount of the sale in order to substantiate that the sale is for employee parking purposes.

### **Municipal Parking, Storing, and Garaging**

All municipal parking, storing, or garaging charges are exempt from sales tax. "Municipal parking, storing, or garaging" means any motor vehicle parking, storing or garaging provided by a municipality or county, or a parking authority thereof. The exclusion does not apply to parking provided by a State governmental agency or entity, so such parking is taxable. For purposes of this exclusion from tax, these services are "provided by a municipality or county, or parking authority thereof..." if the parking facility is both owned (or leased) **and** operated by the municipality.

### **Valet Parking**

Sales tax is imposed on the sale and purchase of parking, which includes valet parking. The purchase of valet *staffing* services are not subject to sales tax under this provision.

### **Tax Included in Price**

The Sales and Use Tax Act requires that sales tax be separately stated and charged to purchasers of taxable goods and services. However, the Director of the Division of Taxation may waive the requirement upon written application from a business showing that in the seller's particular business it would be impractical for the seller to separately charge the tax to the purchaser. The Division has recognized that this exception applies to the sale of parking. Thus, the sales tax may be included in the rate charged for parking, but the seller must indicate to the purchaser that the rate includes the sales tax. This can be accomplished by a sign, a notation on a parking receipt, or by any other public means.

### **Other Taxes & Fees**

**Municipal Parking Tax.** Sales tax applies to the sale of parking but does not apply to such receipts subject to tax pursuant to any other law or ordinance. Newark, Jersey City, Elizabeth, and Fort Lee currently have a parking tax. Municipalities in Hudson County are authorized to enact a municipal parking tax. There is nothing in the law to prevent a municipal parking tax that is enacted after parking charges became subject to sales tax P.L. 2006, c. 44 (as amended by P.L. 2007, c. 105) from being included in the exception.

**Parking Fee at Atlantic City Casino Hotels.** The \$3.00 per day Atlantic City Parking Fee is excluded from the imposition of sales tax. There is also an exclusion for parking charges or fees imposed pursuant to an agreement between the Casino Reinvestment Development Authority (CRDA) and a casino operator. Any amount collected over and above these fees is subject to sales tax.

### **Registration**

New Jersey law requires all businesses to register with the State for tax purposes at least 15 business days before starting business. To register, a **Business Registration Application (Form NJ-REG)** must be filed. Form NJ-REG may be filed online through the Division of Revenue's New Jersey Business Gateway Registry Services at: [www.state.nj.us/treasury/revenue/](http://www.state.nj.us/treasury/revenue/). If the application indicates that the business will collect sales tax or purchase materials for resale, a **New Jersey Certificate of Authority (Form CA-1)** for sales tax is sent to the business. This certificate provides authorization from the State of New Jersey to collect sales tax and issue or accept exemption certificates. A seller **must** be registered with New Jersey to accept exemption certificates. A Public Records Filing may also be required depending upon the type of business ownership. More information on Public Records Filing is available in the New Jersey Complete Business Registration Package (**NJ REG**) or by calling 609-292-9292.