



P.L. 2003, CHAPTER 42, *approved April 14, 2003*  
Assembly, No. 1786

1 AN ACT concerning the payment of sales taxes by vendors under the  
2 sales and use tax, amending P.L.1966, c.30.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

6

7 1. Section 14 of P.L.1966, c.30 (C.54:32B-14) is amended to read  
8 as follows:

9 14. (a) Every person required to collect any tax imposed by this  
10 act shall be personally liable for the tax imposed, collected or required  
11 to be collected under this act. Any such person shall have the same  
12 right in respect to collecting the tax from ~~[his]~~that person's customer  
13 or in respect to non-payment of the tax by the customer as if the tax  
14 were a part of the purchase price of the property or service,  
15 amusement charge or rent, as the case may be, and payable at the same  
16 time; provided, however, that the director shall be joined as a party in  
17 any action or proceeding brought to collect the tax.

18 (b) Where any customer has failed to pay a tax imposed by this act  
19 to the person required to collect the same, then in addition to all other  
20 rights, obligations and remedies provided, such tax shall be payable by  
21 the customer directly to the director and it shall be the duty of the  
22 customer to file a return with the director and to pay the tax to ~~[him]~~  
23 the director within 20 days of the date the tax was required to be paid.

24 (c) The director may, whenever ~~[he]~~ the director deems it  
25 necessary for the proper enforcement of this act, provide by regulation  
26 that customers shall file returns and pay directly to the director any tax  
27 herein imposed, at such times as returns are required to be filed and  
28 payment over made by persons required to collect the tax.

29 (d) No person required to collect any tax imposed by this act shall  
30 advertise or hold out to any person or to the public in general, in any  
31 manner, directly or indirectly, that the tax is not considered as an  
32 element in the price, amusement charge or rent payable by the  
33 customer, or except as provided by subsection (f) of this section that  
34 ~~[he]~~the person required to collect the tax will pay the tax, that the tax  
35 will not be separately charged and stated to the customer or that the  
36 tax will be refunded to the customer. Upon written application duly  
37 made and proof duly presented to the satisfaction of the director  
38 showing that in ~~[his]~~ the particular business of the person required to  
39 collect the tax it would be impractical for the vendor to separately  
40 charge the tax to the customer, the director may waive the application  
41 of the requirement herein as to such vendor.

**EXPLANATION** - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 (e) All vendors of energy or utility service shall include the tax  
2 imposed by the "Sales and Use Tax Act" within the purchase price of  
3 the tangible personal property or service.

4 (f) A vendor other than a vendor subject to subsection (e) of this  
5 section making retail sales of tangible personal property or sales of  
6 services may advertise that the vendor will pay the tax for the  
7 customer subject to the conditions of this subsection.

8 (1) The advertising shall indicate that the vendor is, in fact, paying  
9 the tax for the customer and shall not indicate or imply that the sale or  
10 charge is exempt from taxation.

11 (2) Notwithstanding the provisions of section 12 of P.L.1966, c.30  
12 (C.54:32B-12) to the contrary, any sales slip, invoice, receipt or other  
13 statement or memorandum of the price or service charge paid or  
14 payable given to the customer shall state that the tax will be paid by  
15 the vendor; provided however that such record shall be otherwise  
16 subject to the provisions of section 12 of P.L.1966, c.30 (C.54:32B-  
17 12).

18 (3) The vendor shall pay the amount of tax due on the retail sale or  
19 service receipt, as determined pursuant to section 4 of P.L.1966, c.30  
20 (C.54:32B-4), as trustee for and on account of the State, and shall  
21 have the same liability for that amount of tax pursuant to the "Sales  
22 and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.), as for an  
23 amount collected from a customer.

24 (cf: P.L.1997, c.162, s.30)

25  
26 2. This act shall take effect immediately.

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29 STATEMENT

30  
31 This bill allows vendors of goods and services that are subject to  
32 the sales tax to advertise that they will pay the sales tax for their  
33 customers.

34 Currently, the sales and use tax forbids vendors from holding out  
35 to the public that the tax is not part of the total price of a taxable sale,  
36 that the vendor will pay the tax, or that the tax will be refunded to the  
37 customer. These blanket provisions are enforced to prevent vendors  
38 from fraudulently failing to collect taxes from customers or failing to  
39 forward collected taxes to the State. However, if taxes are validly  
40 paid by vendors on taxable sales, there would seem to be no harm in  
41 the procedure.

42 This bill provides guidelines that allow vendors of goods and  
43 services to pay, and advertise that they will pay, the sales tax for their  
44 customers. The vendors may not indicate or imply that the sale or  
45 charge is exempt from taxation, which would distort information to  
46 consumers about which items are taxable. The bill would authorize

1 promotions that include such claims as "we'll pay the tax," which is  
2 easily understood by a customer as a promotional discount from the  
3 amount usually paid.

4 The bill clarifies the administrative procedures concerning the type  
5 of transaction it authorizes by requiring that the provisions of the sales  
6 and use tax that concern the "trust" nature of the sales taxes collected  
7 from customers, as well as the timely filing and payment provisions  
8 concerning collected taxes, apply to vendor-paid taxes as well as  
9 customer-paid taxes.

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14 Authorizes payment of sales taxes by vendors under the sales and use  
15 tax and the advertising of "we pay the tax" days.

# ASSEMBLY, No. 1786

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## STATE OF NEW JERSEY

### 210th LEGISLATURE

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INTRODUCED FEBRUARY 11, 2002

**Sponsored by:**

**Assemblywoman CONNIE MYERS**  
**District 23 (Warren and Hunterdon)**  
**Assemblyman RICK MERKT**  
**District 25 (Morris)**

**Co-Sponsored by:**

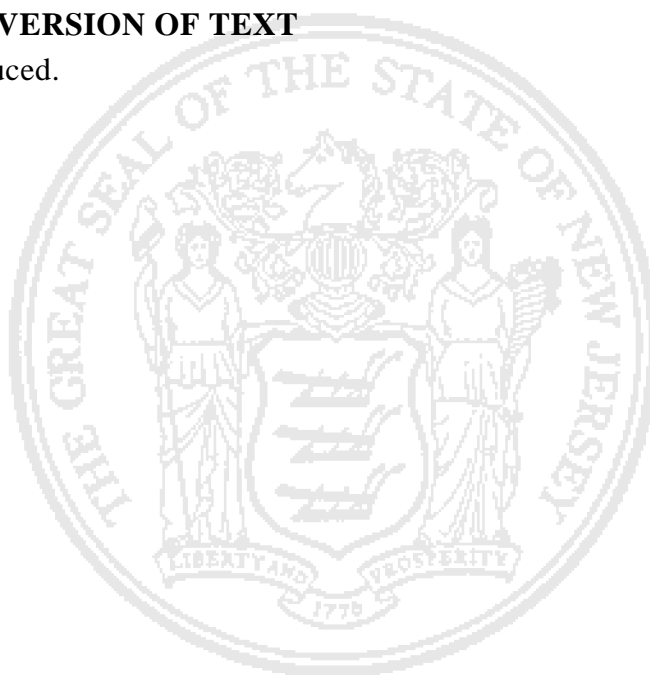
**Assemblymen Munoz, Ahearn, Chivukula and Gregg**

**SYNOPSIS**

Authorizes payment of sales taxes by vendors under the sales and use tax and the advertising of "we pay the tax" days.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 9/24/2002)**

A1786 MYERS, MERKT

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42 (e) All vendors of energy or utility service shall include the tax

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**A1786 MYERS, MERKT**

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ASSEMBLY COMMERCE AND ECONOMIC DEVELOPMENT  
COMMITTEE

STATEMENT TO

**ASSEMBLY, No. 1786**

**STATE OF NEW JERSEY**

DATED: JULY 25, 2002

The Assembly Commerce and Economic Development Committee reports favorably Assembly Bill No. 1786.

Assembly Bill 1786 allows vendors of goods and services that are subject to the sales tax to advertise that they will pay the sales tax for their customers.

Currently, the sales and use tax forbids vendors from holding out to the public that the tax is not part of the total price of a taxable sale, that the vendor will pay the tax, or that the tax will be refunded to the customer. These blanket provisions are enforced to prevent vendors from fraudulently failing to collect taxes from customers or failing to forward collected taxes to the State. However, if taxes are validly paid by vendors on taxable sales, there would seem to be no harm in the procedure.

This bill provides guidelines that allow vendors of goods and services to pay, and advertise that they will pay, the sales tax for their customers. The vendors may not indicate or imply that the sale or charge is exempt from taxation, which would distort information to consumers about which items are taxable. The bill would authorize promotions that include such claims as "we'll pay the tax," which is easily understood by a customer as a promotional discount from the amount usually paid.

The bill clarifies the administrative procedures concerning the type of transaction it authorizes by requiring that the provisions of the sales and use tax that concern the "trust" nature of the sales taxes collected from customers, as well as the timely filing and payment provisions concerning collected taxes, apply to vendor-paid taxes as well as customer-paid taxes.

SENATE ECONOMIC GROWTH, AGRICULTURE AND  
TOURISM COMMITTEE

STATEMENT TO

**ASSEMBLY, No. 1786**

**STATE OF NEW JERSEY**

DATED: JANUARY 16, 2003

The Senate Economic Growth, Agriculture and Tourism Committee reports favorably Assembly Bill No. 1786.

This bill allows vendors of goods and services that are subject to the sales tax to advertise that they will pay the sales tax for their customers.

Currently, the sales and use tax law forbids vendors from holding out to the public that the tax is not part of the total price of a taxable sale, that the vendor will pay the tax, or that the tax will be refunded to the customer. These provisions were intended to prevent vendors from fraudulently failing to collect taxes from customers or failing to forward collected taxes to the State. However, according to the bill's sponsors, if taxes are validly paid by vendors on taxable sales, there would seem to be no harm in the procedure.

This bill provides guidelines that allow vendors of goods and services to pay, and advertise that they will pay, the sales tax for their customers. The vendors may not indicate or imply that the sale or charge is exempt from taxation, which would distort information to consumers about which items are taxable. The bill would authorize promotions that include such claims as "we'll pay the tax," which is easily understood by a customer as a promotional discount from the amount usually paid.

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