



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

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## Introduction

With certain exceptions, New Jersey imposes Sales Tax on receipts from parking, storing, or garaging a motor vehicle. Charges for the following are excluded from tax:

- Residential parking;
- Employee parking when provided by an employer or at a facility owned or operated by the employer;
- Municipal parking, storing, or garaging;
- The parking fee at Atlantic City casino hotels; and
- Receipts from parking, storing, or garaging a motor vehicle 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 constitute 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, summer camp, 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 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 as long as 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 qualifies 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 residential parking sales, 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.

**Students** who live in school-provided housing are deemed to be residents, so parking fees that the school charges them are not subject to Sales Tax. However, parking fees that the school charges commuter students are subject to Sales Tax.

### **Employee Parking**

Sales Tax does not apply to receipts from employee parking when provided by an employer, or when provided at a facility owned or operated by the employer, even if the parking charges are paid directly by the employees. 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.

For parking facilities that provide both employee parking and nonemployee parking, the operator or parking vendor must keep a record of the employer sales, 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.

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

All municipal parking, storing, or garaging charges are excluded 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. 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 or county.

The exclusion does not apply to receipts for parking provided by a State governmental agency or entity.

### **Valet Parking**

Sales Tax applies to fees charged for valet parking. However, the purchase of valet *staffing* services is not subject to Sales Tax.

### **Tax Included in Price**

The Sales and Use Tax Act requires that Sales Tax be separately stated and charged to purchasers of taxable property (including specified digital products) 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 to separately charge the tax to the purchaser. The Division has recognized that this exception applies to the sale of parking. Thus, 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 other public means.

## **Other Taxes & Fees**

**Municipal Parking Tax.** Receipts from the sale of parking that are subject to tax pursuant to any other law or ordinance are excluded from Sales Tax. Currently, Camden, Elizabeth, Harrison, Hoboken, Jersey City, and Newark have laws that impose a parking tax, so receipts from the sale of parking in those municipalities are excluded from Sales Tax. If a municipal parking tax is enacted in other municipalities in the future, sales of parking in those municipalities also would be excluded from Sales Tax.

**Parking Fee at Atlantic City Casino Hotels.** The \$3-per-day Atlantic City casino hotels parking fee is excluded from the imposition of Sales Tax. There also is 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 fulfill the registration obligation, you can print out, then file a **Business Registration Application (Form NJ-REG)** by mail. You can file [online](#) through the Division of Revenue and Enterprise Services' NJ Business Gateway Services website. If your application indicates that the business will collect Sales Tax or purchase materials for resale, the Division of Revenue and Enterprise Services will send you a **New Jersey Certificate of Authority (Form CA-1)**.

This is your authorization to collect New Jersey Sales Tax and accept exemption certificates for tax-exempt sales. You **must** be registered with New Jersey to accept exemption certificates. You also may be required to make a Public Records Filing depending on 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.

## **For More Information**

For more information on parking, storing, or garaging a motor vehicle and New Jersey Sales Tax, contact the Division's Customer Service Center at 609-292-6400, or [email](#) us. Many State tax forms and publications are available on our [website](#).