

Urban Enterprise Zone – Lease and Rental Periods is currently being revised and some information contained in the current version may not be accurate. For answers to Urban Enterprise Zone program questions, contact the New Jersey Urban Enterprise Zone Help Desk at helpdesk@dca.state.nj.us. To view the publication in its current form, [click](#) here.

**NEW JERSEY DIVISION OF TAXATION
REGULATORY SERVICES BRANCH
TECHNICAL ADVISORY MEMORANDUM**

TAM - 2010-1

ISSUED: 11-01-10

TAX: SALES AND USE TAX

TOPIC: URBAN ENTERPRISE ZONE - LEASE AND RENTAL PERIODS

The Urban Enterprise Zone (UEZ) sales tax purchase exemption allows qualified UEZ businesses to purchase tangible personal property (office and business equipment, supplies, furnishings, fixtures, etc.), and taxable services (construction work, repair, maintenance and installation services, etc.) which are for the exclusive use of the business at its location in the zone without paying sales tax. The exemption applies to the lease and rental of tangible personal property as well.

A UEZ business that presents a valid, properly completed Urban Enterprise Zone Exempt Purchase Certificate (Form UZ-5-SB) at the beginning of a lease transaction to a lessor does not have to pay sales tax during the lease term once the tangible property is delivered to the lessee or the lessee takes possession of the property within New Jersey. The UEZ business is not required to re-issue another exemption certificate during the lease period. Even if a UEZ business' purchase certificate expires during the lease term and the business is not issued another certificate for a subsequent period due to the business surpassing the qualifying threshold amount for obtaining a UEZ point-of-purchase exemption certificate, the lessor does not have to obtain another exemption certificate from the lessee nor does sales tax have to be collected for the remainder of the lease. However, if the same lessee and lessor enter into a subsequent lease agreement, the lessee is required to submit a copy of an updated, valid UZ-5-SB if the certificate that was previously issued to the lessor expired.

For qualified UEZ businesses that do not have the authority to issue Form UZ-5-SB, lessors must collect sales tax on both short-term and extended-term agreements. For more detailed information, refer to the Notice on Leases and Rentals of Tangible Personal Property which is accessible from the Division's website at:
<http://www.state.nj.us/treasury/taxation/pdf/ssutlease.pdf>.

UEZ businesses that are required to pay the sales tax may apply for a refund using Form A-3730-UEZ. The relevant forms and refund information can be accessed from the following address: <http://www.state.nj.us/treasury/taxation/uezrefundsofsales.shtml>.