

**NEW JERSEY DIVISION OF TAXATION
REGULATORY SERVICES BRANCH
TECHNICAL BULLETIN**

TB-69

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TAX: SALES AND USE TAX

**TOPIC: TAXABILITY OF PURCHASES MADE BY LAWYERS
AND LAW FIRMS**

The New Jersey Sales and Use Tax Act (N.J.S.A. 54:32B-1 et. seq.) imposes tax on the retail sale of tangible personal property, specified digital products, and certain services unless a valid exemption exists. N.J.S.A. 54:32B-3. Whenever taxable tangible personal property, specified digital products or certain services are purchased and no sales tax is collected or sales tax is collected at a rate less than the applicable New Jersey rate, the purchaser must remit use tax to the State. N.J.S.A. 54:32B-6.

Lawyers who practice in New Jersey are not liable for collecting sales tax on charges for professional services performed by their firm or practice. N.J.S.A. 54:32B-2(e)(4)(a). Examples of nontaxable professional services include: writing wills, writing briefs, court appearances, etc. However, law firms located in New Jersey are required to pay sales or use tax on all purchases of taxable tangible property, specified digital products, and certain services used by the firm, unless otherwise exempt by law.

The following is a list of common business purchases, with an indication of whether the item is taxable (T) or exempt (E) from sales and use tax:

Advertising

- | | |
|---|---|
| Creative services (separately stated on bill) | E |
| Media buys (ad time or space) | E |
| Tangible personal property produced for advertising purposes
such as posters | T |

Accounting Services

- | | |
|--|---|
| - Professional Services (<i>e.g. bookkeeping services</i>) | E |
| - Electronic Filing Charges | T |

Building Maintenance/Repair T

Business/Restaurant Meals T

Capital Improvements

- | | |
|---|---|
| - Generally | E |
| - Landscaping | T |
| - Installation of floor coverings and alarms and security systems | T |

Catering Services T

Cleaning Services (*janitorial*) T

Cleaning Supplies	T
Computer Equipment (<i>e.g. computers, printers, copiers, faxes</i>)	T
Computer Disks, CD's, DVD's and USB Drives	T
Disposable Paper Products (<i>e.g. towels, napkins, toilet tissue, paper plates, and paper cups</i>)	T
Equipment Maintenance/Repair (<i>including warranties purchased for repair and maintenance</i>)	T
Flowers and Gifts	T
Furniture	T
Garbage Removal	
- Contractual (30 days or more)	E
- Non-Contractual	T
Heating Oil	E
Magazines purchased for waiting areas/client use	
- Purchased as single copies	T
- Purchased as subscriptions	E
Office Equipment (<i>e.g. overhead projectors, telephones, teleconferencing equipment</i>)	T
Office Supplies (<i>e.g. paper, toner, ink</i>)	T
Photocopying and Printing Charges	T
Pre-written Computer Software for exclusive business use (<i>transferred in physical medium or "Load and Leave" format</i>)	T
Pre-written Computer Software for exclusive business use (<i>electronically delivered</i>)	E
Pre-written Computer Software	
- Installation, Maintenance and Service Contracts	T
Snow Removal	T
Storage Services	T
Telecommunication Services	T
Utility Service (<i>e.g. Gas and Electricity</i>)	T

The following is a list of purchases common to law firms, with an indication of whether the item is taxable (T) or exempt (E) from sales tax:

Alarm Monitoring Services (<i>e.g. ADT</i>)	T
Detective and Private Investigator Services (<i>e.g. for discovery purposes</i>)	T
Detective and Private Investigator Services (<i>e.g. issuing subpoenas or summons</i>)	E
Filing Fees	E
Legal Library Materials (<i>e.g. Black's Law Dictionary, reporters, statute books, hornbooks, etc.</i>)	T
Legal Services (<i>e.g. filing of pleadings, opinions, legal forms</i>)	E
Trade Magazines and Periodicals	

<i>(e.g. ABA Journal, American Lawyer, and New York Times)</i>	
- Sold as single copies (hard copies)	T
- Sold as single copies (electronic)	E
- Sold by subscription	E
Malpractice Insurance Premiums	E
Manuals <i>(e.g. New Jersey Lawyers Diary and Manual)</i>	T
Messenger Services	E
Online Legal Research Aids <i>(e.g. LexisNexis, Westlaw, BNA, RIA, CCH, etc.)</i>	T
Professional Services <i>(e.g. expert consultation, accounting services, etc.)</i>	E
Stenographer Fees	E
Travel Expenses <i>(e.g. meals, hotel rooms, etc.)</i>	T
- Hotel rooms purchased for the purpose of assembly <i>(e.g. meetings)</i>	E

Remitting Use Tax

Law firms may report and remit any use tax due on the Annual Business Use Tax Return ([Form ST-18B](#)). However, if a law firm's average annual use tax liability for the last three calendar years exceeds \$2,000, the law firm must change its business registration to include sales tax eligibility and must begin to file quarterly/monthly sales and use tax returns by filing [Forms ST-50/51](#). For more information on use tax and filing Forms ST-18, ST-18B, and ST-50/51 see Tax Topic Bulletins [S&U-7, Filing Sales and Use Tax Returns](#) and [ANJ-7, Use Tax in New Jersey](#).

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