



Cannabis Businesses

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Introduction.....	1
Registration	1
Licensing Information.....	2
Social Equity Excise Fee (SEEF)	2
Sales & Use Tax: Retail Sales.....	2
Local Cannabis Transfer Tax.....	3
Sales & Use Tax Exempt Purchases.....	3
Prohibited Operations.....	4
Additional Resources.....	4
Connect With Us.....	4

Introduction

New Jersey’s [Cannabis Regulatory, Enforcement Assistance, and Marketplace Modernization](#) (CREAMM) Act (2021) allows for the legal sale and use of recreational cannabis and cannabis products for anyone 21 years and older. New Jersey’s Compassionate Use Medical Marijuana Act (2010) allows for the legal sale and use of medical cannabis products for resident patients 18 years and older. If the patient is a minor, a custodial parent, guardian, or person who has custody of the minor may make purchases on behalf of the minor patient. The Jake Honig Compassionate Use Medical Cannabis Act (2019) expanded access to medical cannabis for patients.

This guide provides [cannabis businesses](#) with Sales & Use Tax and Social Equity Excise Fee guidance, which is accurate as of the date issued. Subsequent changes in tax law or its interpretation may affect the accuracy of this publication.

Registration

Cannabis companies, including people/entities employing workers in New Jersey, **must first register** with the New Jersey Division of Revenue and Enterprise Services (DORES) 15 business days before conducting business in this state. For more information on starting and [registering](#) your business, see [Starting a Business in NJ](#).

Licensing Information

Once your business registers in New Jersey, you must apply for a license with the New Jersey Cannabis Regulatory Commission (CRC) by selecting the business type below:

- Medical cannabis businesses: [apply for a license](#); or
- Recreational cannabis businesses: [apply for a license](#).

There are fees associated with applying for a license, which can be found [online](#).

Social Equity Excise Fee (SEEF)

A cannabis cultivator ([Class 1 licensee](#)) must charge a [Social Equity Excise Fee](#) (SEEF) on the sale, or transfer, of [recreational](#) cannabis to other cannabis establishments, except to other Class 1 license holders. The SEEF *is not* imposed on retail consumers.

You must report and remit the SEEF on **Form SF-100** *every month*. The return must be **filed** with the Division **on the 20th day** of each month following the close of the reporting period during the tax year. To remit the SEEF, log in to the [NJ Recreational Cannabis - Social Equity Excise Fee \(SEEF\) Online Filing and Payments](#) system. Once logged in, you may file Form SF-100, amend a previously filed form, or pay off a balance due.

The SEEF is imposed at the rate of 1/3 of 1% of the statewide average retail price of an ounce of usable cannabis for consumer purchase, as determined by the [CRC](#). For Tax Year **2022**, the SEEF is **\$1.10 per ounce**. The Commission can change the average retail price that determines the SEEF once a year.

The SEEF is not assessed if a cannabis cultivator either transfers product to another Class 1 cannabis cultivator licensee, or to a licensed medical cannabis [alternative treatment center](#), for use in [medical cannabis](#) dispensing.

Sales & Use Tax: Retail Sales

Recreational Cannabis. Retail sales of [recreational cannabis](#) and cannabis products are also subject to Sales and Use Tax, which must be reported and remitted to the Division of Taxation by filing [Form ST-50C](#) on a quarterly basis. You can find more about the **current Sales Tax rate of 6.625%** [here](#).

Medical Cannabis. As of July 1, 2022, retail sales of medical cannabis are no longer subject to Sales and Use Tax. The taxability of medical cannabis was phased out under P.L. 2019, c. 153. The phase out began July 1, 2020, under the following schedule:

- 4% Sales Tax on sales made between July 1, 2020, and June 30, 2021;
- 2% tax on sales made between July 1, 2021, and June 30, 2022; and
- 0% tax on sales made on and after July 1, 2022.

Local Cannabis Transfer Tax

The Division of Taxation is **not involved with or responsible for** any locally imposed transfer taxes. Any questions about local taxes should be directed to the municipality in which the cannabis establishment is located.

A municipality in New Jersey may charge a Local Cannabis Transfer Tax of up to 2% on sales of *recreational* cannabis, or cannabis items by a cannabis establishment in that municipality. In addition, a municipality may charge a User Tax. (The municipal User Tax differs from State [Use Tax](#) (N.J.S.A. 54:32B-1 et seq.) Refer to the [Cannabis Regulatory Commission's FAQ](#), or consult with the local municipality for further information).

Sales & Use Tax Exempt Purchases

Purchases for Resale. Licensed cannabis establishments may purchase tangible personal property either for resale in its present form or for incorporation into other property held for sale if they provide the seller with a fully completed Resale Certificate ([Form ST-3](#)). The cannabis establishment issues Form ST-3 to the seller, which exempts the establishment from Sales Tax on the purchase. The cannabis establishment would then collect Sales Tax on the items when sold at retail.

Purchases of Production Equipment. A licensed cannabis establishment may issue a fully completed Exempt Use Certificate ([Form ST-4](#)) to suppliers to purchase machinery, apparatus, or equipment used directly and primarily in the production of cannabis without paying Sales Tax. The exemption also includes parts with a useful life of greater than one year.

The exemption does not apply to supplies or tools that are simple, hand-held, manually operated instruments used in connection with the machinery, apparatus, or equipment.

Purchases of Wrapping Supplies. A licensed cannabis establishment may purchase materials used to contain, protect, wrap, and deliver cannabis to customers without paying Sales Tax if it provides a fully completed Exempt Use Certificate ([Form ST-4](#)) to the seller. The exemption applies to wrapping paper, wrapping twine, bags, cartons, tape, rope, labels, nonreturnable containers, and all other wrapping supplies when such use is incidental to the delivery of recreational cannabis.

Farming Enterprises Purchasing Tangible Personal Property and Services. A "farming enterprise" is a facility used to raise agricultural or horticultural commodities for sale. A qualifying, licensed cannabis establishment that issues a fully completed Farmer's Exemption Certificate ([Form ST-7](#)) to its supplier will not have to pay Sales Tax on purchases of farm equipment or production services used for tilling, planting, maintaining, or harvesting recreational cannabis. Purchases of property such as seeds, plants, liners, fertilizer, lime, pesticides, and drip irrigation also are exempt when used directly at the farming enterprise for the purpose of producing and selling recreational cannabis. (See [Farming and New Jersey Sales and Use Tax](#) for more information.)

Nonprofit Organization 501(c)(3). A cannabis business **cannot qualify** as a 501(c)(3) nonprofit organization based on current State and federal laws and regulations. As such, it cannot receive a Form ST-5 Exempt Organization Certificate from the Division. A business that does not hold a Form ST-5 is treated as a for-profit business for the purposes of paying Sales Tax or remitting Use Tax on purchases.

Prohibited Operations

Economic Incentives. Under State law, a person or entity issued a license to participate in or employ anyone for cannabis-related activities and services is **not eligible** for a State or local economic incentive. For example, a cannabis business cannot be an Urban Enterprise Zone (UEZ) business, or receive any of the benefits that come with that program.

Farmland for Agriculture or Horticulture Use. A licensed cannabis cultivator may not operate – or be located – on land that is valued, assessed, or taxed for agricultural or horticultural use ("Farmland Assessment Act of 1964," P.L.1964, c.48 ([N.J.S.A. 54:4-23.1 et seq.](#))).

Additional Resources

- The [Cannabis Regulatory Commission](#) helps facilitate industry compliance. Its website includes information on how to apply for a license, applicable fees, where to file, and other frequently asked questions.
- The [Recreational Cannabis and Licensed Cannabis Establishments](#) bulletin includes more specific tax information and definitions related to the industry.
- The [Medical Marijuana Alternative Treatment Centers](#) bulletin includes additional tax information for medical cannabis businesses.

Connect With Us

- [Email](#) your State tax questions;
- [Visit](#) a Regional Information Center;
- [Call](#) (609) 292-6400;
- Follow us on:



This document is designed to provide guidance to taxpayers and is accurate as of the date issued.