

# Atlantic City Luxury Tax & New Jersey Sales Tax

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## Introduction

The Atlantic City luxury tax is imposed on certain rentals, sales and services. Some items may be subject to both the New Jersey sales tax and the Atlantic City luxury tax.

## Taxable Status

The following chart will serve as a guide to illustrate the taxable status of various transactions that are subject to Atlantic City luxury tax, New Jersey sales tax, or both taxes.

Item	AC Luxury Tax	NJ Sales Tax	Total Tax
Sales of alcoholic beverages by the drink, including bottles of beer, wine, etc. opened and consumed on premises .....	3%	6%	9%
Sales of food and nonalcoholic beverages intended for consumption on the premises .....	-	6%	6%
Rentals of apartments ( <b>except</b> hotels or motels):			
• for less than eight weeks .....	9%	-	9%
• for eight weeks or more .....	-	-	-
Rentals of rooms, apartments or other facilities in hotels, motels, bed and breakfast inns, rooming and boarding houses or similar establishments (see Note 1):			
• for less than ninety days .....	9%	3%	12%
• for ninety days or more, but for less than one year .....	9%	-	9%
• under a lease for one year or more .....	-	-	-
Cover charges, minimum charges, entertainment or similar charges in a restaurant, cafe, cabaret, hotel or similar establishment .....	9%	3%	12%
Admission charges to any theater, moving picture exhibition or show, pier, exhibition or place of amusement (see Note 2) .....	9%	3%	12%
Charges for rolling chairs and tram rides, horoscope machines, and fortune tellers .....	9%	-	9%
Charges for amusement and sightseeing rides and rentals of beach chairs, cabanas and bicycles.....	9%	3%	12%

**NOTE 1:** Rentals of conference rooms, banquet rooms and other places of assembly are exempt from sales tax.

**NOTE 2:** Admissions charges of \$0.75 or less, and charges for admission for participant sports or to sporting events where other State tax is collected are exempt from sales tax.

## Guest Check

The charges for the Atlantic City luxury tax and New Jersey sales tax must be separately stated on the check, or the vendor is liable for combined luxury/sales taxes on the entire bill.

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**Example:** Two visitors order dinner and a bottle of wine in an Atlantic City restaurant. The cost of the meals is \$27.00, and the charge for the wine is \$13.00. The guest check given to the customers must separately state the charges for the food and drink and the taxes as follows:

Food	\$27.00
Beverage	13.00
NJ Sales Tax (\$40.00 x 6%)	2.40
AC Luxury Tax (\$13.00 x 3%)	<u>.39</u>
TOTAL	\$42.79

If the guest check shows only a total charge of \$42.79 with no breakdown of items purchased and tax collected, the vendor is liable for a combined luxury tax/sales tax on the entire bill.

## Exemptions

Registered exempt organizations may issue a valid Exempt Organization Certificate, Form ST-5, to a hotel and be exempt from payment of the 3% New Jersey sales tax, but are still liable for the 9% Atlantic City luxury tax. Their exempt status applies only to the tax imposed under the New Jersey Sales and Use Tax Act, and does not apply to any other tax. They remain subject to the Atlantic City luxury tax.

Any New Jersey State agency, political subdivision of the State of New Jersey, or Federal agency is exempt from paying both sales tax and luxury tax. In this case, an exempt organization certificate or number is not required to make tax exempt purchases or secure tax exempt lodging in this State. Purchases must be made on official letterhead or official purchase order signed by a qualified officer. Payment must be made by the agency's check or voucher for the exemption to apply. If payment is made from an individual's account, regardless of method of payment, i.e., personal check, credit card, cash, etc. and regardless of the intent of the agency to subsequently reimburse him, such purchase is subject to both sales and luxury tax.

Federal employees are also exempt if payment is made by a U.S. SmartPay credit card having a 0, 6, 7, 8 or 9 as the sixth digit of the account number (funds are paid from government account). If payment is made with a SmartPay card having a 1, 2, 3 or 4 as the sixth digit, the bill is paid by the employee and the Federal government exemption does not apply.

## Other Fees

**Tourism Promotion Fee in Hotels, Etc.** A tourism promotion fee of either \$1 or \$2 per day is charged for each room rental in a hotel, motel, inn, rooming house, etc. This fee applies to each room either occupied or possessed by guests, other than as a place of assembly. The fee is also due with respect to "no charge" occupancies. The rate of \$2 per day applies to each occupied room in the case of hotels which provide casino gambling. The \$1 per day rate applies to each occupied room in all other facilities. The fee is only includible in a taxable receipt for either sales tax or luxury tax purposes if passed along to the customer as part of the room rent. Separately stating the fee to the customer will not make it deductible from the taxable receipt.

**Casino Parking Fee.** There is a minimum charge of \$2 a day for the use of a parking space for parking, garaging or storing motor vehicles on property owned or leased by a casino hotel licensed under the "Casino Control Act." For more information request Technical Bulletin TB-22, *Atlantic City Casino Parking Fees*.

## For More Information

For more information on Atlantic City luxury tax and New Jersey sales tax, contact the Division's Customer Service Center at 609-292-6400, e-mail us at [taxation@tax.state.nj.us](mailto:taxation@tax.state.nj.us), or write to:

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