



STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY
DIVISION OF TAXATION
PO BOX 269
TRENTON, NJ 08695-0269

JON S. CORZINE
Governor

BRADLEY I. ABELOW
State Treasurer

April 4, 2006

(609) 292-5995

Ms. Pattie Meyers
Jet-Line Products, Inc.
80 East 26th Street
Paterson, NJ 07514

Dear Ms. Meyers:

I am writing in response to your inquiry concerning the sales tax responsibility of a distributor of swimming pool supplies and equipment.

The New Jersey Sales and Use Tax Act provides that sales of tangible property to all contractors, subcontractors or repairmen of materials and supplies for use by them in erecting structures for others or building on, or otherwise improving, altering or repairing real property of others are Retail Sales. N.J.S.A. 54:32B-2(e)(2). Thus, a contractor is the ultimate consumer of property that he purchases for installation. Under the Sales and Use Tax Act, a contractor is not a reseller of such property. The construction industry and related businesses should be aware of the sales tax law as it applies to their business and contractors should not be issuing Resale Certificates (ST-3) to vendors.

A contractor who also operates a retail business which makes sales of property to ultimate consumers may issue a Resale Certificate (Form ST-3) to cover purchases of inventory. In this case, the contractor's withdrawal of supplies or other materials from a sales inventory for use or consumption in an installation or maintenance service is subject to 6% use tax. The contractor/retailer would report the tax due on the businesses' sales and use tax return.

Very truly yours,

A handwritten signature in cursive script that reads "Denise M. Lambert".

Denise M. Lambert
Tax Services Specialist
Regulatory Services Branch

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