



STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY
DIVISION OF TAXATION
P.O. BOX 269
TRENTON, N.J. 08695-0269

Notice to Fur Clothing Sellers
Effective January 1, 2009

P.L. 2008, c.123, enacted on December 19, 2008, and effective January 1, 2009, repeals the Fur Clothing Retail Gross Receipts Tax and Use Tax imposed under N.J.S.A.54:32G-1 et seq. The Gross Receipts Tax is replaced by the addition of "fur clothing" as taxable tangible personal property under the Sales and Use Tax Act (N.J.S.A.54:32B-1 et. seq.)

YOUR LAST FUR CLOTHING GROSS RECEIPTS TAX RETURN COVERING THE LAST QUARTER OF 2008 IS DUE ON JANUARY 20, 2009. AS OF JANUARY 1, 2009, YOU MUST COLLECT SALES TAX AT THE RATE OF 7% ON SALES OF FUR CLOTHING AS DEFINED BELOW AND INCLUDE THE GROSS RECEIPTS FROM THE SALE OF THESE ITEMS IN YOUR CALCULATIONS FOR SALES AND USE TAX.

Fur Clothing Defined

Beginning January 1, 2009 "fur clothing" is defined as "clothing that is required to be labeled as a fur product under 15 U.S.C. s.69, and the value of the fur components in the product is more than three times the value of the next most valuable tangible component. For the purposes of this section, "fur" means any animal skin or part thereof with hair, fleece, or fur fibers attached thereto, either in its raw or processed state, but shall not include such skins that have been converted into leather or suede, or which in processing the hair, fleece, or fur fiber has been completely removed.

Sales Made Before January 1, 2009; Delivery On And After January 1, 2009 - If the fur clothing was sold and delivered before January 1, 2009, the sales falls within the scope of the Fur Clothing Retail Gross Receipts Tax and Use Tax. If the clothing was sold but not delivered until on or after January 1, 2009, you must charge and collect sales tax at the rate of 7%. This rule applies whether or not payment has been made in whole or in part prior to delivery.

Layaway

A seller may offer a layaway service to its customers. The term "layaway" implies the temporary storage of goods prior to sale, and the transfer of ownership or possession does not occur until the customer makes payment in full. If goods are placed on layaway, the actual sale does not take place until full payment is made and the goods are owned by the customer. If the transfer in ownership occurs before January 1, 2009, the Fur Clothing Retail Gross Receipts Tax and Use Tax is applicable. If the transfer of ownership occurs on or after January 1, 2009, sales tax is imposed on the transaction.

This is different than a situation where the customer owns the goods prior to January 1, 2009 and the vendor is merely storing the garment until January 1, 2009 or later. In such case, even if the customer has not taken physical possession of the goods, the sale has taken place prior to January 1 and the Fur Clothing Retail Gross Receipts Tax and Use Tax applies.

Services to Fur Clothing

The Sales and Use Tax Act (N.J.S.A.54:32B-1 et seq.) provides for an exemption for the laundering, making or reconstructing/remodeling fur garments. Charges for tailoring and cleaning also remain exempt. N.J.S.A.54:32B-3(b)(2)

Storing Fur Garments

Please note that any charges made to a customer for storing fur clothing will remain subject to sales tax, under the sales tax provisions that apply to storage of tangible personal property. Accessories, such as fur handbags or ponytail holders are not considered clothing and remain subject to sales tax.

If you have any questions, please contact the Regulatory Services Branch at 609-292-5995.