

**New York State Department of Taxation and Finance  
Taxpayer Services Division  
Technical Services Bureau**

TSB-M-86 (6)S  
Sales Tax  
March 6, 1986

NEW YORK/NEW JERSEY SALES TAX AGREEMENT

A border tax agreement between New York and New Jersey was signed on February 20, 1986 by New York State Taxation and Finance Commissioner Roderick G.W. Chu, and the Director of the New Jersey Division of Taxation, John Baldwin. The State of New York and New Jersey have agreed to coordinate their efforts to combat sales and use tax evasion by collecting each other's tax.

The agreement, formally called the Reciprocal Agreement of the State of New Jersey and the State of New York Providing for the Exchange of Tax Information and Cooperative Tax Administration, will crack down on sales and use tax evasion due to cross border sales. In addition to the joint administration of both states' sales and use tax, it also provides for sales tax and corporate tax information exchanges. Retailer participation in the program is voluntary.

The joint tax administration program takes effect April 1, 1986. It will concentrate on collection of each state's use tax. The use tax is a substitute for the sales tax on property acquired out of state and shipped to the purchaser's home. Merchants who maintain business locations in both states, presently collect the tax for each state. However, merchants who operate across state lines and do not have a taxable presence in both states are not liable to collect the tax. Where the appropriate sales tax is not collected the purchaser is liable for the use tax.

Major elements of the agreement are:

- Businesses registered under the joint program will collect the tax on items shipped to the other state. When the tax is collected, it will be at the rate of the state and locality to which the goods are delivered.
- Businesses registered under the joint program will file returns only in the state in which they are located. Each state will then remit to the other the funds which it has collected for its neighbor.
- Participation by a business in the joint program will be voluntary. A business choosing not to collect tax for the state into which it is shipping will be subject to each state's administrative and legal action.
- The two states will share all information on a comprehensive basis.
- Businesses registered under the joint program will be subject to a single audit by taxing authorities. Businesses separately registered are subject to audits by both states.

Merchants interested in participating in this program are required to complete and file an "Application For New Jersey and New York Simplified Sales and Use Tax Reporting" (Form DTF-24) a sample of which is reproduced on the back of this memorandum. If additional copies of the application are needed they may be obtained, upon request, by calling the Taxpayer Assistance Bureau in Albany on 1-800-462-8100.

If additional information about the agreement is needed contact the NYS Department of Taxation and Finance:

in Albany: Building 9, Room 409  
W.A. Harriman Campus  
Albany, N.Y. 12227  
phone (518) 457-6840

in New York City: 2 World Trade Center  
New York, N.Y. 10047  
(212) 488-3471

OR CALL TOLL-FREE FROM ANYWHERE IN NEW YORK STATE 1-800-342-3536