

**Notice: Taxability of Documentary Fees and Other Charges in Connection  
With the Sale of a Motor Vehicle  
Sales and Use Tax**

For many years, car dealers in New Jersey have charged “documentary service fees” to prepare title and registration paperwork as part of the process of selling a car to a retail consumer. These fees are charged by dealers for processing documents but are not required by the State, unlike Motor Vehicle Commission fees for the actual title and registration, which are required by the State.

Documentary service fees are defined in a regulation issued by the Department of Law and Public Safety (LPS) and include: the preparation and processing of documents in connection with the transfer of license plates, registration, or title, and the preparation and processing of other documents relating to the sale or lease of a motor vehicle.

Taxability of Documentary Fees:

Documentary fees are considered expenses of the dealer or services necessary to complete the sale, both of which are included in the “sales price” definition in the law. When determining the sales price of a motor vehicle, the seller is not allowed to deduct from the total taxable amount any costs relating to the sale, such as administrative expenses of the seller and charges by the seller for services that are necessary to complete the sale.

Taxability of Other Charges:

Separately stated charges for the actual costs of title and registration fees imposed by the New Jersey Motor Vehicle Commission **are not subject to tax**. In a lease transaction, a separately stated “bank fee” or “acquisition fee” is considered to be part of the sales price. Extended warranties sold by the dealership also are taxable.

The law requires motor vehicle dealers (and all sellers) to **separately state the New Jersey Sales Tax on any sales slip, invoice, receipt or other statement of the price that is provided to the customer** in connection with the sale.