

NOTICE
URBAN ENTERPRISE ZONES REFUND PROCEDURES (REVISED)
(February 10, 2012)

Pursuant to P.L. 2011 c.28, which became effective April 1, 2011, all qualified Urban Enterprise Zone (UEZ) businesses are eligible to receive the sales tax exemption at the point of purchase regardless of annual gross receipts generated in the prior annual tax period. The law changed the process back to the way it operated prior to July 15, 2006. The changes permit any duly certified qualified UEZ business to claim a sales tax exemption at the point of purchase for eligible exempt purchases of tangible personal property and services that are used or consumed exclusively at the UEZ business location when an Urban Enterprise Zone Exempt Purchase Certificate (Form UZ-5) is issued to its sellers.

However, the law also sets forth two major changes in the Urban Enterprise Zones (UEZ) refund process:

1. All refund claims that are based on the UEZ purchase exemption are subject to a one (1) year statute of limitations. The four (4) year statute of limitations period for refund claims for the erroneous payment of sales or use tax no longer applies.
2. Previously, the law allowed the filing of a refund claim to be made within one (1) year of the *date of sale* which the Division determined to mean “within one (1) year of the invoice date or invoice payment date, whichever was later.” As of April 1, 2011, the one (1) year statute of limitations no longer applies from the *date of sale*. Rather, the one (1) year statute of limitations applies from the *date of payment of the tax*.

TRANSACTIONS PRIOR TO APRIL 1, 2011

Non-small qualified businesses. For UEZ businesses that did not qualify for the point-of-purchase exemption (those that were not small qualified businesses), refund claims may be filed for purchases having an invoice date *on or before March 31, 2011*. These claims may still be filed within one (1) year from the date of sale using Form [A-3730-UEZ](#).

Use tax: self-assessed or audit assessments. UEZ businesses that did not qualify for the small business point-of-purchase exemption had a use tax obligation on purchases where sales tax was not charged and then had to file for a refund of that tax. A request for refund of use tax paid by a UEZ business not considered a “small qualified business” had to be filed within one (1) year from the *date of sale* or from the date that items were removed from inventory.

Improperly paid tax. A UEZ business that was eligible for the point-of-purchase exemption but erroneously paid tax on UEZ exempt purchases (e.g. certificate not issued or accepted) could file a refund claim using Form [A-3730](#) within four (4) years of payment of tax.

TRANSACTIONS ON AND AFTER APRIL 1, 2011

All UEZ businesses. Refund claims submitted by any qualified UEZ business based on the sales and use tax purchase exemption should be filed using Form [A-3730-UEZ](#). See [instructions](#) for specific details on filing the refund claim form and the accompanying Spreadsheet (Form [A-3730-UEZ-1](#)).

Use tax: self-assessed or audit assessments. UEZ businesses that did not qualify for the point-of-purchase exemption no longer have a use tax obligation for UEZ eligible exempt purchases where no tax was collected or where sales tax was collected at a lesser rate than New Jersey. Payments made to satisfy audit assessments are included in the shortened time period for filing refund claims. This means that a UEZ business that pays an assessment *on or after* April 1, 2011 has one (1) year from the date of payment of the tax assessed to file a refund for any assessments paid for purchases that were eligible for exemption under the UEZ law.

Improperly paid tax. Refunds requested when certificates are not presented or accepted for eligible exempt purchases are now subject to the shortened time period for filing refund claims. Therefore, a UEZ taxpayer that improperly pays tax at the point of purchase *on or after* April 1, 2011 has one (1) year from the date of payment of the tax to file a refund for any portion of the tax paid for eligible UEZ exempt purchases.

NOTE: Refund claims based on exemptions other than the UEZ purchase exemption (e.g. exempt use (Form ST-4), resale (Form ST-3)) may be submitted using Form [A-3730](#) within four (4) years of payment of the tax. The amended UEZ law does not affect the statute of limitations for filing a refund based on these exemptions.

For additional information refer to the [Urban Enterprise Zones Program](#) page on the Division's web site.