

State of New Jersey  
DIVISION OF TAXATION

SALES TAX  
FORM ST-8

CERTIFICATE OF  
CAPITAL IMPROVEMENT

A registered New Jersey contractor must collect the tax on the amount charged for labor and services under the contract unless the owner gives him a properly completed Certificate of Capital Improvement.

To be completed by owner of real property and contractor, and retained by contractor. Read instructions on back of this certificate.

**MAY BE ISSUED ONLY BY THE OWNER OF THE REAL PROPERTY**  
**MAY NOT BE ISSUED FOR THE PURCHASE OF MATERIALS**

\_\_\_\_\_  
(Name of Contractor)

\_\_\_\_\_  
(Address of Contractor)

\_\_\_\_\_  
(Contractor's New Jersey Certificate of Authority Number)

**THE FOLLOWING INFORMATION MUST BE FURNISHED:**

The nature of the contract is as follows (describe the capital improvement to be made):

The address or location where work is to be performed:

TOTAL AMOUNT OF CONTRACT \$

The undersigned hereby certifies that he is not required to pay sales and use tax with respect to charges for installation of tangible personal property, because the performance of the contract will result in a capital improvement to real property. The undersigned purchaser hereby affirms (under the penalties for perjury and false swearing) that all of the information shown in this Certificate is true.

**CONTRACTOR'S CERTIFICATION**

I certify that all sales and use tax due has been or will be paid by the undersigned on purchases of materials incorporated or consumed in the performance of the contract described herein.

\_\_\_\_\_  
(Name of owner of real property)

\_\_\_\_\_  
(Address of owner of real property)

By \_\_\_\_\_

\_\_\_\_\_  
(Signature of owner, partner,  
officer of corporation, etc.)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Signature of Contractor)

\_\_\_\_\_  
(Date)

Any person making representations on this certificate which are willfully false may be subject to such penalties as may be provided for by law.

REPRODUCTION OF CERTIFICATE OF CAPITAL IMPROVEMENT FORMS: Private reproduction of both sides of Capital Improvement Certificates may be made without the prior permission of the Division of Taxation.

**NEW JERSEY DIVISION OF TAXATION, TECHNICAL SERVICES, TAXPAYER SERVICES BRANCH/OCE,  
PO BOX 281, TRENTON, NJ 08695-0281**

# INSTRUCTIONS

## TO THE PROPERTY OWNER:

In cases where the contractor performs work which results in a *capital improvement* to your house or land (real property), he may NOT charge you any sales tax if you issue to him a properly completed Certificate of Improvement (Form ST-8).

It is important to distinguish between a capital improvement and a repair. If the fulfillment of a contract only maintains the existing value of the property, it is a repair and not a capital improvement. Where an improvement results in an increase in the capital value of the real property, it is considered that a capital improvement has been performed.

As an aid to determine whether a contract is for a repair to real property or a capital improvement to real property, the treatment of such transaction for income tax purposes under the Federal Internal Revenue Code may be used as a guide. If you have any doubt whether the work to be performed constitutes a repair or a capital improvement, you should communicate with the Division of Taxation and describe in detail such work.

The following are examples of capital improvements:

New construction	Porch enclosure, construction of
New roof, installation of	New heating system installation
Tiled bath, installation of	Rewiring
New bath fixtures, installation of	New electrical outlets installed
New kitchen cabinets, installation of	New siding, installation of
New kitchen fixtures, installation of	Garage, construction of
Paving of driveway	Patio, construction of
Shrubbery, trees, etc. planted	Storm doors and windows, original or initial installation of
Paneling, installation of	Painting a newly constructed house
In-ground swim pool, installation of	New hot water heater installation
New central air conditioner installation	

## TO THE CONTRACTOR:

If you enter into a contract to add to or improve real property by a capital improvement (such as new construction, the addition of a porch, installation of a new roof or construction of additional rooms), and the property owner issues to you a properly completed Certificate of Capital Improvement, which you must retain, you should not collect sales tax from the property owner. (You are required to pay sales tax to your supplier on the purchase of the tangible personal property you purchase for use in performing the contract irrespective of whether the work constitutes a repair or a capital improvement.)

However, if you enter into a contract to repair, maintain or service real property or tangible personal property, you must collect the tax on the charge for labor or services performed in accordance with the contract.

## GOOD FAITH:

In general, a contractor who accepts a Certificate of Capital Improvement in "good faith" is relieved of liability for collection or payment of tax upon transaction covered by the certificate. The question of "good faith" is one of fact and depends upon the consideration of all the conditions surrounding the transaction. A vendor is presumed to be familiar with the law and the regulations pertinent to the business in which he deals.

In order for "good faith" to be established, the following conditions must be met:

- (a) The certificate must contain no statement or entry which the contractor knows, or has reason to know, is false or misleading.
- (b) The certificate must be an officially promulgated certificate or a proper reproduction thereof.
- (c) The certificate must be dated and executed in accordance with the published instructions, and must be complete and regular in every respect.

The contractor may, therefore, under the circumstances, accept this "good faith" Certificate of Capital Improvement as a basis for not collecting sales tax with respect to service or labor charges.

## IMPROPER CERTIFICATE:

Sales transactions which are not supported by properly executed capital improvement certificates shall be deemed to be taxable sales and the contractor must collect the proper sales tax. In the case of an improper certificate, the burden of proof that the tax was not required to be collected is upon the contractor.

## CORRECTION OF CERTIFICATE:

In general, contractors have 60 days after performance of the contract to obtain a corrected certificate where the original certificate lacked material information required to be set forth in said certificate or where such information is incorrectly stated.

## RETENTION OF CERTIFICATES:

Certificates must be retained by the contractor for a period of not less than three years from the date of performance of the contract covered by the certificate. Certificates must be in the physical possession of the contractor and available for inspection on or before the 60th day following the date of the transaction to which the certificate relates.