

## ALERTS AND UPDATES

# New Jersey's Tax Bulk Sales Provision: Companies Doing Business in the State Be Aware

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Under New Jersey law, "transactions involving the sale, transfer or assignment in bulk of business assets of any part or the whole of the person's business assets, other than in the ordinary course of business," are subject to the New Jersey Bulk Sale Law. *N.J.S.A. 54:50-38*. This includes any type of sale or transfer of business assets from any company or person doing business in New Jersey—even non-New Jersey corporations—such as the sale of used equipment, intellectual property, real estate, etc., that is not normally sold by the business. The seller does not need to be transferring all or even a majority of its assets, and the seller does not need to be involved in the sale of tangible property, since the law applies to all businesses.

If this transfer occurs, unless the buyer filed the required bulk sale notice with New Jersey at least 10 days before the transfer, the buyer will be "jointly" liable for any unpaid taxes of the seller, even if such taxes exceed the amount paid for or the value of the property. If a timely notice is filed, the buyer will be told how much to withhold from the purchase price. It is important to note that this is not a Uniform Commercial Code bulk sale notice provision; it is a special tax bulk sales provision.

It is also important to note that generally unless a transfer occurs by a court order in which the assets are transferred free and clear of all tax claims, other types of transfers such as by a deed in lieu of foreclosure are still subject to this tax bulk sales law.

### For Further Information

If you would like more information on how this may affect your company, please contact [Stanley R. Kaminski](#), any other [member](#) of the [State and Local Tax Practice Group](#) or the lawyer in the firm with whom you are regularly in contact.

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