

Table of Contents

Chapter 1: General Administrative Provision for New Jersey	
State Taxes	1
1-1 DIRECTOR, DIVISION OF TAXATION—OVERVIEW	2
1-2 CLOSING AGREEMENTS	2
1-3 COMPROMISES	3
1-4 EXAMINATION OF TAXPAYER’S RECORDS	4
1-5 HEARINGS	4
1-6 DIRECTOR’S RECORDS	5
1-7 PERSONAL LIABILITY OF TAXPAYER—TAX LIENS—WARRANT	5
1-8 AGREEMENTS WITH OTHER STATES	5
1-9 COLLECTION OF OTHER STATES’ TAXES IN NEW JERSEY COURTS	9
1-10 DELINQUENT CORPORATIONS	9
1-11 ASSESSMENTS BY THE DIRECTOR OF THE DIVISION OF TAXATION	10
1-12 LIMITATIONS ON ASSESSMENT	11
1-13 PROTESTS; HEARING BY THE DIRECTOR	11
1-14 PAYMENT OF TAX—REGULAR ASSESSMENTS	12
1-15 PAYMENT OF TAX IN REGARD TO ARBITRARY OR JEOPARDY ASSESSMENTS	12
1-16 APPEALS TO THE TAX COURT	12
1-17 REFUNDS	14
1-18 TAX CLEARANCE	15
1-19 INTEREST ON DELINQUENT TAXES	16
1-20 PENALTIES ON DELINQUENT TAXES; AMNESTY; SPECIAL RULES	16
1-21 CRIMINAL PENALTIES	18
1-22 WAIVER OF PENALTIES	19
1-23 CERTIFICATE OF DEBT	20
1-24 TAXPAYER ACTION FOR DAMAGES	20

Table of Contents

Chapter 2: Gross Income Tax	21
2-1 IMPOSITION OF GROSS INCOME TAX ACT	22
2-2 COMPUTING YOUR NJ GROSS INCOME TAX BASE	23
2-3 CATEGORIES OF NJ GROSS INCOME	24
2-4 INCOME EXCLUDED FROM GIT [N.J. REV. STAT. SECTION 54A:6-1]	32
2-4:1 GIT Pension and Retirement Income Exclusions.....	34
2-5 ANCHOR PROGRAM (FORMERLY “HOMESTEAD BENEFIT PROGRAM”).....	36
2-6 DEDUCTIONS AND EXEMPTIONS	37
2-6:1 Deductions	37
2-6:2 Exemptions.....	40
2-6:3 Defining Those Subject to GIT	42
2-7 TAX RATES/CHARTS.....	45
2-8 EXEMPTIONS AND TAX CREDITS	48
2-8:1 Taxes Withheld [N.J. Rev. Stat. Section 54A:4-2 and 4]....	48
2-8:2 Taxes Paid to Another Jurisdiction [N.J. Rev. Stat. Section 54A:4-1].....	49
2-8:3 NJ Reciprocal Agreements [N.J. Rev. Stat. Section 54:8A-119, 122 and 54A:2-1.1 and 9-17].....	50
2-8:4 Commuter Transportation Benefits	51
2-8:5 Child and Dependent Care Credit	52
2-8:6 Gold Star Family Counseling Credit	53
2-8:7 Wounded Warrior Caregivers Credit	54
2-8:8 Credit for Employer of Organ/Bone Marrow Donor	54
2-8:9 Pass-Through Business Alternative Income Tax Credit	54
2-9 EARNED INCOME CREDIT	55
2-10 PROPERTY TAX DEDUCTION VS. PROPERTY TAX CREDIT.....	57
2-11 HEALTH ENTERPRISE ZONES.....	59
2-12 CALCULATING THE HEZ BENEFIT	60
2-13 TAXPAYER CONTRIBUTIONS [N.J. REV. STAT. SECTIONS 54A:9-25.1 AND 9-25.17].....	67
2-14 ENTITIES NOT SUBJECT TO GIT	69
2-15 ESTIMATED TAX PAYMENTS AND ANNUAL RETURNS.....	69
2-16 NJ WEBFILE OTHER THAN FILING BY MAIL, CERTAIN TAXPAYERS MAY BE PERMITTED TO FILE THEIR NJ GIT RETURNS USING EITHER OF THE FOLLOWING METHODS	71
2-17 NONRESIDENT COMPOSITE RETURNS.....	74

Table of Contents

2-18	PARTNERSHIPS.....	76
2-19	UNREGISTERED/UNINCORPORATED CONSTRUCTION CONTRACTOR	78
2-20	TRANSPORTATION FRINGE BENEFIT	79
2-21	QUALIFIED INVESTMENT FUNDS.....	80
2-22	DEFICIENCIES, PENALTIES, REFUNDS, AUDITS, APPEALS	80
2-23	FOIL AND SOIL PROGRAMS.....	80
2-24	MAILING ADDRESSES:.....	81
2-24:1	Returns With Payments Due.....	81
2-24:2	Amended Resident Returns Mail Form NJ-1040X returns to:	84
Chapter 3: New Jersey Sales and Use Tax.....		85
3-1	ADMINISTRATION	86
3-2	HISTORY OF TAX	86
3-3	TRANSACTIONS SUBJECT TO TAX	86
3-3:1	Retail Sales of Tangible Personal Property and Specified Digital Products.....	87
3-3:2	Taxable Services.....	89
3-3:2.1	Processing and Printing Services.....	89
3-3:2.2	Installation and Maintenance Services.....	89
3-3:2.3	Real Estate Maintenance and Repair	90
3-3:2.4	Storage and Safe Deposit Rentals	91
3-3:2.5	Advertising Services.....	91
3-3:2.6	Cosmetic Surgery Services	92
3-3:2.7	Tanning, Massage, and Tattooing	92
3-3:2.8	Investigation Services.....	92
3-3:2.9	Information Services.....	92
3-3:2.10	Radio Subscription Services.....	93
3-3:2.11	Transportation Services	93
3-3:2.12	Parking Services.....	93
3-3:2.13	Telecommunication Services	93
3-3:2.14	Mobile Telecommunications	94
3-3:2.15	Sign Fabrication and Installation	94
3-3:3	Meals Subject to Tax	95
3-3:4	Hotel Room Occupancy and Transient Accommodations.....	95
3-3:5	Admission Charges and Membership Fees	96
3-3:6	Alcoholic Beverages.....	97
3-3:7	Medical Cannabis	97
3-3:8	Legalized Cannabis.....	97

Table of Contents

	3-3:9	Use Tax.....	97
	3-3:10	Bundled Transactions	99
3-4		EXEMPT TRANSACTIONS	99
	3-4:1	Resale Exemption	99
	3-4:2	Professionals and Other Personal Services.....	100
	3-4:3	Sales of Motor Vehicles, Aircraft and Boats to Nonresidents.....	100
	3-4:4	Transfers Involving Corporations and Partnerships....	101
	3-4:5	Out-of-State Sales and Sales Exempt Under Federal Law	101
	3-4:6	Casual Sales.....	101
	3-4:7	Use Tax Exemptions.....	102
3-5		BASIS OF SALES TAX.....	103
	3-5:1	Basis of Use Tax on Property Used Outside the State.....	105
	3-5:2	Basis of Tax—Installment and Credit Sales and Bad Debts.....	105
	3-5:3	Payments with Virtual Currency	106
3-6		RATE OF TAX AND BRACKET COLLECTION SCHEDULE	106
	3-6:1	Changes in the Rate	107
3-7		LEASING AND RENTAL.....	108
3-8		EXEMPTIONS	110
	3-8:1	Advertising/Materials/Mailing Services	110
	3-8:2	Aircraft.....	110
	3-8:3	Bibles.....	110
	3-8:4	Boats.....	111
	3-8:5	Broadcasting Services	111
	3-8:6	Buses	111
	3-8:7	Chemicals and Catalysts	111
	3-8:8	Clothing and Footwear.....	112
	3-8:9	Commuter Ferry Boats	112
	3-8:10	Drugs and Medicines.....	113
	3-8:11	Effluent Treatment Equipment.....	113
	3-8:12	Farming.....	113
	3-8:13	Films, Records for Use in Communications Media...	114
	3-8:14	Flags.....	114
	3-8:15	Food and Beverages.....	114
	3-8:16	Fuel and Utilities	114
	3-8:17	Gold and Silver.....	115
	3-8:18	Laundering, etc.....	115
	3-8:19	Limousines	115

Table of Contents

3-8:20	Residential Heating Unit Repair	115
3-8:21	Machinery and Equipment	115
3-8:22	Manufactured Homes	117
3-8:23	Meals for the Elderly or Disabled Persons	117
3-8:24	Motor Fuels.....	118
3-8:25	Maintenance of Trucks, Tractors, Trailers	118
3-8:26	Multiple Points of Use Exemption for Electronic Goods/Services	118
3-8:27	Newspapers and Magazines.....	118
3-8:28	Packaging Materials and Containers	118
3-8:29	Paper Products.....	119
3-8:30	Printing Production Machinery and Equipment.....	119
3-8:31	Property Purchased for Lease	119
3-8:32	Railroad Rolling Stock, Track Material and Equipment	119
3-8:33	Rental Leasing and Licensing of Trucks, Tractors, Trailers, etc.	119
3-8:34	Recycling Equipment	119
3-8:35	Rentals Between Certain Closely Related Business Entities	120
3-8:36	Research and Development.....	120
3-8:37	Sales by Funeral Directors, Undertakers, Morticians	120
3-8:38	Sales, Rental, etc., of Commercial Motor Vehicles ...	120
3-8:39	Ships and Other Vessels, Commercial and Government Owned; Fuel, Supplies, etc.	121
3-8:40	Software	121
3-8:41	Solar Energy Devices	122
3-8:42	Textbooks	122
3-8:43	Transportation Charges	122
3-8:44	Trigger Locks and Firearm Vaults	122
3-8:45	Vending Machine Sales of \$0.25 or Less	122
3-8:46	Video Programming Services	122
3-8:47	Zero Emission Vehicles	123
3-8:48	Sales Tax Holiday	123
3-9	EXEMPT ORGANIZATIONS.....	123
3-10	URBAN ENTERPRISE ZONES	125
3-10:1	Facilities Sales Tax Exemption Certificates	126
3-10:2	Sports and Entertainment Districts	126
3-10:3	Daily Fantasy Sports—Separate Tax	126
3-11	TAXPAYER REGISTRATION REQUIREMENTS	127
3-11:1	Interstate Sales.....	128

Table of Contents

3-12	RETURNS AND PAYMENT	129
3-13	DIRECT PAY PERMITS.....	131
3-14	ASSESSMENT OF TAX	131
3-15	PENALTIES AND INTEREST.....	132
3-16	STREAMLINED SALES AND USE TAX AGREEMENT AND AMNESTY	132
	3-16:1 Streamlined Sales and Use Tax Agreement.....	132
	3-16:2 New Jersey Tax Amnesty Program.....	133
3-17	PERSONAL LIABILITY	133
3-18	ADVERTISING ABSORPTION OF TAX.....	133
3-19	BULK SALES.....	134
3-20	EXEMPTION CERTIFICATES	134
3-21	RECORDS.....	135
3-22	REFUND CLAIMS.....	136
3-23	INTERNET SALES.....	136
	3-23:1 What is Electronic Commerce?	136
	3-23:2 Internet Sales.....	136
	3-23:3 How do Businesses Deliver Products Electronically?.....	137
	3-23:4 Cloud Computing.....	137
	3-23:5 Internet Sales Tax (See 3-11:1).....	137
	3-23:6 Click-Through Nexus	138
	3-23:7 Internet Access	138
	3-23:8 Federal Intervention	139
3-24	ADMINISTRATIVE REMEDIES.....	139
3-25	SOURCES OF ASSISTANCE TO BUSINESS TAXPAYERS.....	142
	3-25:1 Administrative Regulations.....	142
	3-25:2 Case Law	142
	3-25:3 State Tax News	142
3-26	COVID-19 TAX RELIEF	142
Chapter 4: New Jersey Property Taxation.....		143
4-1	QUICK REFERENCE.....	143
4-2	PROPERTY SUBJECT TO TAX.....	145
	4-2:1 Real Property Distinguished from Personal Property	146
4-3	ASSESSMENT OF PROPERTY	149
	4-3:1 Constitutional and Statutory Basis.....	149
	4-3:2 Assessable Interests.....	150

Table of Contents

4-3:3 Revaluation, Reassessment and Interim Use of an Assessment Ratio 151

4-3:4 Assessment Maintenance, Spot Assessment and Municipal Tax Appeals..... 152

4-3:5 Added and Omitted Assessments..... 153

 4-3:5.1 Added Assessments..... 153

 4-3:5.2 Omitted Assessments 154

4-4 EXEMPTIONS, REBATES AND FARMLAND ASSESSMENTS 155

4-4:1 Exemptions and Rebates..... 155

 4-4:1.1 Common Homeowner Exemptions and Rebates 156

 4-4:1.2 Exemptions for Government-Owned Property..... 161

 4-4:1.3 Improvements and, Generally, Five Acres of Land Per Building, Owned by Non-profit Organizations and Used for or by the Following [N.J.S.A. 54:4-3.6] 162

 4-4:1.4 Certain Hospitals and Satellite Emergency Care Facilities [N.J.S.A. 54:4-3.6j] 164

 4-4:1.5 Other Exemptions Concerning Non-profit Organizations..... 165

 4-4:1.6 Exemptions Applicable to Business and Industry 166

 4-4:1.7 Renewable Energy Incentives 166

4-4:2 Tax Exemptions to Encourage Development (a.k.a. “PILOT Programs”) 168

 4-4:2.1 Long Term Tax Exemption [N.J.S.A. 40A:20-1 et seq. and N.J.S.A. 40A:12A-1 et seq.]..... 168

 4-4:2.2 Five Year Exemption and Abatement [N.J.S.A. 40A:21-1 et seq.]..... 169

 4-4:2.3 Environmental Opportunity Zone Act [N.J.S.A. 54:4-3.150 et seq.]..... 170

4-4:3 Farmland Assessment 171

4-5 PAYMENT AND COLLECTION..... 175

4-5:1 Tax Bills and Payments..... 176

4-5:2 Tax Liens, Tax Sale Certificates and Foreclosure..... 177

4-6 PROPERTY TAX APPEALS 177

4-6:1 The Assessment Notice and the Filing of a Tax Appeal..... 177

Table of Contents

4-6:1.1	In General (all counties except those that have adopted the alternative real property assessment calendar)	177
4-6:1.2	Assessment Demonstration Program Calendar	178
4-6:2	Standing to File Appeals.....	179
4-6:3	Dismissal of Appeals for the Failure to Pay Taxes, to File Income and Expense Statements or to Prosecute Appeals.....	180
4-6:3.1	Failure to Pay Taxes.....	180
4-6:3.2	Failure to File Income and Expense Statements	182
4-6:3.3	Lack of Prosecution.....	183
4-6:4	County Tax Board Hearings, Tax Court Trials, and the Chapter 123 Ratio and Protection From Discrimination.....	184
4-6:5	Freeze Act.....	188
4-6:6	Correction of Errors.....	189
Chapter 5: New Jersey Corporation Business Tax		191
5-1	OVERVIEW	192
5-1:1	General.....	192
5-1:2	Governing Law	192
5-2	NEW JERSEY TAXATION OF CORPORATE ENTITIES.....	192
5-2:1	The CBT	193
5-2:2	The Corporation Income Tax	193
5-2:3	The Savings Institution Tax	193
5-2:3.1	Insurance Companies	193
5-2:3.2	Utilities	193
5-3	IMPOSITION	194
5-3:1	Filing Requirements for Corporations Operating in New Jersey.....	194
5-3:1.1	Domestic Corporations.....	194
5-3:1.2	Foreign Corporations	194
5-3:1.3	Penalties for Doing Business Without a License.....	194
5-3:1.4	Withdrawal From State.....	194
5-3:1.5	Annual Report.....	195
5-3:1.6	Professional Service Corporations	195
5-3:2	Entities Taxable Under Corporation Business Tax....	195

Table of Contents

	5-3:2.1	Domestic Corporations.....	195
5-3:3		Foreign Corporations “Doing Business” in New Jersey	196
	5-3:3.1	Doing Business	196
	5-3:3.2	Affidavit Regarding Earlier Years	196
	5-3:3.3	Validity	196
5-3:4		Definition of a Corporation.....	196
5-3:5		Appointed Fiduciaries	197
5-3:6		Termination of Corporate Franchise	197
5-3:7		S Corporations	197
5-3:8		Corporate Partners/Members	198
5-3:9		Investment Companies.....	199
5-3:10		Regulated Investment Companies.....	199
5-3:11		Real Estate Investment Trusts.....	200
5-3:12		Real Estate Mortgage Investment Conduits.....	200
5-3:13		Banks and Savings Institutions	200
5-3:14		Financial Business Corporations	201
5-3:15		Pre-1989 Limited Partnership Associations	201
5-3:16		Casinos	202
5-4		EXEMPT CORPORATIONS.....	202
5-5		WHAT CONSTITUTES “DOING BUSINESS” IN NEW JERSEY?.....	203
	5-5:1	“Doing Business” in New Jersey	203
	5-5:2	Factors.....	204
	5-5:3	Acts Deemed to be Doing Business	204
	5-5:4	Stock of Goods	205
	5-5:5	Intangibles	205
	5-5:6	Crypto Currency.....	206
	5-5:7	Acts Specifically Excluded From “Doing Business”....	206
	5-5:8	Public Law 86-272.....	206
	5-5:9	Doing Business, But Not Taxed	207
	5-5:10	Minimum Tax and AMA Still Apply	207
	5-5:11	Solicitation as the Only Presence in New Jersey	207
	5-5:12	Scope of “Solicitation”	208
	5-5:13	Activities That Exceed “Solicitation”	208
	5-5:14	Independent Contractors.....	209
5-6		BASE AND RATES OF TAX—IN GENERAL	209
5-7		RATE OF TAX	210
	5-7:1	Investment Companies and REITs	211
	5-7:2	Minimum Tax.....	212
5-8		S CORPORATIONS.....	213
5-9		SMALL BUSINESS CORPORATIONS	214

Table of Contents

5-10	GROSS RECEIPTS TAX ON AMBULATORY CARE FACILITIES	215
5-11	ALTERNATIVE MINIMUM ASSESSMENT COMPONENT	215
5-12	ENTIRE NET INCOME COMPONENT	216
5-12:1	In General.....	216
5-12:2	Addbacks to Entire Net Income	216
5-12:2.1	Increase to Entire Net Income: No IRC 965 Deduction.....	222
5-12:3	Deductions or Exclusions From Entire Net Income.....	222
5-12:4	Foreign Shipping and Airline Income	225
5-12:5	Dividends and Interest.....	226
5-12:6	Qualified Mass Commuting Vehicles	228
5-12:7	Taxes Paid.....	228
5-12:8	IRC 965 Deduction (Federal Tax Cuts and Jobs Act).....	229
5-13	INTANGIBLES/RELATED MEMBER	229
5-13:1	Expenses Relating to Intangibles	229
5-13:2	Net Operating Losses.....	230
5-13:3	Treatment of Entire Net Income for Some Contributions & Reorganizations, 338(h)(10)	234
5-13:4	International Banking Facilities.....	235
5-13:5	Public Utilities	235
5-14	POWER TO CORRECT DISTORTIONS.....	236
5-14:1	Forced Consolidation	237
5-14:2	Ownership	237
5-14:3	Interest.....	238
5-14:4	Other Factors.....	238
5-15	ALLOCATION	238
5-15:1	In General.....	238
5-15:2	Regular Place of Business	239
5-15:3	International Income	239
5-15:4	Adjustment of Allocation Factor.....	240
5-15:5	Non-operational Income	240
5-15:6	Double Taxation.....	241
5-16	REGULAR PLACE OF BUSINESS	241
5-16:1	In General.....	241
5-16:2	Bona Fide Office.....	242
5-16:3	Direct Control	242
5-16:4	Employees.....	242

Table of Contents

5-16:5	Unrelated Facilities	242
5-16:6	Home Office.....	242
5-17	BUSINESS ALLOCATION FACTOR	243
5-17:1	In General.....	243
5-17:2	Zero Factor.....	244
5-18	PROPERTY FRACTION	244
5-18:1	In General.....	244
5-18:2	Tangible Property	244
5-18:3	Location	244
5-18:4	Average Values.....	245
5-19	RECEIPTS FRACTION.....	245
5-19:1	In General.....	245
5-19:2	Scope	246
5-19:3	Throwout Rule.....	246
5-19:4	Capital Assets	247
5-19:5	Services.....	248
5-19:6	Dock Sales.....	249
5-19:7	Rents and Royalties	249
5-19:8	Other Business Receipts.....	250
5-19:9	Global Intangible Low-Taxed Income (GILTI)	250
5-19:10	IRC 338(h)(10) Transactions.....	250
5-20	PAYROLL FRACTION.....	251
5-20:1	In General.....	251
5-20:2	Methodology	251
5-20:3	Amounts in the Numerator.....	251
5-21	CREDITS.....	252
5-21:1	Urban Enterprise Zones	252
5-21:2	UEZ Employee Credit	252
5-21:3	UEZ Investment Credit	253
5-21:3.1	Business Retention and Relocation Credits	253
5-21:4	Urban Development Corporation Project.....	254
5-21:5	Recycling Equipment	254
5-21:6	Manufacturing Equipment and Employment Investment Tax Credit.....	255
5-21:7	New Jobs Investment Tax Credit.....	255
5-21:8	Emerge Job Creation Income Tax Credit	256
5-21:9	Research and Development Credit.....	256
5-21:10	Transfer of Unused Research and Development Credits and Net Operating Loss Carryovers by Emerging Technology and Biotechnology Companies....	257
5-21:11	High-Technology Angel Investor Tax Credit	257

Table of Contents

5-21:12	Employer-Provided Commuter Transportation Benefits	258
5-21:13	Child Care Credit	258
5-21:14	Effluent Treatment Equipment Credit.....	259
5-21:15	Neighborhood Revitalization Tax Credit.....	259
5-21:16	Municipal Rehabilitation and Economic Recovery Credit.....	259
5-21:17	Qualified Municipality Open for Business Incentive Program.....	260
5-21:18	Environmental Remediation Cost Credits.....	260
5-21:19	Film Production Credits	260
5-21:20	Digital Media Content Production Credits.....	260
5-21:21	Economic Recovery Act of 2020 (ERA)	261
5-21:22	Offshore Wind Economic Development Credits	261
5-21:23	Taxes Paid to Other States	261
5-21:24	Temporary Four Percent Surtax.....	261
5-21:25	Combined Group Member Tax Credit	262
5-22	ACCOUNTING METHOD AND PERIODS.....	262
5-22:1	Taxable Year Same as Federal Taxable Year	262
5-22:2	Change of Tax Year	263
5-22:3	New Corporations	263
5-22:4	Tax Exempt Organizations.....	263
5-22:5	Accounting Methods	263
5-22:6	Timing of Income and Deductions	263
5-22:7	Tax Evasion Devices	264
5-23	RETURNS.....	264
5-23:1	Generally	264
5-23:2	No Consolidated Returns	264
5-23:2.1	Mandatory Unitary Combined Reporting	265
5-23:2.2	Foreign Affiliates	274
5-23:2.3	Disregarded Entities	274
5-23:3	Short Period Returns	275
5-23:4	Forms, Signature and Verification.....	275
5-23:5	Extensions of Time to File.....	275
5-23:6	Payment by Electronic Funds Transfer	276
5-23:7	S Corporation Returns.....	276
5-23:8	Foreign National Banks.....	277
5-24	AMENDED RETURNS	277
5-24:1	Amended Returns.....	277
5-25	FEDERAL RETURN AUDIT CHANGES AND VOLUNTARY AMENDMENTS.....	277

Table of Contents

5-25:1	Federal Audit Changes	277
5-25:2	Deadline for Filing Report.....	277
5-25:3	No Change to CBT Allocation	278
5-25:4	Extended Statute of Limitations.....	278
5-25:5	Payment of Deficiency Within 90 Days.....	278
5-25:6	Amended Federal Return.....	278
5-25:7	Alignment with Federal Partnership Audit Regime.....	278
5-26	PAYMENT.....	279
5-26:1	Same Due Date As Return.....	279
5-26:2	Extensions	279
5-26:3	Installments of Estimated Tax	279
5-26:4	Payment by Electronic Funds Transfer	280
5-26:5	Sanctions	280
5-27	COLLECTION—DEFICIENCY ASSESSMENT	280
5-27:1	State Tax Uniform Procedure Law.....	280
5-27:2	Tax Lien.....	281
5-27:3	Transferee Liability Following Bulk Sale	281
5-28	REFUNDS, REVISION AND APPEAL	281
5-28:1	Refunds Claims.....	281
5-28:2	Refund Claim Not Filed Until Received	281
5-28:3	Accepted Claim Paid With Interest.....	282
5-28:4	Interest.....	282
5-28:5	Rejected Claim.....	282
5-28:6	Refund of Additional Assessment	282
5-28:7	Appeals.....	282
5-29	SANCTIONS—PENALTIES—INTEREST.....	283
5-29:1	Non-Monetary Statutory Penalties.....	283
5-29:2	Penalties and Interest.....	283
5-30	PARTNERSHIP—LEVEL TAXES AND FEES	284
5-30:1	Partnership “Tax” Based on Nonresident Partners	284
5-30:2	Partnership and Limited Liability Company Filing Fees	285
5-30:3	New Jersey Alignment with Federal Partnership Audit Regime.....	286
Chapter 6: The Corporation Income Tax.....		287
6-1	OVERVIEW	287
6-1:1	General.....	287
6-1:2	Governing Law	287
6-2	IMPOSITION	288

About the Authors

6-2:1	Foreign Corporations	288
6-2:2	Exempted Corporations.....	288
6-2:3	Nexus Over Foreign Corporations.....	288
6-3	BASE AND RATE OF TAX	288

Chapter 7: Inheritance and Estate Tax..... 289

7-1	OVERVIEW	289
7-2	INHERITANCE TAX	290
7-2:1	Nature of Tax	290
7-2:2	Classes and Tax Rates.....	291
7-2:3	Tax Base	295
7-2:3.1	Transfers Subject to Tax	295
7-2:3.2	Exempt Transfers.....	302
7-2:4	Valuation	304
7-2:5	Deductions	309
7-2:6	Non-Resident Estates	313
7-3	PAYMENT OF TAX.....	313
7-3:1	Who Must File.....	313
7-3:2	Time of Filing, Returns and Payment.....	314
7-3:3	Extensions for Filing.....	315
7-4	ADMINISTRATION, APPEALS AND LATE PAYMENTS.....	316
7-4:1	Tax Lien and Waivers	316
7-4:2	Safe Deposit Boxes	321
7-4:3	Collection and Assessment	322
7-4:4	Refunds	322
7-4:5	Protests and Appeals	323
7-4:6	Interest for Late Payments	325
7-5	ESTATE TAX	325
7-5:1	Imposition	325
7-5:2	Effective Date and Background	326
7-5:3	Method for Determining Tax Due	327
7-5:4	Certain Valuations	327
7-5:5	Form 706 Method.....	329
7-5:6	Simplified Method (Only Available for Decedents Dying Prior to January 1, 2017).....	336
7-5:7	Decedents Dying on or After January 1, 2017 and Before January 1, 2018	339
7-5:8	Decedents Dying on or After January 1, 2018.....	341
7-5:9	Planning for the New Jersey Estate Tax	342
7-5:9.1	Lifetime Gifting	361
7-5:9.2	Tax Clause	361

Chapter 8: Environmental Taxes	363
8-1 LITTER CONTROL FEE	363
8-1:1 Overview.....	363
8-1:2 Key Definitions.....	364
8-1:2.1 “Litter-Generating Products”	364
8-1:2.2 “Sold Within the State” or “Sales Within the State”	368
8-1:2.3 “Engaged in Business in the State”.....	368
8-1:3 Imposition of Litter Control Fee	369
8-1:4 Measure of Litter Control Fee.....	371
8-1:5 Exemptions and Deductions.....	372
8-1:6 Return Filing and Payment.....	373
8-1:7 Record Retention.....	373
8-1:8 Registration	373
8-2 PETROLEUM PRODUCTS GROSS RECEIPTS TAX ACT.....	373
8-2:1 Overview.....	374
8-2:2 Key Definitions.....	374
8-2:3 Imposition	375
8-2:4 Credits and Exemptions.....	376
8-2:4.1 Exportation	376
8-2:4.2 Sales to the Government Entities	377
8-2:4.3 Sales to Qualified Nonprofits.....	377
8-2:4.4 Gross Receipts Exemptions.....	377
8-2:4.5 Petroleum Products Use Exemptions	378
8-2:4.6 Registration, Filing and Payment.....	379
8-3 RECYCLING TAX.....	380
8-3:1 Overview.....	380
8-3:2 Key Definitions.....	380
8-3:3 Imposition	382
8-3:4 Exemptions.....	382
8-3:5 Filings.....	383
8-3:6 Enforcement	383
8-4 SPILL FUND TAX.....	384
8-4:1 Overview.....	384
8-4:2 Key Definitions.....	384
8-4:3 Imposition	387
8-4:4 Registration and Filings.....	389
8-4:5 Appeals.....	389
8-4:6 Enforcement	390
8-5 SANITARY LANDFILL FACILITY CLOSURE AND CONTINGENCY FUND ACT TAX.....	390

About the Authors

8-5:1	Overview.....	390
8-5:2	Imposition.....	390
8-5:3	Registration.....	391
8-5:4	Filings.....	391
8-5:5	Appeals.....	391
8-5:6	Enforcement.....	391
8-6	MAJOR HAZARDOUS WASTE FACILITIES	
	SITING TAX.....	391
8-6:1	Overview.....	391
8-6:2	Key Definitions.....	392
8-6:3	Imposition.....	392
8-6:4	Filing and Payment.....	393
8-6:5	Appeals.....	393
8-7	SALES AND USE TAX ACT EXEMPTION FOR ZERO	
	EMISSION VEHICLES.....	393
8-7:1	Overview.....	394
8-7:2	Key Definitions.....	394
8-7:3	Exemption for Zero Emission Vehicles.....	394
8-8	LOWER CARBON CONCRETE TAX CREDIT.....	395
8-8:1	Overview.....	395
8-8:2	Key Definitions.....	395
8-8:3	Tax Credit Qualifications.....	396
8-8:4	Tax Credit Calculations.....	396
8-8:5	Tax Credit Certification.....	397
8-8:6	Enforcement.....	398

Chapter 9: Unclaimed Property 399

9-1	INTRODUCTION TO UNCLAIMED PROPERTY.....	400
9-2	DEFINITIONS ASSOCIATED WITH NEW JERSEY	
	ABANDONED PROPERTY.....	402
9-3	MULTISTATE CASE LAW.....	404
9-3:1	<i>Texas v. New Jersey</i> (379 U.S. 674 (1965)).....	404
9-3:2	<i>Pennsylvania v. New York</i> (407 U.S. 206 (1972)).....	405
9-3:3	<i>Delaware v. New York</i> (507 U.S. 490 (1993)).....	405
9-3:4	1981 and 1995 Uniform Acts—Corporate v. Non-Corporate.....	406
9-3:5	Third Priority Rule.....	406
9-3:6	Reciprocal Agreements.....	406
9-4	STORED VALUE CARDS REQUIREMENTS.....	406
9-5	TYPES OF PROPERTY AND APPLICABLE	
	DORMANCY PERIODS.....	408
9-6	REPORTING DUE DATES, METHODS, FORMS.....	411

9-7	DIVIDEND REINVESTMENT PLAN (DRP) REPORTING INSTRUCTIONS.....	414
9-8	PENALTIES AND INTEREST.....	415
9-9	AUDITS (STATE EMPLOYEES AND/OR THIRD PARTIES).....	416
9-10	FINDING RIGHTFUL OWNERS (AVAILABLE METHODS)/SUBMISSION OF CLAIMS.....	417
9-11	LINKS	419
Chapter 10: Procedures, Protests, and Appeals.....		423
10-1	THE DIVISION OF TAXATION	423
10-1:1	The Director	423
10-1:2	State Taxes and Fees Administered by the Division	424
10-1:3	Other Administrative Bodies.....	426
10-1:4	Director’s Authority to Examine.....	427
10-1:5	Assessments	427
	10-1:5.1 Deficiency Assessment	427
	10-1:5.2 Arbitrary Assessment	428
	10-1:5.3 Jeopardy Assessment	428
10-1:6	Penalties and Interest.....	428
	10-1:6.1 Penalties.....	429
	10-1:6.2 Interest—Failure to Pay Tax on or Before Due Date	430
	10-1:6.3 Director—Power to Waive Penalties and/or Interest	431
	10-1:6.4 Voluntary Disclosure	431
10-2	PROTEST OF ASSESSMENT—REQUEST FOR HEARING BEFORE THE DIRECTOR	432
10-2:1	Tax Court Appeal	433
10-2:2	Refunds and Credits	434
10-2:3	Standardized Time for Refunds and Assessments	434
10-3	RIGHT TO APPEAL	435
10-3:1	Interest Paid on Refunds for All Taxes.....	435
10-3:2	Taxpayer’s Personal Liability, Tax Liens and Warrants.....	436
10-3:3	Reciprocity Agreements.....	436
10-4	DISSOLUTION, WITHDRAWAL, MERGER, OR CONSOLIDATION—TAX PAYMENTS OR PROVISIONS FOR PAYMENTS.....	437
10-4:1	Tax Collection Remedies.....	439
10-4:2	Closing Agreements.....	439

Table of Contents

10-4:3	Offer in Compromise	439
10-4:4	Taxpayer Rights—Action for Damages Against the Division	440
10-4:5	Contact Information for Division of Taxation.....	440
Chapter 11: Taxes in Brief.....		445
11-1	ALCOHOLIC BEVERAGE TAX.....	445
11-1:1	Tax Rates	446
11-1:2	Exception.....	446
11-1:3	Payment of Tax	447
11-2	CIGARETTE TAX.....	447
11-2:1	Rate	448
11-2:2	License Required	448
11-2:3	Reporting.....	450
11-3	TOBACCO AND VAPOR PRODUCTS TAX.....	451
11-3:1	Rate	451
11-3:2	License Required	453
11-3:3	Reporting.....	453
11-4	INSURANCE PREMIUMS TAX.....	453
11-4:1	Rate	454
11-4:2	Captive Insurance Company Tax (§ 17:47B-12, R.S.)....	456
11-4:3	Payment / Reporting	457
11-4:4	Insurance Premiums Tax Retaliatory Tax Credit (N.J.S.A. § 54:18A-2(c), § 54:18A-3(c)).....	458
11-5	MOTOR FUELS TAX.....	458
11-5:1	Rate	459
11-5:2	Reporting.....	460
11-6	PETROLEUM PRODUCTS GROSS RECEIPTS TAX.....	461
11-6:1	Rate	462
11-7	REALTY TRANSFER FEE.....	463
11-7:1	Rate Schedules.....	464
11-8	MISCELLANEOUS	466
Index		469