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GOVERNOR

STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY
DIVISIONS OF TAXATION AND REVENUE

BRADLEY I. ABELOW
STATE TREASURER

SPECIAL NOTICE TO TAX PRACTITIONERS

We are pleased to inform you that more than 2 million 2005 New Jersey income tax returns were electronically filed this past tax season— an increase of 20% over the previous year. Many of these returns were submitted by tax practitioners who were required to do so because they prepared or filed 200 or more 2004 NJ Resident Income Tax Returns. We would like to once again thank all practitioners who participated in the E-File Program.

To further participation for the upcoming 2006 tax season, changes have been made in the E-File Program. Practitioners who prepared or filed **100** or more 2005 NJ Resident Tax Returns will be required to electronically file all 2006 NJ Resident Tax Returns for their clients. In addition, recently passed legislation (P.L.2006, c.36) provides for the imposition of a penalty for non-compliance with this mandate. Tax practitioners may be assessed a penalty of \$50 for each tax return that was not electronically filed as required.

We will have two electronic filing methods available for your clients' returns – NJ WebFile and the Federal/State E-File Program. NJ WebFile is a free service provided by the State of New Jersey that will be available beginning January 16, 2007. NJ WebFile may be accessed online at www.njwebfile.com. This service has certain restrictions and may not support some of your clients' NJ Resident Income Tax Returns. The NJ TeleFile Program, which allowed certain income tax returns to be filed by touch-tone telephone, will no longer be available.

The Federal/State E-File program supports the filing of most NJ Income Tax Returns. In order to participate in the program, you must be enrolled as an Electronic Return Originator (ERO) and have an Electronic Filing Identification Number (EFIN) assigned by the IRS. If you are not enrolled, visit the IRS website at www.irs.gov/efile to apply. Once your application is reviewed and approved, you will receive an acceptance letter with your EFIN. The process takes approximately 7 weeks. In addition, a practitioner whose business is located outside New Jersey must complete New Jersey's E-File Program registration form. You may obtain this form at <http://www.state.nj.us/treasury/revenue/forms/elfreg.pdf>.

In the event that a taxpayer refuses to have their New Jersey Resident Income Tax Return filed electronically, an Opt-Out form (Form NJ-1040-O) must be completed. Practitioners are required to retain completed forms in their files.

Additional information about the New Jersey E-File Program, including the newly enacted legislation, can be found at www.state.nj.us/treasury/taxation/efilemandate.shtml. If you would like to receive updates regarding this program and other tax matters through our electronic newsletter, NJ Tax E-News, subscribe online at www.state.nj.us/treasury/taxation/listservic.shtml.

Your continued participation in the New Jersey E-File Program benefits everyone. It is fast, accurate and secure. If you have questions or need assistance, please contact us by email at nj.taxation@treas.state.nj.us or by phone at (609) 943-5000.

Handwritten signature of Maureen Adams in cursive.

Maureen Adams, Acting Deputy Director
Division of Taxation

Handwritten signature of James J. Fruscione in cursive.

James J. Fruscione, Acting Director
Division of Revenue