




# State of New Jersey

DEPARTMENT OF THE TREASURY  
DIVISION OF TAXATION  
P. O. BOX 251  
TRENTON, NEW JERSEY 08695

Property Administration Fax:  
609-292-9439

TO: Assessors, Tax Collectors, County Tax Board Commissioners, and County Tax Administrators

FROM: Jessica Larned, Chief, Policy and Planning 

RE: Revised 2025 Income Guidelines for Real Property Tax Deduction for Senior Citizens, Disabled Persons, and Surviving Spouse N.J.S.A.54:4-8.40 et seq.; N.J.A.C.18:14-1.1 et seq.

These Income Guidelines help define what income may be deducted or excluded from gross income when determining eligibility for the Real Property Tax Deduction. This program is for applicants who are age 65 or older and/or permanently and totally disabled or blind and/or their qualifying surviving spouses who are age 55 or older who reside in New Jersey.

The following information replaces the Guidelines of July 2024 and pertains to Property Tax Deduction Claims (Form PTD) for Tax Year 2025 and Annual Post-Tax Year Statements (Form PD5) filed by March 1, 2026, to confirm 2025 income.

- Initial application Form PTD must be filed with the assessor between October 1 and December 31 of the pretax year 2024 or with the tax collector at any time during the tax year from January 1, 2025 to December 31, 2025.
- Social Security income data is based on an individual retiring at full retirement age in 2025 who has contributed to Social Security at maximum wage levels through 2024. This data can be used to determine whether a PTD applicant meets the \$10,000 income limit for 2025.
- PTD applicants should provide the assessor or collector with the amount of annual benefit and the name and address of the agency granting the benefit.

**PRIOR TO 2018, TAX OFFICIALS DETERMINING GROSS INCOME FOR THE \$250 SENIOR CITIZENS/DISABLED PERSONS & SURVIVING SPOUSES PROPERTY TAX DEDUCTION AND NEEDING A CROSS REFERENCE WERE ADVISED TO REVIEW LINES 7-21 OF THE FEDERAL 1040 RETURN. DUE TO CHANGES TO THE 2018 FEDERAL RETURN, THOSE LINES ARE NO LONGER ENTIRELY RELEVANT. ON SCHEDULE 1 OF THE CURRENT 2018 FEDERAL 1040, YOU WILL NOW FIND LINES #10-14, 17-19 AND 20 FORMERLY ON THE 2017 FEDERAL 1040 RETURN. ALSO BE ADVISED, LINE 4 NOW COMBINES TOTALS OF SEVERAL RETIREMENT INCOMES AND IRA DISTRIBUTIONS SO THAT IT IS NOT POSSIBLE TO BREAKOUT THE INDIVIDUAL INCOMES WITHOUT ACCOMPANYING 1099RS IN ORDER TO TAKE ONE OF THE THREE STATUTORY EXCLUSIONS. BECAUSE OF THESE CHANGES TO THE RETURN, THE USE OF THE REVISED 1040 SCHEDULE 1 AND ALL 1099RS FROM RETIREMENT ACCOUNTS IS STRONGLY SUGGESTED.**

## **INCOME DEFINED**

*Section: N.J.S.A. 54:4-8.40: (a) "Income means all income from whatever source derived ..."*

- Salaries
- Wages
- Bonuses
- Commissions
- Tips
- Other compensation before payroll deductions
- Dividends
- Interest
- Realized capital gain (excluding capital gain resulting from the sale or exchange of real property owned and used by the taxpayer as his/her principal residence)
- Income from rents;
- Alimony received;
- Retirement benefits (pensions, annuities, IRAs-including Roth distributions, but not rollovers) in full, without deductions;
- Business income (located on Federal Schedule C, for business expenses and Schedule E, for rent, royalty, partnership and fiduciary deductions)
- Unemployment compensation
- State lottery winnings
- Royalties

## **EXCLUDABLE INCOME**

- The PTD applicant is entitled to exclude only ONE of the benefits from the following categories:
  - a. Social Security Benefits;
  - b. Federal Government Program in lieu of Social Security Benefits, examples are:
    - Federal Railroad Retirement (Tier I and II)
    - Federal Pensions
    - Disability; or
  - c. Retirement Programs from any state or its political subdivisions, or agencies also qualifies for those who are not covered under Social Security.
- Reverse Mortgage
- Gifts (unless an income was generated from the gift i.e., sale of the gift)
- Inheritances, Bequests, Devises (unless an income was generated from the property i.e., sale of the, investment income, rental income)
- Life Insurance (all payments due to death of the insured)
- New Jersey Worker's Compensation (payments made for occupational injury or illness during employment)
- Child support
- Armed Forces Benefits (payments made in the form of education, training, subsistence allowances, Disability Compensation or Pension Payments for disabilities and grants. (these payments are for personal injuries or sickness, which resulted from combat-related service in the armed forces)
- Homestead Benefit
- Regional Efficiency Aid Program (REAP)
- IRA rollovers

**Note:**

1. If the applicant and/or the spouse, as well as single individuals who only receive Social Security Benefits, may deduct the full amount of that income.
2. Disability Benefits: The New Jersey Constitution, Statutes, and Regulations are silent on the subject of disability income; unless they are benefits received under Federal, State, or Political Subdivision Programs which are excludable up to the maximum amount allowed, they will be included as income.
3. If the applicant and/or the spouse, as well as single individuals who receive both Social Security Benefits and benefits under number 2, the larger of the incomes may be deducted.
  - The amount of Federal, State, County, Municipal Pension, Disability or Retirement Benefit, etc., should be based on actual benefits received.
  - The total income under number 2 cannot exceed the maximum benefit amount that may be excluded.
  - State and its Political Subdivisions, Agency Pensions, Disability, or Retirement Program benefits are not limited to the State of New Jersey. For Example, if a resident of New Jersey is receiving a New York City Pension, that is viewed as being a part of category of Excludable Income.

**General Rule of Thumb Regarding Income:**

If income treatment is not addressed in the New Jersey Statutes, N.J.S.A.54:4-8.80 et seq., or Administrative Code, N.J.A.C.18:14-1.1 et seq., defer to income status for Federal Income Tax purposes.

**SOCIAL SECURITY BENEFIT MAXIMUM**

- Retired worker, single individual or each married worker (full retirement age) \$48,216
- A married couple each working and receiving Social Security Benefits (full retirement age) \$96,432
- Retired worker and spouse receiving Social Security Benefits through the retired worker:
  - A. Retired worker (full retirement age) \$48,216
  - B. Spouse non-working (full retirement age) \$24,108
  - C. Retired worker and spouse (both full retirement age) \$72,324
- Disabled worker and spouse (spouse receives benefits through the disabled worker)
  - A. Disabled worker (less than full retirement age) \$48,216
  - B. Spouse (full retirement age) \$24,108
  - C. Spouse (with a minor or disabled children) \$24,108
  - D. Disabled worker and either spouse defined above \$72,324

**No Benefits**

- Spouse (less than 62, no minor, or disabled children)
- Surviving spouse (age 60 or more) receives Social Security Benefits through the deceased worker
  - A. Surviving spouse (age 50-60) is totally disabled
  - B. Surviving spouse has a minor or disabled children of the deceased

All examples assume all other prerequisites for eligibility for Property Tax Deduction have been met. Income may be excluded from only **ONE** of the three categories when determining the \$10,000 income limitation.

- Examples 1-5 reflect applicant/spouse with excludable Social Security Benefits only.
- Examples 6-16 reflect applicants with income in more than one of the three excludable categories.
- Examples 17 and 18 reflect applicant/spouse are currently employed.

**EXAMPLE 1**

PTD applicant and spouse both full retirement age. Each is a retired worker in his/her own right.

	<u>INCOME</u>	<u>DEDUCTION ALLOWED</u>	<u>COUNTABLE INCOME</u>
Applicant-Social Security	\$37,500	\$37,500	0
Spouse-Social Security	\$14,450	\$14,450	0
Other Income	<u>\$ 6,000</u>	<u>0</u>	<u>\$6,000</u>
Total:	\$57,950	\$51,950	\$6,000

Social Security benefits of the applicant and spouse can be deducted in full, leaving a balance of \$6,000, which is under the \$10,000 income limit.

Conclusion: Eligible

**EXAMPLE 2**

PTD applicant full retirement age and spouse age 62, the earliest possible retirement age, or older. Each is a retired worker in his/her own right.

	<u>INCOME</u>	<u>DEDUCTION ALLOWED</u>	<u>COUNTABLE INCOME</u>
Applicant-Social Security	\$29,000	\$29,000	0
Spouse-Social Security	\$ 8,020	\$ 8,020	0
Other Income	<u>\$ 5,001</u>	<u>0</u>	<u>\$5,001</u>
Total:	\$42,021	\$37,020	\$5,001

Social Security benefits of the applicant and spouse can be deducted in full, leaving a balance of \$5,001, which is under the \$10,000 income limit.

Conclusion: Eligible

**EXAMPLE 3**

PTD applicant and spouse both age 70\*\*. Each is a retired worker in his/her own right.

	<u>INCOME</u>	<u>DEDUCTION ALLOWED</u>	<u>COUNTABLE INCOME</u>
Applicant-Social Security	\$61,296**	\$61,296	0
Spouse-Social Security	\$12,100	\$12,100	0
Other Income	<u>\$ 6,351</u>	<u>0</u>	<u>\$6,351</u>
Total:	\$79,747	\$73,396	\$6,351

Social Security benefits of applicant and spouse can be deducted in full, leaving a balance of \$6,351 which is under the \$10,000 income limit.

**\*\* Social Security benefits may be more than maximum if retirement is deferred beyond full retirement age. In this example, both applicant and spouse are 70 years old.**

Conclusion: Eligible

**EXAMPLE 4**

PTD applicant disabled, less than full retirement age; spouse retired worker, age 62 or more. Disabled individual is considered a retired worker of full retirement age.

	<u>INCOME</u>	<u>DEDUCTION ALLOWED</u>	<u>COUNTABLE INCOME</u>
Applicant-Social Security	\$31,200	\$31,200	0
Spouse-Social Security	\$12,556	\$12,556	0
Other Income	<u>\$ 9,000</u>	<u>0</u>	<u>\$9,000</u>
Total:	\$52,756	\$43,756	\$9,000

Social Security benefits of applicant and spouse can be deducted in full, leaving a balance of \$9,000 which is under the \$10,000 income limit.

Conclusion: Eligible

**EXAMPLE 5**

PTD applicant disabled, less than full retirement age; spouse retired worker, full retirement age or more. Disabled individual is considered a retired worker of full retirement age.

	<u>INCOME</u>	<u>DEDUCTION ALLOWED</u>	<u>COUNTABLE INCOME</u>
Applicant-Social Security	\$37,341	\$37,341	0
Spouse-Social Security	\$17,652	\$17,652	0
Other Income	<u>\$ 9,675</u>	<u>0</u>	<u>\$9,675</u>
Total:	\$64,668	\$54,993	\$9,675

Social Security benefits of applicant and spouse can be deducted in full, leaving a balance of \$9,675 which is under the \$10,000 income limit.

Conclusion: Eligible

**EXAMPLE 6**

PTD applicant and spouse both full retirement age. Each is a retired worker in his/her own right or PTD applicant disabled, less than 65 years, spouse full retirement age.

	<u>INCOME</u>	<u>DEDUCTION ALLOWED</u>	<u>COUNTABLE INCOME</u>
Applicant-Railroad Pension	\$ 67,000	\$48,216 (SS Maximum)	\$ 18,784
Applicant-Social Security	\$ 7,892	0	\$ 7,892
Spouse-State Pension	\$ 35,657	\$35,657	0
Spouse-Social Security	<u>\$ 7,482</u>	<u>0</u>	<u>\$ 7,482</u>
Total:	\$118,031	\$83,873	\$34,158

Applicant can deduct income from only **ONE** of the three categories of excludable income, i.e., either Railroad Pension or Social Security-not both. Since the Railroad Pension is larger than the Social Security benefit, it is the most advantageous choice. However, the amount of Railroad Pension deducted cannot exceed the maximum amount allowed under Social Security. The same is true of the spouse's State Pension. A total of \$83,873 can be deducted from income, leaving a balance of \$34,158 which is over the \$10,000 income limit.

Conclusion: **Not** Eligible

### **EXAMPLE 7**

PTD applicant disabled, less than full retirement age; spouse retired, age 62 or more. Disabled individual is considered a retired worker of full retirement age or PTD applicant and spouse both full retirement age.

	<b><u>INCOME</u></b>	<b><u>DEDUCTION ALLOWED</u></b>	<b><u>COUNTABLE INCOME</u></b>
Applicant-County Pension	\$13,211	\$13,211	0
Applicant-Social Security	\$ 5,746	0	\$ 5,746
Spouse-Public School Pension	\$ 7,963	\$ 7,963	0
Spouse-Social Security	\$ 1,020	0	\$ 1,020
Other Income	<u>\$ 2,631</u>	<u>0</u>	<u>\$ 2,631</u>
Total:	\$30,571	\$21,174	\$ 9,397

Applicant can deduct income from only **ONE** of the three categories of excludable income, i.e., either County Pension or Social Security. The County Pension is larger than the applicant's Social Security benefit, but does not exceed the Social Security maximum of \$48,216 and can be deducted in full. The same is true of the spouse's Public School Pension. A total of \$21,174 can be deducted from income leaving a balance of \$9,397, which is under the \$10,000 income limit.

Conclusion: Eligible

### **EXAMPLE 8**

PTD applicant and spouse both full retirement age. Each a retired worker in his/her own right or PTD applicant is disabled, less than full retirement age; spouse age 62 or more.

	<b><u>INCOME</u></b>	<b><u>DEDUCTION ALLOWED</u></b>	<b><u>COUNTABLE INCOME</u></b>
Applicant-Municipal Pension	\$13,546	\$13,546	0
Applicant-Social Security	\$ 6,251	0	\$ 6,251
Spouse-State Pension	\$ 4,289	\$ 4,289	0
Spouse-Social Security	<u>\$ 1,816</u>	<u>0</u>	<u>\$ 1,816</u>
Total:	\$25,902	\$17,835	\$ 8,067

Applicant can deduct income from only **ONE** of the three categories of excludable income, i.e., either Municipal Pension or Social Security-not both. The applicant's Municipal Pension is larger than the Social Security benefit, and can be deducted in full. State Pension is larger than the spouse's Social Security benefit but not more than the SS maximum \$48,216 and can be deducted in full. Again, **ONE** category only. A total of \$17,835 can be deducted from income, leaving a balance of \$8,067, which is under the \$10,000 income limit.

Conclusion: Eligible

### **EXAMPLE 9**

PTD applicant disabled, less than full retirement age; spouse retired worker, age 62 or more. Disabled individual is considered a retired worker of full retirement age or PTD applicant and spouse both full retirement age.

	<b><u>INCOME</u></b>	<b><u>DEDUCTION ALLOWED</u></b>	<b><u>COUNTABLE INCOME</u></b>
Applicant-Federal Pension	\$71,521	\$48,216 (SS Maximum)	\$23,305
Spouse-Social Security	\$10,523	\$10,523	0
Other Income	<u>\$ 9,764</u>	<u>0</u>	<u>\$ 9,764</u>
Total:	\$91,808	\$58,739	\$33,069

Applicant can deduct Federal Pension up to the maximum amount allowed under Social Security. Spouse's Social Security Benefit can be deducted in full but the balance of \$33,069 is over the \$10,000 income limit.

Conclusion: **Not** Eligible

### **EXAMPLE 10**

PTD applicant and nonworking spouse both full retirement age. Spouse receives benefits through the retired worker.

	<b><u>INCOME</u></b>	<b><u>DEDUCTION ALLOWED</u></b>	
Applicant-Railroad Pension	\$49,450 (actual)	\$48,216 (SS Max)	
Applicant-Social Security	\$ 7,832	\$ 0	
Spouse-Social Security	<u>\$ 21,500</u>	<u>\$24,108 (1/2 Spouse SS)</u>	
Total:	<b>\$78,782</b>	<b>minus \$ 72,324</b>	<b>equals: \$6,458</b>

Applicant can deduct income from **ONE** category, i.e., the larger Railroad Pension up to the maximum amount allowed under Social Security. Spouse is receiving Social Security benefits through the retired worker applicant amount to 50% of the worker's Social Security benefit; the spouse is allowed, by administrative decision, a deduction equal to 1/2 of the applicant's deduction, i.e., \$24,108 (One half of the applicant's **monthly** Railroad (governmental pension, where SS maximum is allowed, benefits rounded down to the next lower dollar.) A total of \$72,324 can be deducted from income, leaving a balance of \$6,458 which is under the \$10,000 income limit.

Conclusion: Eligible

### **EXAMPLE 11**

PTD applicant full retirement age and spouse less than age 62, the earliest possible retirement age.

	<b><u>INCOME</u></b>	<b><u>DEDUCTION ALLOWED</u></b>	<b><u>COUNTABLE INCOME</u></b>
Applicant-Federal Pension	\$ 9,272	0	\$ 9,272
Applicant-Social Security	\$ 9,412	\$ 9,412	0
Spouse-Private Pension	<u>\$ 3,658</u>	<u>0</u>	<u>\$ 3,658</u>
Total:	\$22,342	\$ 9,412	\$12,930

Applicant's Social Security, larger than the Federal Pension, can be deducted in full. However, the spouse's private pension is not an excludable category of income, nor can Social Security benefits be received through the retired worker applicant because spouse is not of retirement age as required by Social Security. A total of \$9,412 can be deducted from income, leaving a balance of \$12,930, which is over the \$10,000 income limit.

Conclusion: **Not** Eligible

### **EXAMPLE 12**

PTD applicant full retirement age and spouse age 62 or more.

	<b><u>INCOME</u></b>	<b><u>DEDUCTION ALLOWED</u></b>	<b><u>COUNTABLE INCOME</u></b>
Applicant-Social Security	\$22,649	\$22,649	0
Spouse-Public School Pension	\$11,607	\$11,607	0
Other Income	<u>\$ 9,998</u>	<u>0</u>	<u>\$ 9,998</u>
Total:	\$44,254	\$34,256	\$ 9,998

Applicant's Social Security benefits and spouse's public school pension, not in excess of the Social Security maximum of \$48,216 can both be deducted from income in full, leaving a balance of \$9,998, which is under the \$10,000 income limit.

Conclusion: Eligible

**EXAMPLE 13**

PTD applicant surviving spouse is a retired worker, age 55, non-disabled with no minor or disabled children.

	<u>INCOME</u>	<u>DEDUCTION ALLOWED</u>	<u>COUNTABLE INCOME</u>
Applicant-Social Security	\$10,000	\$10,000	0
Applicant-School Pension	\$15,360	0	\$15,360
Applicant-Federal Pension	<u>\$ 4,760</u>	<u>0</u>	<u>\$ 4,760</u>
Total:	\$30,120	\$10,000	\$20,120

Applicant is less than age 62, the earliest age a non-disabled worker can receive Social Security benefits, and is less than 60 years, the earliest age a non-disabled surviving spouse can receive Social Security benefits through a deceased worker. Therefore, all income must be included. The total of \$20,120 is over the \$10,000 income limit.

Conclusion: **Not** Eligible

**EXAMPLE 14**

PTD applicant and spouse both full retirement age or PTD applicant is disabled, less than full retirement age, spouse age 62 or more.

	<u>INCOME</u>	<u>DEDUCTION ALLOWED</u>	<u>COUNTABLE INCOME</u>
Applicant-Social Security	\$20,000	\$20,000	0
Applicant-School Pension	\$ 4,000	0	\$ 4,000
Applicant-Rental Income	\$ 1,500	0	\$ 1,500
Spouse-County Pension	\$ 9,000	\$ 9,000	0
Spouse-Social Security	\$ 2,000	0	\$ 2,000
Other Income	<u>\$ 900</u>	<u>0</u>	<u>\$ 900</u>
Total:	\$37,400	\$29,000	\$ 8,400

Applicant can deduct Social Security benefit in full. Spouse can deduct income from **ONE** category of excludable income, i.e., either Social Security or county pension. Spouse's County Pension is larger and is the most advantageous choice. A total of \$29,000 can be deducted from income, leaving a balance of \$8,400, which is under the \$10,000 income limit.

Conclusion: Eligible

**EXAMPLE 15**

PTD applicant disabled, less than full retirement age; spouse age 62 or more.

	<u>INCOME</u>	<u>DEDUCTION ALLOWED</u>	<u>COUNTABLE INCOME</u>
Applicant-Social Security	\$12,210	\$12,210	0
Applicant-Business Income	\$11,446	0	\$11,446
Applicant-Business Income Expenses	(\$5,000)	0	(\$5,000)
Spouse-Social Security	<u>\$10,315</u>	<u>\$10,315</u>	<u>0</u>
Total:	\$28,971	\$22,525	\$ 6,446

Applicant's Social Security benefit can be deducted in full. Applicant's business income is not deductible, but ordinary and necessary expenses of the business as allowed by the Federal Internal Revenue Code and Regulations can be subtracted from the business income. Spouse's Social Security is deducted in full, leaving a balance of \$6,446, which is under the \$10,000 income limit.

Conclusion: Eligible

### **EXAMPLE 16**

PTD applicant of full retirement age.

	<b><u>INCOME</u></b>	<b><u>DEDUCTION ALLOWED</u></b>	<b><u>COUNTABLE INCOME</u></b>
Applicant-Social Security	\$14,200	\$14,200	0
Applicant-Rental Income	\$13,100	0	\$13,100
Applicant-Allowable Rental Expenses	(\$14,300)	0	(\$14,300)
Applicant-Private Pension	\$ 8,500	0	\$ 8,500
Other Income	<u>\$ 2,000</u>	<u>0</u>	<u>\$ 2,000</u>
Total:	\$23,500	\$14,200	\$ 9,300
	Or *\$24,700		

Social Security benefit is deducted in full. Income total subject to Federal Internal Revenue Code, treatment of rental income and allowable expenses in excess of rental income. Disposition of the net \$1,200 rental income loss is dependent on Federal Income Tax treatment.

**Conclusion:** Depends on review of Federal Income Tax Treatment.

If Federal guidelines permit taxpayer to apply expense loss against income, the \$1,200 net loss reduces the income to \$23,500. After allowable deductions, a balance of \$9,300 remains which is under the \$10,000 income limit.

**Conclusion:** Eligible

\*If rental income is reduced to zero after deductions of ordinary and necessary expenses of the rental property, income totals \$24,700. After allowable deductions, a balance of \$10,500 remains, which is over the \$10,000 income limit.

**Conclusion:** Not Eligible

### **EXAMPLE 17**

PTD applicant age 65, is retired. Spouse, age 64, is employed part-time. Both have opted to wait until age 70 to collect Social Security benefits.

	<b><u>INCOME</u></b>	<b><u>DEDUCTION ALLOWED</u></b>	<b><u>COUNTABLE INCOME</u></b>
Applicant-Private Pension	\$38,469	0	\$38,469
Spouse-Income	\$ 6,127	0	\$ 6,127
Other-Annuities Cashed	<u>\$16,800</u>	<u>0</u>	<u>\$16,800</u>
Total:	\$61,396	0	\$61,396

**Conclusion:** Not Eligible

### **EXAMPLE 18**

PTD applicant of full retirement age, entrepreneur and a savvy investor. Fills out a supplemental income Form PTD-SI and reports the following

	<b><u>INCOME</u></b>	<b><u>DEDUCTION ALLOWED</u></b>	<b><u>COUNTABLE INCOME</u></b>
Applicant-Social Security	\$30,466	\$30,466	0
Ira Disbursement	\$18,000	0	\$18,000
VA Disability Benefits	\$ 2,000	\$ 2,000	0
Rental Income	<u>\$ 9,600</u>	<u>0</u>	<u>\$ 9,600</u>
Total:	\$60,066	\$32,466	\$27,600

Rent payments are considered income. Annual IRA distribution is considered income. Armed Forces benefits are not countable income. Social Security benefits can be excluded up to the allowable \$45,864 (SS Max). A total of \$32,466 can be deducted from income leaving a balance of \$27,600 which is over the \$10,000 limit.

**Conclusion:** Not Eligible