



## Casino Licensees' Corporation Business Tax Obligations

**TB-117 – October 9, 2025**  
**Tax: Corporation Business Tax**  
**Gross Income Tax**

Historically, casino licensees, licensed to operate in New Jersey, were required to file consolidated New Jersey Corporation Business Tax (CBT) returns under [N.J.S.A. 5:12-148\(b\)](#). With the enactment of [P.L. 2018, c.48, and P.L. 2018, c. 131](#), New Jersey adopted mandatory unitary combined reporting for privilege periods beginning on and after August 1, 2018 (for privilege periods ending on and after July 31, 2019). As a result, all CBT taxpayers became subject to combined reporting.

This Technical Bulletin summarizes casino licensee obligations under the Corporation Business Tax Act (P.L. 1945, c.162; [N.J.S.A. 54:10A-1 et seq.](#)), compiles existing guidance, and provides references to relevant publications and rules.

### Casino Licensees

Under the [Casino Control Act](#), any business conducted by an individual, partnership, corporation, other entity (or any combination thereof) holding a license pursuant to the Act shall, in addition to all other taxes imposed by the act, file a consolidated Corporation Business Tax return and pay the taxes indicated thereon. See [N.J.S.A. 5:12-148\(b\)](#) and [N.J.A.C. 18:7-1.17](#). Prior to the enactment of mandatory combined reporting, casino licensees were the only members of their corporate group required to file a consolidated return; however, as a result of the enactment of combined reporting, every casino licensee, regardless of entity type, must be included on Form CBT-100U as a taxable member of the New Jersey combined group. For more information on casino licensees that are individuals, partners in partnerships, limited liability companies (LLCs), and shareholders of S corporations, see *Gross Income Tax for Certain Casino Licensees* below.

**Unitary Filing for Combined Returns.** With limited [statutory exceptions](#), the 2018 CBT amendments require corporations under common ownership that are part of unitary business to file a New Jersey combined return. **There is no statutory exemption for casino licensees.**

Casino licensees are taxable members of the combined group. Combined reporting requires nontaxable members and taxable members of a combined group to be included in the combined return. As such, casino licensees and their non-casino licensee affiliates must be included in the combined return filed with New Jersey. See [TB-86\(R\)](#), *Included and Excluded Business Entities in a Combined Group and the Minimum Tax of a Taxpayer that is a Member of a Combined Group*.

### Pre-Combined Reporting Filings Regulations

As part of the 2022 regulatory adoptions amending the Corporation Business Tax rules, the Division amended [N.J.A.C. 18:7-1.17](#) to reflect both pre- and post-combined reporting years. The amendments further refer taxpayers to the appropriate sections of the rules for combined reporting. The rules continued to include pre-combined reporting provisions because the statute of limitations had not expired for some tax filings. These provisions were not intended to create an exemption from mandatory combined reporting for casino licensees. In the next readoption of these rules, the Division of Taxation will delete the pre-combined reporting year references as they will be out of statute.

## Combined Group Income or Loss

For combined reporting purposes, all income, attributes, and allocation factors related to the portion of all the members' operations that are part of a unitary business are combined. The combined group is taxed as one taxpayer.

The combined group's entire net income is the aggregate sum of entire net income (loss) of all the members engaged in the unitary business, subject to allocation. Operations of a taxable member that are not part of the unitary business of the combined group are taxed separately using Form CBT-100U, [Schedule X](#). For more information, see [N.J.S.A. 54:10A-4\(z\)](#); [N.J.S.A. 54:10A-4.6](#); [N.J.S.A. 54:10A-4.7](#); [N.J.S.A. 54:10A-5](#); and [N.J.A.C. 18:7-21.1](#) through 21.29, and the [CBT-100U](#) Instructions.

**Filing Methods.** Casino licensees must be included as members of the combined group. Filing methods include:

- Water's-edge,
- World-wide, and
- Affiliated group (an elective method that includes all affiliates, regardless of unitary status).

The definition of an affiliated group for purposes of the affiliated group filing method was clarified in P.L. 2020, c.118, and was effective for privilege periods ending on and after July 31, 2019. For more information, see [TB-89\(R\)](#), *Combined Group Filing Methods for Privilege Periods Ending Before July 31, 2023*, and [TB-109](#), *Combined Group Filing Methods for Privilege Periods Ending on and After July 31, 2023*.

**Allocation Methods for Combined Returns.** New Jersey adopted the *Finnigan* Method for allocating the income of a combined group for privilege periods ending on and after July 31, 2023 ([N.J.S.A. 54:10A-4.7.e](#)). The *Finnigan* Method includes all New Jersey factor attributes of the members in the numerator derived from all combined group members, regardless of nexus with New Jersey. Previously, combined groups used the *Joyce* Method if the combined group filed on a world-wide or water's-edge basis or the *Finnigan* Method if they filed using the affiliated group method.

The reporting and accounting of the receipts for the receipts factor ([N.J.S.A. 54:10A-6\(B\)](#)) require taxpayers to use their federal method of accounting. However, [N.J.S.A. 54:10A-4.6](#), and [N.J.S.A. 54:10A-4.7](#) require intercompany adjustments, eliminations, deferrals, and/or restoration in some situations. This generally means starting with U.S. G.A.A.P. or IFRS, applying the statutory adjustments, and attaching a rider to the tax return explaining the differences. Additionally, for members of a combined group that have different accounting years from the group privilege period and allocation factor of the group, the adjustment accounts for the receipts for the months of the member that falls within the group privilege period even if individually those months were from two separate privilege periods of that member.

**Market-Based Sourcing.** New Jersey transitioned to market-based sourcing for sales of services for privilege periods ending on and after July 31, 2019. The regulations [N.J.A.C. 18:7-8.10A](#) require receipts to be sourced receipts to the location where the benefit of the service is received and provided certain industry-specific examples.

Effective June 16, 2025, the Division adopted amendments adding sourcing rules specific to the casino and gaming industries ([N.J.A.C. 18:7-8.10A\(a\)11](#)). [N.J.A.C. 18:7-8.10A\(a\)11](#) states:

“11. Taxpayers in the gaming industry (that is, a casino, online gambling business, etc.) shall report and include their receipts in the same manner as reported for Federal tax purposes in accordance with U.S. G.A.A.P. or I.F.R.S. (as applicable).

i. Gaming receipts that are derived from New Jersey sources are includable in the numerator of the allocation factor for corporation business tax purposes. The receipt

amounts reported on Schedule J of the taxpayer's New Jersey CBT return must reflect the amounts that are in the taxpayer's tax base. Accordingly, the receipts reported on Schedule J of the taxpayer's New Jersey CBT return in both the numerator and denominator must reflect the sales receipts reported on line 1c of the taxpayer's Federal return. For gaming receipts, this would mean net gaming receipts (that is, the total of the gross amount wagered less the payout from any transaction with a casino patron, less returns, bonuses, and chargebacks) as reported for Federal tax return purposes in accordance with U.S. G.A.A.P. or I.F.R.S.

**ii.** With regard to a combined group that contains entities in the gaming industry, net gaming receipts are sourced as reported for Federal tax return purposes in accordance with U.S. G.A.A.P. or I.F.R.S. However, if the accounting period (privilege period) of the entities within the combined group are not identical, then the net gaming receipts will be sourced in accordance with the accounting period (privilege period) of the combined group.

**iii.** If there are material differences in accounting methods between U.S. G.A.A.P. and I.F.R.S. that cause material numerical differences, the taxpayer must include an explanation in their books, records, and work papers. Information supporting the material differences must be made available to the Division of Taxation upon request.

**iv.** With regard to sourcing receipts for online gaming activity captured on New Jersey-based servers and I.P. address data (that is, data captured as part of the taxpayer's books and records using the server and I.P.), application of data so captured by such New Jersey-based servers and I.P. address data is the correct method for determining where the benefit of the service is received."

Prior year returns may be amended using these rules for any return still within the statute of limitations. No penalties apply for failing to follow the industry-specific sourcing rules prior to their effective date.

**Net Operating Losses.** For New Jersey CBT purposes, the income, losses, and other tax attributes of the combined groups derived from the unitary business of the group are combined together. Net Operating Losses acquired in pre-combined reporting years are called Prior Net Operating Loss Conversion Carryovers (PNOLs). Net Operating Losses acquired in post-combined reporting years are referred to as NOLs. PNOLs and NOLs are each pooled separately within the group and both categories of losses are subject to separate rules and limitations. When a combined group has income in a tax year, they must use any PNOLs before using their NOLs. In the context of casino licensees and combined groups, the same rules are applicable. The combined reporting statutes do not differentiate between casinos and non-casinos. For more information, see [TB-95\(R\)](#), *Net Operating Losses and Combined Groups*.

## Gross Income Tax for Certain Casino Licensees

In certain instances, a casino licensee that is a taxable member of the New Jersey combined group may also be subject to New Jersey Gross Income Tax (i.e., individuals, partnerships, LLCs not taxed as C corporations, and S corporations). These entities should **not** report any income (loss) from New Jersey casino operations that are taxed for CBT purposes pursuant to the Casino Control Act on their Gross Income Tax (GIT) return. However, the non-casino portion of their income (loss) is still required to be reported for GIT purposes.

**A resident individual, partner, or shareholder** must include the income (loss) of any non-casino operations on their NJ-1040. A rider detailing the portion of income (loss) attributable to casino and non-casino operations must be included with the return.

**A nonresident individual, partner, or shareholder** must include the non-casino portion of income (loss) allocated to New Jersey on their NJ-1040NR. A rider detailing the portion of income (loss) resulting from casino and non-casino operations must be included with the return. A nonresident casino licensee whose

only connection and income (loss) from New Jersey is casino operation income (loss) must file a NJ-1040NR. They are not subject to tax on that income and cannot claim a loss (Schedule BUS-1 or BUS-2), because casino operations are taxed on the CBT return. However, a New Jersey Gross Income Tax return is still required under the Casino Control Act. The income sourced to New Jersey will be reported as \$0, and a rider must be included showing the casino operations income (or loss).

**Partnerships** must file Form NJ-1065 or NJ-CBT-1065 and issue Schedule NJK-1s to the partner(s). A statement detailing the portion of the income (loss) attributable to casino operations must be provided to the partner(s).

**S corporations** included on Form CBT-100U as members of the New Jersey combined group must file federal Form 1120S and issue federal K-1s to their shareholders. They must also provide New Jersey shareholders with a statement detailing the portion of the income (loss) attributable to casino operations, and this statement must accompany the shareholder's return. Shareholders may not receive a Schedule NJ-K-1 in such cases; instead they should refer to publication GIT-9-S, *Income from S Corporations*, for guidance on reporting their non-casino income.

## Miscellaneous Issues

**Tax Credits.** A combined group is a taxpayer. Thus, for privilege periods ending on and after July 31, 2020, tax credits can be applied against the group tax liability instead of on an entity-by-entity basis (P.L. 2020, c. 118). For more information, see TB-90(R), *Tax Credits and Combined Returns*.

**BAIT and Casinos.** When a pass-through entity that is owned by both corporate and noncorporate members makes an election to pay the Pass-Through Business Alternative Income Tax, the members are allowed a tax credit on the combined return. A member can only claim a credit for payment of the tax that is applicable to the same tax year, and it can only be applied against their regular tax (N.J.S.A. 54:10A-5(c)(1)). The credit cannot reduce the tax liability below the statutory minimum tax. There is nothing prohibiting a pass-through entity that is a casino licensee from electing the BAIT. However, such a casino licensee must still be included as a taxable member of the combined group filing a CBT-100U.

**Tax Treaties.** For non-U.S. corporations covered by federal income tax treaties, treaty-protected income is excluded from combined group income. Accordingly, in a combined group that includes casino licensees and treaty protected members, the income of such non--U.S. corporations is excluded. However, members with treaty-protected income must still be included on the combined return.

**Federally Recognized Tribes.** Tribal casino business entities organized under the Indian Reorganization Act of 1934 (Sections 16 and 17), must be included on the combined return, but their income is excluded from entire net income on Form CBT-100U. Such entities are still required to pay the statutory minimum tax.

For federally recognized tribal-owned casinos that are instrumentalities of the tribal government, the income of that business entity is excluded from entire net income. In a combined group with casino licensees, the entity's income may be reported as zero. However, the entity must still file Form CBT-100U, be included in the combined group, and pay the minimum tax to comply with the Corporation Business Tax Act and Casino Control Act.

**Allocation Factor Relief Requests.** A taxpayer can request a different allocation method if the taxpayer believes the single sales factor allocation is inequitable. This is referred to as "Section 8 Relief" in N.J.S.A. 54:10A-8. Taxpayers should refer to N.J.A.C. 18:7-8.3 and N.J.A.C. 18:7-10.1 for more information.

*Individuals, sole proprietors, or partnerships* must submit their request in writing and set forth clearly the basis of the request, the reason(s) why the New Jersey Business Allocation Schedule does not provide an equitable allocation and the substitute method of allocation proposed. Such request must be mailed to

the New Jersey Division of Taxation, Gross Income Tax Audit Branch, PO Box 288, Trenton, NJ 08695-0288, Attention: Chief.

*Corporations and S corporations* must follow the procedures for Section 8 Relief set forth in N.J.A.C. 18:7-10.1 when requesting allocation factor relief.

## More Information

The Division has posted a wide array of information on Corporation Business Tax and combined reporting specifically. See [Changes to the Corporation Business Tax Act](#) for more information. All of the Technical Bulletins governing combined reporting can be found in the box titled "Publications and Notices" in the top left-hand portion of that web page.

**Note:** A Technical Bulletin is an informational document that provides guidance on a topic of interest to taxpayers and may describe recent changes to the relevant laws, regulations, and/or Division policies. It is accurate as of the date issued. However, taxpayers should be aware that subsequent changes to the applicable laws, regulations, and/or the Division's interpretation thereof may affect the accuracy of a Technical Bulletin. The information provided in this document does not cover every situation and is not intended to replace the law or change its meaning.