



New Jersey Tax Guide

Estimated Income Tax Payments



New Jersey has you pay your estimated Income Tax as you earn or receive income throughout the year. This guide is designed to show you how New Jersey's pay-as-you-go system works.

What is Estimated Tax?

Estimated tax is the amount of Income Tax you expect to owe after subtracting withholdings and other credits.

Who Must Make Estimated Tax Payments

If you have income that is not subject to **New Jersey** withholdings, you may have to make estimated tax payments. This requirement is for any New Jersey resident or nonresident individual, estate, or trust. Examples of income that may be subject to estimated payments include:

- Self-employment
- Retirement income
- Interest
- Dividends
- Capital gains
- Awards
- Prizes
- Rental income
- Wages from another state

If you have New Jersey Income Tax withheld on your behalf by your employer or pension administrator, but the amount withheld is not enough to cover your tax liability, you will also need to make estimated tax payments. To avoid estimated tax payments, you can submit a form to your employer or pension administrator to increase your withholdings.

- File [Form NJ-W-4](#) with your employer to increase withholding amounts;
- File [Form NJ-W-4P](#) with the payer of your pension or annuity (pension administrator) to request or adjust the amount of New Jersey tax withheld on your behalf.

Determining How much Estimated Tax to Pay

Use the [Estimated Tax Worksheet for Individuals](#) on page 3 of the [NJ-1040-ES instructions](#) to estimate your income and tax. You may have to make New Jersey estimated tax payments even when you don't need to make federal estimated tax payments.

If you expect to owe more than **\$400** after subtracting withholdings and other credits, you **must** make estimated tax payments either [online](#) or by using [Form NJ-1040-ES](#).

Note: You are not required to file a New Jersey Income Tax return or pay tax on your gross income if you earn \$20,000 or less if filing jointly with a spouse/CU partner, as head of household, or qualifying widow(er). You also are not required to pay tax on gross income of \$10,000 or less if filing as single or as married, filing separately.

Making Estimated Payments

You may pay your estimated tax in full by the [first due date](#) or in four equal installments. Once you have estimated your income and determined that you are required to make estimated payments, you can make them in a variety of ways:

Pay [online](#) using e-check (electronic check) or credit/debit.

- You can schedule multiple quarterly estimated tax payments online, via e-check. This will automatically withdraw your payment from your checking account on the due date of each installment;
- Indicate the type of return you are making a payment for (i.e. Resident, Nonresident, or Fiduciary).

Pay by mail using [Form NJ-1040-ES](#), along with a check or money order.

- Make payable to State of New Jersey-TGI;
- Include the primary Social Security number on the check or money order (Estates/Trusts are to use the federal identification number);
- Mark the appropriate box on the voucher to indicate the type of return you will be filing:
 - R – Resident (NJ-1040);
 - N – Nonresident (NJ-1040NR or NJ-1080C Composite);
 - F – Fiduciary (NJ-1041 or NJ-1041SB).

Pay by phone.

- 1-888-673-7694 using a Visa, American Express, MasterCard, or Discover card; or
- Contact the Division's Customer Service Center at 609-292-6400.

Pay in person by visiting a [Regional Information Center](#).

- You can only pay by check or money order. Our Regional Information Centers do not accept cash payments.

Note to Married/Civil Union couples: All payments **must** be made under the **primary** Social Security number to receive proper credit for the payment.

Due Dates

Estimated payments are due on a **quarterly** basis. Payments must be made by the following dates to be on time, and therefore, to avoid interest charges.

- *Quarter 1* – Due no later than April 15^{th*};
- *Quarter 2* – Due no later than June 15th;
- *Quarter 3* – Due no later than September 15th;
- *Quarter 4* – Due no later than January 15th (of the new year).

**If the due date falls on a Saturday, Sunday, or a State holiday, the due date becomes the following business day. For example, if September 15th falls on a Saturday, the due date for that quarterly payment will be the following business day, which is September 17th.*

Note: If you have an overpayment carried forward from the previous year, it will be applied to the first quarterly installment. Alternatively, you can apply it partially or fully to any installment you choose. For more information, see Publication [GIT-8](#).

Note for Farmers: If your estimated New Jersey income from farming is at least two-thirds of your total estimated income for the taxable year, you may make an estimated tax payment on or before the due date of the fourth installment payment (January 15th of the following year) without penalty. The payment must be made in full.

Changes in Income

If you have unexpected changes in income, you may need to make or amend estimated tax payments. If you receive an unexpected sum of money during the tax year and no State tax was withheld, you must make estimated tax payments by the very next estimated payment due date – calculated in equal installments for the remaining payment dates. Calendar year filers must file by:

- June 15* – if changes occur after April 1 and before June 2
- September 15* – if changes occur after June 1 and before September 2
- January 15* – if changes occur after September 1

**If the due date falls on a Saturday, Sunday, or a State holiday, the due date becomes the following business day. For example, if September 15th falls on a Saturday, the due date for that quarterly payment will be the following business day, which is September 17th.*

Amending Declarations

If you already make estimated tax payments, but you have an increase or decrease in taxable income, you can amend your quarterly payment amounts to reflect the changes. See the amended worksheet on page 4 of the [NJ-1040-ES instructions](#) for help calculating the new payment amounts. Be sure to remit the correct amount by the due date of the next installment.

Installment Interest

We will assess installment interest:

- When your balance of tax is more than \$400 and you fail to pay at least 80% of tax due (66.67% for farmers) through withholdings or timely estimated payments or credits;
- On the balance of tax, even if you pay it all by the return due date (in general, April 15th for calendar year filers);
 - For example, if your tax liability is \$1,000, you had \$500 in New Jersey withholdings, and you did not have any other credits or make estimated payments, you will be assessed installment interest even if you pay the remaining \$500 by April 15th because your withholdings covered less than 80% of your tax liability;
- At the annual rate of 3% above the prime rate from the due date to the date the tax is actually paid, but only up until April 15th. If you make a tax payment after April 15th, we do not charge additional **installment interest** on the underpayment.

Interest is compounded annually, meaning interest charged on a remaining balance of tax and/or penalty becomes part of the balance on which we charge interest in the new tax year.

Note: We will not assess interest if you had no tax liability on the previous year's tax return (which covered a full year).

Reporting Underpaid Estimated Tax

Use [Form NJ-2210 Underpayment of Estimated Tax by Individuals, Estates or Trusts](#) to:

- Claim an exception to avoid being charged installment interest.
 - Exception 1: If you filed a full-year return in the previous year and you timely pay at least 100% of your previous year's liability through four equal estimated payments and/or withholdings, you can avoid an installment interest charge.
 - This is known as the Safe Harbor provision.
 - Exception 2: You calculate what your tax would be using last year's income, but this year's exemptions and tax rates. Tables are provided within the NJ-2210 form to guide you through the computation.
 - Exception 3: You must annualize your income by completing a computation for each installment period. Step-by-step instructions are provided for Exception 3 in the NJ-2210 form.
 - Exception 4: You compute the tax on your actual New Jersey taxable income for each installment period.

- Calculate the underpaid tax and the installment interest charge, and include it with your balance of tax when you file the tax return. Once calculated, you can report the "Penalty for Underpayment of Estimated Tax" on line 46 of the NJ-1040 (New Jersey residents) or line 43 of the NJ-1040NR (nonresidents).

Note: Nonresidents must use the income from everywhere figures (Column A on the NJ-1040NR) when calculating installment interest exceptions on the NJ-2210.

It is possible to meet an exception for one or more quarters, but still owe installment interest for an underpayment in the remaining quarters. You can also meet different exceptions in different quarters.

If you claim an exception to owing installment interest for one or more quarters, you must complete and submit Form NJ-2210 with your Income Tax return.

See Publication [GIT-8](#) or [Form NJ-2210](#) for a detailed explanation and examples of each exception.

Reporting Estimated Tax Payments

Report all New Jersey estimated tax payments and credits on the appropriate line of the New Jersey tax return.

- Residents, [NJ-1040](#), line 50;
- Nonresidents, [NJ-1040NR](#), line 46.

If payments were made under another Social Security number in error (i.e. spouse/ex-spouse), claim the payment on the return and include a separate statement of explanation in writing. We may require proof of payment in order to have the payment(s) properly applied. [Contact us](#) with any questions.

Overpaying Estimated Tax

Paying excess estimated tax will result in an overpayment that can't be recovered until you file a return. When you file your return,:

- You can claim the overpayment as a refund; **or**
- You can request it be applied as a credit toward the first quarter estimated payment of the following year; **or**
- You can request a partial refund and a partial credit to the following year.

You may want to consider reducing your estimated payment amounts if your total income remains relatively the same and you continue to generate a substantial overpayment each year. Review the [Estimated Tax Worksheet for Individuals](#) to assist in estimating your installment amounts.