

# FILING INFORMATION

- ◆ Your filing status and gross income determine whether you have to file a tax return.
- ◆ Age is not a factor in determining whether a person must file. Even minors (including students) and senior citizens must file if they meet the income filing requirements.
- ◆ *Gross income* means taxable income after exclusions but before personal exemptions are subtracted. It does not include nontaxable benefits. See page 9 to find out which types of income are not taxable.
- ◆ Members of the Armed Forces see page 3 for additional information.

Use the following chart to determine whether you must file a tax return. This chart is a guide only and may not cover every situation. If you need assistance, call the New Jersey Tax Hotline (609-588-2200).

## Who Must File

## You must file a New Jersey income tax return if—

	Your filing status is:	and your gross income was more than:	Use Form:
<b>Full year resident</b>  You were a full year New Jersey resident if: <ul style="list-style-type: none"> <li>◆ New Jersey was your domicile (permanent legal residence) for the entire year (whether or not you were a member of the Armed Forces);</li> <li style="text-align: center;"><b>or</b></li> <li>◆ New Jersey was not your domicile, but you maintained a <i>permanent</i>* home in New Jersey for the entire year and you spent more than 183 days in New Jersey. (If you are a member of the Armed Forces stationed here and New Jersey is not your domicile, you are not a resident under this definition.)</li> </ul>	Single		<b>NJ-1040</b> (Resident Return)
	Married, filing joint return Head of Household Qualifying Widow(er)	\$7,500	
	Married, filing separate return	\$3,750	
<b>Part-year resident</b>  You were a part-year New Jersey resident if you met the definition of resident or nonresident for only part of the year.	Single		<b>NJ-1040**</b> (Resident Return)
	Married, filing joint return Head of Household Qualifying Widow(er)	\$7,500 from all sources (for the entire year)	
	Married, filing separate return	\$3,750 from all sources (for the entire year)	
<b>Nonresident</b>  You were a New Jersey nonresident if you met <b>all</b> three of the following conditions for the entire year, and you were domiciled here: <ul style="list-style-type: none"> <li>◆ You did not maintain a <i>permanent</i> home in New Jersey; <b>and</b></li> <li>◆ You did maintain a <i>permanent</i> home outside of New Jersey; <b>and</b></li> <li>◆ You did not spend more than 30 days in New Jersey;</li> <li style="text-align: center;"><b>or</b></li> </ul> New Jersey was not your domicile, and you spent less than 183 days here; <ul style="list-style-type: none"> <li style="text-align: center;"><b>or</b></li> </ul> New Jersey was not your domicile, you spent more than 183 days here, but you did not maintain a <i>permanent</i> home here.	Single		<b>NJ-1040NR</b> (Nonresident Return)
	Married, filing joint return Head of Household Qualifying Widow(er)	\$7,500 (from all sources)	
	Married, filing separate return	\$3,750 (from all sources)	

\* A home (whether inside or outside of New Jersey) is not permanent if it is maintained only during a temporary or limited period for the accomplishment of a particular purpose. Likewise, a home used only for vacations is not a permanent home.

\*\* Both resident and nonresident returns may have to be filed when a part-year resident receives income from New Jersey sources during the period of nonresidence.

### Also File a Return if:

- ◆ You had New Jersey income tax withheld from your wages and are due a refund.
- ◆ You paid New Jersey estimated taxes for 1995 and are due a refund.

## Other Filing Information

**Domicile.** A domicile is any place you regard as your permanent home—the place to which you intend to return after a period of absence (as on vacation abroad, business assignment, educational leave, etc.). A person has only one domicile, although he or she may have more than one place to live. Once established, your domicile continues until you move to a new location with the intent to establish your permanent home there and to abandon your New Jersey domicile. Moving to a new location, even for a long time, does not change your domicile if you intend to return to New Jersey.

A place of abode, whether inside or outside of New Jersey is not permanent if it is maintained only during a temporary stay for the accomplishment of a particular purpose (e.g., temporary job assignment). If New Jersey is your domicile, you will be considered a resident for New Jersey tax purposes *unless* you meet all three conditions for nonresident status (see “Who Must File” on page 2). Likewise, if New Jersey is not your domicile, you will only be considered a New Jersey resident if you maintain a permanent home and spend more than 183 days here.

## Guidelines for Part-year Residents

**Filing Requirements.** Any person who became a resident of this State or moved out of this State during the year is subject to New Jersey income tax for that portion of the income received while a resident of New Jersey. Part-year residents must prorate all exemptions, deductions and credits, as well as the pension and other retirement income exclusions, to reflect the period covered by the return. A person who receives income from a New Jersey source while a nonresident must file a New Jersey nonresident return.

### TAXPAYERS' BILL OF RIGHTS

The New Jersey Taxpayers' Bill of Rights simplifies tax administration and ensures that all taxpayers—individuals and businesses alike—are better informed and receive fair and equitable treatment during the tax collection process. Highlights of the Taxpayers' Bill of Rights include:

#### Service—

- ◆ Division must respond to taxpayers' questions within a reasonable time period.
- ◆ Notices of taxes and penalties due must clearly identify the purpose of the notice and must contain information about appeal procedures.

#### Appeals—

- ◆ Time to appeal to the Tax Court is 90 days.

#### Interest on Refunds—

- ◆ Interest is paid at the prime rate on refunds for all taxes when the Division takes more than six months to send you a refund.
- ◆ You may request that your overpayment of this year's tax be credited towards next year's tax liability, however, interest will not be paid on overpayments that are credited forward.

For more information on the rights and obligations of both taxpayers and the Division of Taxation under the Taxpayers' Bill of Rights, call the Division's automated information and assistance service. (See back cover.)

If you were a New Jersey resident for only part of the taxable year, you are subject to the tax if your income for the entire year exceeds \$7,500, even though the income reported for your period of residence was \$7,500 or less (\$3,750 for married persons filing separately). If the income received during the entire year was \$7,500 or less, you must enclose a copy of your Federal income tax return or a statement to that effect if you did not file a Federal return.

**Note:** If you derived any income from New Jersey sources during your period of nonresidence, it may also be necessary to file a New Jersey nonresident return. Any withholdings should be allocated between the resident and nonresident returns. For more information, see Form NJ-1040NR, New Jersey nonresident return and instructions.

**Line 14 - Wages.** You must determine from each W-2 you receive the portion of your “State wages, tips, etc.” that you earned while you were a New Jersey resident. If your W-2 indicates only wages earned while you were a New Jersey resident, use the amount from the “State wages, tips, etc.” box. If your employer did not separate your resident and nonresident wages on the W-2, you must prorate the “State wages, tips, etc.” amount for the period of time you lived in New Jersey. Add the amounts reportable to New Jersey and place the total on Line 14.

Do not include any W-2(s) where the total W-2 income was derived from out-of-State sources during your period of nonresidence.

**Other Income.** For interest, dividends, pensions and other income, include on your return only those amounts received while a resident of New Jersey. Partners and shareholders should request Tax Topic Bulletin GIT-9, *Income from Partnerships and S Corporations*, for instructions on reporting distributive share of partnership income and net pro rata share of S corporation income.

**Line 19b - Pension Exclusion.** If you qualify for the pension exclusion, prorate the exclusion by the number of months you were a New Jersey resident. For this calculation 15 days or more is a month.

**Line 27b - Other Retirement Income Exclusion.** Do not complete Worksheet D for the Other Retirement Income Exclusion (on page 15). Instead, you must take into account the amount of wages, net profits from business, partnership income and S corporation income you received for the *entire* year and the amount of prorated earned income from the period of residence to determine whether or not you qualify for the exclusion. For more information, request Tax Topic Bulletin GIT-6, *Part-year Residents*.

**Line 29c - Exemptions.** Your total exemptions (Line 29c) must be prorated based upon the number of months you were a New Jersey resident. For this calculation 15 days or more is a month.

$$\text{Lines 29a and b} \times \frac{\text{No. of Months NJ Resident}}{12} = \text{Line 29c}$$

**Lines 30 and 31 - Deductions.** You may deduct medical expenses and alimony based on the actual expenses paid for the period of time you lived in New Jersey. Use the worksheet on page 16 to determine the medical expense deduction.

## Guidelines for Military Personnel

**Residents.** A member of the Armed Forces whose home of record (domicile) is New Jersey when entering the service remains a resident of New Jersey for income tax purposes, and must file a resident return even if assigned to duty in another state or country, unless he or she qualifies

for nonresident status (see chart on page 2). If you are a New Jersey resident, you are subject to tax on all your income, including your military pay, regardless of where it is earned, unless the income is specifically exempt from tax under New Jersey law.

A member of the Armed Forces whose home of record is New Jersey and who is stationed outside the State (whether living in barracks, billets, apartment or house) and does not intend to remain outside New Jersey, continues to be a resident and must file a resident return and report all taxable income. However, if a serviceperson pays for and maintains facilities such as an apartment or a home outside of New Jersey, with the intent of remaining there permanently and beyond the person's tour of duty, such facilities will constitute a *permanent* home outside of New Jersey. In this case, the serviceperson is no longer domiciled in New Jersey and generally is not considered a New Jersey resident for tax purposes.

**Nonresidents.** A member of the Armed Forces whose home of record (domicile) is outside of New Jersey does not become a New Jersey resident when assigned to duty in this State. A nonresident serviceperson's military pay is not subject to New Jersey income tax and he or she is not required to file a New Jersey return unless he or she has earned income from New Jersey sources other than military pay. A nonresident serviceperson who has income from New Jersey sources such as a civilian job in off-duty hours, income or gain from property located in New Jersey or income from a business, trade or profession carried on in this State must file a New Jersey nonresident return, Form NJ-1040NR.

If your permanent home (domicile) was New Jersey when you entered the military, but you have changed your state of domicile or you satisfy the conditions for nonresident status (see chart on page 2), then your military pay is not subject to New Jersey income tax. Contact the finance officer at your station for Form DD-2058-1 to stop future withholding of New Jersey income tax. If New Jersey income tax was erroneously withheld from your military pay, you must file a nonresident return (Form NJ-1040NR) to obtain a refund of the tax withheld. For more information, see the nonresident return instructions.

**Spouses of Military Personnel.** Spouses (of military personnel) who were not domiciled in New Jersey when they married the military spouse are not considered residents of New Jersey if:

- ♦ The principal reason for moving to this State was the transfer of the military spouse; and
- ♦ It is their intention to leave New Jersey when the military spouse is transferred or leaves the service.

New Jersey law requires that a couple's filing status for New Jersey gross income tax purposes be the same as for Federal income tax purposes. A married couple filing a joint Federal return must file a joint return in New Jersey. The only exception to this rule is when one spouse is a New Jersey resident and the other is a nonresident for the entire year. In this case, the resident may file a separate return and use the married filing separate tax rates, unless both spouses agree to file jointly as residents. If a joint resident return is filed, their income will be taxed as if both spouses were residents.

**Extensions.** A person on active duty with the Armed Forces of the United States who may not be able to file timely because of distance, injury or hospitalization as a result of this service, will automatically receive a three-month extension by enclosing an explanation to the return when filed.

**Death Related to Active Duty.** When a member of the Armed Forces serving in a combat zone dies as a result of wounds, disease or injury received there, no income tax is due for the taxable year the death occurred, nor for any earlier years served in the combat zone.

## When to File

Generally, your New Jersey income tax return is due when your Federal income tax return is due. For calendar year filers, the 1995 New Jersey income tax return is due by April 15, 1996. Fiscal year filers must file their New Jersey income tax return by the 15th day of the fourth month following the close of the fiscal year.

**Postmark Date.** All New Jersey income tax returns postmarked on or before the due date of the return are considered to be filed on time. Tax returns postmarked after the due date are considered to be filed late. When a return is postmarked after the due date, the filing date for that return is the date the return was received by the Division, not the postmark date of the return. Interest on unpaid liabilities is assessed from the due date of the return.

## Extensions

Extensions of time are granted only to file your New Jersey Resident Income Tax Return. There are no extensions of time to pay tax due.

**Penalties and interest are imposed whenever tax is paid after the original due date.**

### Automatic Four-Month Extension

You may receive an automatic four-month extension of time to file your New Jersey Resident Income Tax return if at least 80% of your actual tax liability is paid in the form of withholdings, estimated or other payments by the original due date, **and**

**1. Federal extension filed.** A copy of your Federal Application for Automatic Extension is enclosed with your final return and the box at the top of the NJ-1040 is checked;

**or**

**2. No Federal extension filed.** You file a request for an automatic four-month extension on Form NJ-630, Application for Extension of Time to File New Jersey Gross Income Tax Return, by the original due date of the return.

### Extensions Beyond Four Months

If you have requested and been granted a four-month extension, you may apply for an additional two-month extension (before the four-month extension expires). You must file Form NJ-630 if you require an extension of more than four months for New Jersey purposes and you are not requesting an additional two-month extension for Federal purposes. Otherwise, enclose a copy of your Federal application for an additional two month extension with your NJ-1040 when filed.

Taxpayers who file Form NJ-630 will not receive an approved copy. We will notify you only if your request is denied.

**If you fail to satisfy the requirements outlined for extensions, or you fail to file your return by the extended due date, your extension will be denied and penalties and interest will be imposed from the original due date of the return. See "Penalty and Interest Charges" on page 6.**

## How to Pay

The balance of tax due must be paid in full with your return. If you owe less than \$1, no payment is required.

- ◆ Make check or money order payable to:  
**State of New Jersey – TGI**
- ◆ Write your social security number on the check or money order. Use social security numbers of both husband and wife for a joint return.
- ◆ Enclose a separate payment *for each return you submit*. If you are paying a balance due for the 1995 tax year and the first installment of estimated tax for 1996, please use separate checks or money orders for each payment.

**Time Limit for Assessing Additional Taxes.** The Division of Taxation has three years from the date you filed your income tax return to send you a bill for additional taxes you owe. There is no time limit if you did not file your tax return, or if you filed a false or fraudulent return with the intent to evade tax. The time limit may be extended if:

- ◆ You amended or the IRS adjusted your Federal taxable income;
- ◆ You amended your New Jersey taxable income;
- ◆ You entered into a written agreement with the Division extending the time to make an assessment;
- ◆ You failed to report more than 25% of your gross income on your New Jersey income tax return; or
- ◆ An erroneous refund is made as a result of fraud or misrepresentation by the taxpayer.

## Where to Send Your Return

This booklet contains two envelopes. Use the envelope printed in red marked "Refund" to file your return (and enclosures) if no payment is due. Use the envelope printed in black marked "Payment Due" to send in your return (and enclosures) with a check or money order. If you are filing a 1995 Homestead Property Tax Rebate Application, check the box on the front of the preprinted envelope.

**Mail Returns Without Payments to:** State of New Jersey  
Division of Taxation  
CN 555  
Trenton, NJ 08647-0555

**Mail Returns With Payments to:** State of New Jersey  
Division of Taxation  
CN 111  
Trenton, NJ 08645-0111

## Refunds

A return must be filed to claim a refund for overpayment of tax. If the refund is \$1 or less, you must specifically request it.

**Time Period for Refunds.** You have three years after the return is filed or two years after the tax is paid, whichever is later, to claim a refund. If you and the Division agree in writing to extend the period of assessment, the period for filing a refund claim will also be extended.

**Interest Paid on Refunds.** If the Division takes more than six months to send you your income tax refund, you have a right to receive interest on that refund. Interest at the prime rate, compounded annually, will be paid from the *later* of:

- ◆ the date the refund claim was filed;
- ◆ the date the tax was paid; or
- ◆ the due date of the return.

No interest will be paid when an overpayment is credited to the next year's tax liability.

New Jersey law requires that any money owed to the State of New Jersey, any of its agencies or the Internal Revenue Service be deducted from your refund or credit before it is issued. Homestead Property Tax Rebates may also be affected. These debts include among other things money owed for past due taxes, child support due under a court order, school loans, hospital bills and IRS levies. If the Division applies your refund, credit or rebate to any of these debts, you will be notified through the mail.

## Deceased Taxpayers

If a person received income in 1995 but died before filing a return, the New Jersey income tax return should be filed by the surviving spouse, executor or administrator. Use the same filing status that was used on the final Federal income tax return. Print "Deceased" and the date of death above the decedent's name. The due date for filing is the same as for Federal purposes. In the area where you sign the return write "Filing as Surviving Spouse," if appropriate. A personal representative filing the return must sign in his or her official capacity. Any refund check will be issued to the decedent's surviving spouse or estate.

**Income in Respect of a Decedent.** If you had the right to receive income that the deceased person would have received had he lived, and the income was not included on the decedent's final return, you must report the income on your own return when you receive it in the same way as it would have been reported had the decedent lived (e.g., as wages, capital gain, etc.).

## Estates and Trusts

**Filing Requirements for Estates and Trusts.** The fiduciary of an estate or trust may be required to file a New Jersey Gross Income Tax return for that estate or trust. The return for an estate or trust must be filed on a New Jersey fiduciary return, Form NJ-1041. The fiduciary must also provide each beneficiary with a copy of the Federal Schedule K-1 which shows the beneficiary's share of the estate or trust income.

**Filing Requirements for Beneficiaries.** You must report income you received as a beneficiary of an estate or trust in the same manner as the estate or trust reported it to you. Enter interest on Lines 15a or b, dividends on Line 16, capital gains on New Jersey Schedule B, business or partnership income on Lines 17 or 20, etc. Enclose a copy of the Federal K-1 with your return.

## Partnerships

A partnership is not subject to tax. Individual partners are subject to tax on the income they earned from the partnership under the Federal Internal Revenue Code and the New Jersey Gross Income Tax Act. See page 14 for information on reporting income from a partnership. Every

partnership having a New Jersey resident partner or income from New Jersey sources must file New Jersey Form NJ-1065 with the New Jersey Division of Taxation by the 15th day of the fourth month following the close of the partnership's taxable year. For more information on partnership filing, request Form NJ-1065 and instructions.

## Estimated Tax

*Estimated tax* means the amount which you estimate to be your income tax for the taxable year after subtracting payments, withholdings and other credits. When your estimated tax exceeds \$100, you are required to make quarterly estimated tax payments using Form NJ-1040-ES. Instructions for computing the estimated tax and making the payments are included with the form. Review the amount of your New Jersey gross income tax on your expected gross income (after deductions and credits) to determine if you need to make estimated tax payments for 1996.

To avoid having to make estimated tax payments, you may ask your employer to withhold an additional amount from your wages by completing Form NJ-W4. Failure to file a Declaration of Estimated Tax or pay all or part of an underpayment *will result in interest charges* on the underpayment.

**Underpayment of Estimated Tax.** If you failed to make all of the required estimated tax payments as described above, you should request Form NJ-2210, Underpayment of Estimated Tax by Individuals, and instructions. Complete Form NJ-2210 to determine if interest is due and if so, calculate the amount. If you complete and enclose Form NJ-2210 with your return, check the box below Line 38.

## Amended Returns

If you received an additional tax statement (W-2 or 1099) after your return was filed, or you discovered that you made any error or omission on your return, file an amended New Jersey resident return, Form NJ-1040X.

**Changes in your Federal Income Tax.** If you receive a notice from the Internal Revenue Service that they changed your reported income, and that change altered your New Jersey taxable income, you must notify the Division of the change in writing within 90 days. File an amended tax return and enclose a check or money order for any additional tax due.

If you file an amended Federal return which changes your New Jersey taxable income, you must file an amended New Jersey resident return, Form NJ-1040X, within 90 days.

## Accounting Method

Use the same accounting method for New Jersey Gross Income Tax that you used for Federal income tax purposes.

## Rounding Off to Whole Dollars

When completing your return and the accompanying schedules, you may show the money items in whole dollars. If you have to add two or more items to figure the total to enter on a line, include cents when adding the items and round off only the total. When entering the rounded total on the line, you may eliminate any amount under 50 cents and increase any amount 50 cents or more to the next higher dollar. If you do round off, do so for all amounts.

## Penalty and Interest Charges

Penalty and interest should be included with the payment of any tax due.

**Late Filing Penalty:** 5% per month (or fraction of a month) up to a maximum of 25% of the outstanding tax liability when a return is filed after the due date or extended due date. Also, a penalty of \$100 for each month the return is late may be imposed.

**Late Payment Penalty:** 5% of the outstanding tax balance may be imposed.

**Interest:** 3% above the prime rate for every month or fraction of a month the tax is unpaid, compounded annually. At the end of each calendar year, any tax, penalties and interest remaining due (unpaid) will become part of the balance on which interest is charged.

## Signatures

Sign and date your return in ink. Both husband and wife must sign a joint return. If you are filing a Homestead Property Tax Rebate Application (Form HR-1040) with your tax return, it is not necessary to sign the rebate application. However, if you are filing only the HR-1040, the application must be signed and dated in ink. The signature(s) on the form you file must be original; photocopied signatures are not acceptable. A return without the proper signatures cannot be processed and will be returned to you. This causes unnecessary processing delays and may result in penalties for late filing or a delay in payment of your homestead rebate.

**Don't Need Forms Mailed to You Next Year?** Taxpayers who pay someone else to prepare their returns probably do not use the income tax return booklets mailed to them each year. If you do **not** need a booklet mailed to you next year, check the box below the signature line. The Division will send you a peel-off label which you or your tax preparer should use on your 1996 return. Telling us that you do not need a booklet next year will help us reduce printing and mailing costs.

**Tax Preparers.** Anyone who prepares a return for a fee must sign the return as a "Paid Preparer" and enter his or her social security number. Include the company or corporation name and Federal Identification Number, if applicable. A tax preparer who fails to sign the return or provide a tax identification number may incur a \$25 penalty for each omission. Someone who prepares your return but does not charge you should not sign your return.

## Keeping Tax Records

Keep copies of your tax returns and the supporting documentation of income, deductions and credits until the statute of limitations has expired for each return. Generally this is three years after the filing date or two years from the date the tax was paid, whichever is later.

## Privacy Act Notification

The Federal Privacy Act of 1974 requires an agency requesting information from individuals to inform them why the request is being made and how the information is being used.

Your social security number is used primarily to account for and give credit for tax payments. The Division of Taxation also uses social security numbers in the administration and enforcement of all tax laws for which it is responsible.

**Federal/State Tax Agreement**

The New Jersey Division of Taxation and the Internal Revenue Service have entered into a Federal/State Agreement to exchange income tax information in order to verify the accuracy and consistency of information reported on Federal and New Jersey income tax returns.

**Fraudulent Return**

Any person who deliberately fails to file a return, files a fraudulent return, or attempts to evade the tax in any manner may be liable for a penalty up to \$7,500 or imprisonment for a term between three and five years or both.

**Line by Line Instructions**

**Name and Address**

Place the peel-off label from the front of this booklet in the name and address section at the top of the return. Correct the label where errors occur. If you have no label, print or type your name (last name first), complete address and zip code in the spaces provided. Also include your spouse's name if filing jointly. Your refund and next year's form will be sent to the address you provide.

If your address has changed, check the box at the top of the NJ-1040.

If your legal residence and the address on the return differ, enclose a statement of explanation to avoid a delay in processing.

**Social Security Number**

Be sure to check the accuracy of the social security number(s) printed on the label. To correct an error, draw a line through the incorrect number and write the correct number above it.

If you do not have a label, enter your social security number(s) in the space provided on the return, one digit in each box. If your filing status is Married, filing joint return, remember to report both spouses' numbers in the order in which the names are listed on the return.

**County/Municipality Code**

Check the county/municipality code on your label (see example below). Make corrections to the code on the label. If you do not have a label, enter your four-digit code, one digit in each box, from the table on page 25. This code identifies the county and municipality of your current residence. The county and municipality codes in these instructions are for Division of Taxation purposes only.

\*\*\*\*\*CAR-RT-SORT\*\*\*\*\*CR99

111-11-1111 SMIT 222-22-2222  
SMITH JOHN & JANE  
123 MAIN STREET  
TRENTON NJ 08611



County/Municipality Code

**Filing Status (Lines 1 - 5)**

Generally, you must use the same filing status on your New Jersey return as you do for Federal income tax purposes. Indicate the appropriate filing status. Check only **one** box.

If spouses file a joint Federal income tax return, they must also file a joint New Jersey income tax return. If spouses file separate Federal returns, separate State returns must also be filed. If your filing status is Married, filing separate return, be sure to enter the name and social security number of your spouse in the space provided under Line 3. Married individuals are **not** permitted to file as Head of Household for New Jersey purposes, even if allowed to do so on their Federal return. A married individual who files as Head of Household for Federal income tax purposes would file Married, filing separate return for New Jersey purposes.

If during the entire taxable year one spouse was a resident and the other a nonresident, the resident spouse may file a separate New Jersey return. The resident spouse computes income and exemptions as if a Federal married filing separate return had been filed. You have the option of filing a joint return, but remember, joint income would be taxed as if both spouses were residents.

For more information on filing status, order Tax Topic Bulletin GIT-4, *Filing Status*.

**Exemptions - Personal (Lines 6 - 8)**

The exemptions claimed on Lines 6, 7 and 8 apply only to you and your spouse. The exemptions for age and disability are not available for dependents. If your filing status is Married, filing separate return, you generally do not check the spouse box on Lines 6, 7 or 8.

**Line 6 - Regular Exemptions**

As a taxpayer you may claim a personal exemption for yourself, even if you are a minor who is claimed as a dependent on your parents' return. For your convenience, "Yourself" is already checked. If you are filing a joint return, check the spouse box as well. Add the number of boxes checked and enter the result in the red box on Line 6.

**Line 7 - Age 65 or Older**

If either you or your spouse were 65 years of age or older at the end of the tax year, you (and your spouse if qualified) are entitled to an additional exemption. Check the appropriate box(es). Add the number of boxes checked and enter the result in the red box on Line 7.

**Line 8 - Blind or Disabled**

If either you or your spouse were blind or disabled at the end of the tax year, you (and your spouse if qualified) are entitled to an additional exemption. "Disabled" means total and permanent inability to engage in any substantial gainful activity because of any physical or mental impairment, including blindness. Enclose a copy of the doctor's certificate or other medical records with your return the first time you claim the exemption. This information need not be submitted each year providing there is no change in your condition. Check the appropriate box(es). Add the boxes checked and enter the result in the red box on Line 8.

**Exemptions - Dependency (Lines 9 - 11)**

The exemptions claimed on Lines 9, 10 and 11 apply only to dependents. The exemption for dependents attending colleges is not available to you, the taxpayer, or your spouse.

*continue*

Exemptions - continued

**Line 9 - Dependent Children**

You may claim an exemption for each dependent child who qualifies as your dependent for Federal income tax purposes. Enter the number of your dependent children in the red box on Line 9.

**Line 10 - Other Dependents**

You may claim an exemption for each other dependent who qualifies as your dependent for Federal income tax purposes. Enter the number of your other dependents in the red box on Line 10.

**Line 11 - Dependents Attending Colleges**

You may claim an additional exemption for each dependent under age 22 who is a full-time student at an accredited college or post secondary institution for whom you paid one-half or more of the tuition and maintenance costs. Financial aid received by the student is not calculated into your cost when totalling one-half of your dependent's tuition and maintenance. However, the money earned by students in College Work Study Programs is income and is taken into account. Remember, to claim this additional exemption, each dependent must have already been claimed on Lines 9 or 10.

**Requirements**

- ◆ Student must be **under 22 years of age** for the entire tax year.
- ◆ Student must attend full-time. "Full-time" is determined by the institution.
- ◆ Student must spend at least some part of each of five calendar months of the tax year at school.
- ◆ The educational institution must maintain a regular faculty and curriculum and have a body of students in attendance.

Enter the number of exemptions for your qualified dependents attending colleges in the red box on Line 11.

**Line 12 - Totals**

Add Lines 6, 7, 8 and 11 and enter the total in the red box on Line 12a. Add Lines 9 and 10 and enter that total in the red box on Line 12b.

**Residency Status (Line 13)**

If you were a New Jersey resident for only part of the taxable year, list the month, day and year your residency began and the month, day and year it ended. All months should be listed as two digit numbers with the digits 01 for January, 02 for February, 03 for March, etc. Place the correct number for the beginning and ending months directly in the boxes containing the red letter "M," one digit in each box.

The days of the months should be listed as two digit numbers beginning with the digits 01 for the first day of the month and ending with the digits 31 for the last day of the month. Place the correct number for the beginning and ending dates directly in the boxes containing the red letter "D," one digit in each box.

For calendar year filers the year should be entered as 95 and the numbers placed directly in the boxes containing the red letter "Y," one digit in each box. Fiscal year filers should enter the appropriate year in the "Y" boxes.

**Gubernatorial Elections Fund**

The Gubernatorial Elections Fund, financed by taxpayer designated \$1 contributions, provides partial public financing to qualified candidates for the office of Governor of New Jersey. With its contribution and expenditure limits, the Gubernatorial Public Financing Program has since 1977 assisted 44 candidates to conduct their campaigns free from the improper influence of excessive campaign contributions. Operation of the

program has also permitted candidates of limited financial means to run for election to the State's highest office. As a condition of their receipt of public financing, candidates must agree to participate in two debates which provide the public with an opportunity to hear the views of each candidate. For more information on the Gubernatorial Public Financing Program, contact the New Jersey Election Law Enforcement Commission at (609) 292-8700 or write to the Commission at CN 185, Trenton, New Jersey 08625-0185.

Participation in the \$1 income tax check-off protects the continuity and integrity of the Gubernatorial Elections Fund by providing that funds will be reserved for future gubernatorial elections thereby deterring the use of needed funding for other purposes. If you want to designate \$1 to go to help candidates for governor pay campaign expenses, check the "Yes" box in the Gubernatorial Elections Fund section of the return. If you are filing a joint return, your spouse may also designate \$1 to this fund by checking "Yes." **Checking the "Yes" box will not in any way increase your tax liability or reduce your refund.**

**Income (Lines 14 - 25)**

Gross income means all income you received in the form of money, goods, property and services unless specifically exempt by law. As a New Jersey resident you must report all taxable income you receive, whether from New Jersey or not, on your return.

**Gross Income** includes the following:

- ◆ Wages and other compensation
- ◆ Interest and dividends
- ◆ Profits from business, trade or profession
- ◆ Gains from sale of property and other capital gains
- ◆ Pensions, annuities and IRA withdrawals
- ◆ Partnership distributions
- ◆ Net pro rata share of S corporation income
- ◆ Rental, royalty and copyright income
- ◆ Gambling winnings
- ◆ Alimony
- ◆ Estate and trust income
- ◆ Income in respect of a decedent
- ◆ Prizes and awards, including scholarships and fellowships
- ◆ Value of residence provided by employer
- ◆ Fees for services rendered, including jury duty

New Jersey gross income also **includes** the following which are not subject to Federal income tax:

- ◆ Interest from obligations of states and their political subdivisions, other than New Jersey and its political subdivisions
- ◆ Income earned by a resident from foreign employment
- ◆ Certain contributions to pensions and tax-deferred annuities
- ◆ Employee contributions to Federal Thrift Savings Funds, 403(b), 457, SEP or any other type of retirement plan other than 401(K) Plans

**Important!** Net losses in one category of income cannot be applied against income or gains in another. In case of a net loss in any category, enter "0" for that category. No carryback or carryover of losses is permitted under New Jersey law.

continue

**Exempt Income**

Do not include the following income when deciding if you must file a return. These items should **not** appear anywhere on your form except for tax exempt interest, which is reported on Line 15b.

- ◆ Federal Social Security
- ◆ Railroad Retirement (Tier 1 and Tier 2)
- ◆ Life insurance proceeds received because of a person's death
- ◆ Employee's death benefits
- ◆ Permanent and total disability, including VA benefits
- ◆ Temporary disability received from the State of New Jersey or as third party sick pay
- ◆ Worker's Compensation
- ◆ Gifts and inheritances
- ◆ Qualifying scholarships or fellowship grants
- ◆ New Jersey Lottery winnings
- ◆ Unemployment compensation
- ◆ Interest and capital gains from: (a) Obligations of the State of New Jersey or any of its political subdivisions; **or** (b) Direct Federal obligations exempt under law, such as U.S. Savings Bonds and Treasury Bills, Notes and Bonds (see Line 15b)
- ◆ Certain distributions from "New Jersey Qualified Investment Funds" (see Line 15b)
- ◆ Employer and employee contributions to 401(k) Salary Reduction Plans (but **not** Federal Thrift Savings Funds)
- ◆ Direct payments and benefits received under homeless persons assistance programs
- ◆ Homestead Property Tax Rebates
- ◆ Income tax refunds (New Jersey, Federal and other jurisdictions)
- ◆ Welfare
- ◆ Child Support

**Line 14 - Wages, Salaries, Tips, etc.**

Enter the total amount you received during the taxable year from wages, salaries, tips, fees, commissions, bonuses and other payments received for services performed as an employee. Include all payments you received whether in cash or property.

Enter the total of State wages, salaries, tips, etc. from **all** employment both inside and outside New Jersey. **Be sure to take the figure(s) from the "State wages" box on your W-2(s).** If you have also paid taxes to another jurisdiction on the wages entered on this line, see page 19 for more information.

**Pension and annuity income or early retirement benefits should not be included on this line but should be reported on Line 19a.**

**Retirement Plans.** Under New Jersey law, contributions to retirement plans (other than 401(k) Plans) are included in the State wages figure on the W-2 in the year the wages are earned. This may cause your State wages figure to be higher than your Federal wages figure.

**Cafeteria or Flexible Benefits Plans.** For New Jersey gross income tax purposes, any amounts which you may withdraw from your employer's cafeteria plan in cash are treated as wages and must be included in New Jersey gross income, even if you elect to receive qualified benefits instead of cash. If, under the terms of the cafeteria plan, you are required to use all or a portion of your benefit dollars towards the purchase of

qualified benefits and these benefit dollars **cannot** be taken out of the plan in cash, then such amounts should have been excluded from your wages by your employer.

Any amounts which you contribute to a flexible spending account are also to be included in wages.

**Meals and/or Lodging.** You may exclude from the amount reported on Line 14 meals and/or lodging reported as wages on your W-2 provided that:

1. The meals and/or lodging were furnished on the business premises of your employer; and
2. The meals and/or lodging were furnished for the convenience of your employer; and

*For lodging only:*

3. You were required to accept the lodging as a condition of your employment.

If you exclude the value of meals and/or lodging from your wages, you **must** enclose a signed statement explaining how you have met these conditions. If the statement is not enclosed, your wages will be adjusted to represent the full amount shown on your W-2.

Food and maintenance payments made to New Jersey State Police officers as part of their union contract **cannot** be excluded from gross income. These payments do not meet the criteria above.

**Employee Business Expenses.** Employee business expenses are **not** deductible for New Jersey Gross Income Tax purposes. However, you may exclude from the amount reported on Line 14 reimbursements for employee business expenses reported as wages on your W-2 provided that:

1. The expenses for which you are reimbursed are job related expenses;
2. You are required to and do account for these expenses to your employer; and
3. You are reimbursed by your employer in the exact amount of the allowable expenses.

If you receive excludable reimbursements for employee business expenses which are included in your wages on your W-2, enclose a statement explaining the amount you are excluding and your reasons for excluding this amount. Also enclose a photocopy of your Federal Form 2106.

**Commuter Transportation Benefits.** Certain amounts you receive from your employer up to \$735 for using an alternative means of commuting (such as public transportation, carpools, vanpools, etc.) may be excluded from your New Jersey gross income. Commuter transportation benefits may not be excluded from gross income unless your employer provides those benefits *in addition to* your regular compensation.

If the commuter transportation benefits you received exceed the maximum excludable amount, the excess amount is taxable and is included in your gross income. Your W-2 Form will show both the taxable and nontaxable benefit amounts. The taxable benefits are included in the "State wages" figure on your W-2, while the nontaxable benefits are not.

An employee who receives money towards commuter transportation benefits must provide his/her employer with suitable proof (receipts, ticket stubs, etc.) to show that the employer-provided money was used for an alternative means of commuting.



**Federal Statutory Employees.** If you are considered a “statutory employee” for Federal income tax purposes, you may not deduct your business expenses unless you are self-employed or an independent contractor under New Jersey law. The Federal label of “statutory employee” has no meaning for New Jersey Gross Income Tax purposes. Business expenses may only be deducted from the business income of a self-employed individual. See the instructions for Line 17 (Net Profits from Business). For more information, contact our Tax Hotline.

**Moving Expenses.** Moving expenses are **not** deductible for New Jersey Gross Income Tax purposes. However, you may exclude from the amount reported on Line 14 reimbursements for the following moving expenses if the Federal requirements to claim moving expenses were met and the expenses were included in wages on your W-2.

1. The cost of moving your household goods and personal effects from the old home to the new home.
2. The actual expenses incurred by you for traveling, meals and lodging when moving you and your family from your old residence to your new residence.

Reimbursements for any other moving expenses may **not** be excluded from income.

If you receive excludable reimbursements for moving expenses which are included in your wages on your W-2, enclose a statement explaining the amount you are excluding and your reasons for excluding this amount. Also enclose a photocopy of your Federal Form 3903.

**Compensation for Injuries or Sickness.** Certain amounts received for personal injuries or sickness are not subject to tax. You may exclude from the amount reported on Line 14 such amounts included as wages on your W-2 provided that:

1. The payments must be compensation for wage loss which results from absence due to injury or sickness of the employee; and
2. The payments must be due and payable under an enforceable contractual obligation under the plan; and
3. The payments must not relate to sick leave wage continuation, the taking of which is largely discretionary and the payments are made regardless of the reason for absence from work.

If such payments are included on your W-2, you must file Form NJ -2440 with your New Jersey return to exclude them.

## Line 15a - Taxable Interest Income

Report all of your taxable interest from sources both inside and outside of New Jersey on Line 15a. New Jersey taxable interest income includes interest from the following:

- ◆ Banks
- ◆ Savings and loan associations
- ◆ Credit unions
- ◆ Savings accounts
- ◆ Checking accounts
- ◆ Bonds and notes
- ◆ Certificates of deposit
- ◆ Ginnie Maes
- ◆ Fannie Maes
- ◆ Freddie Macs
- ◆ Repurchase agreements

- ◆ Life insurance dividends
- ◆ Obligations of states and their political subdivisions, other than New Jersey
- ◆ Any other interest not specifically exempt

Interest you received as a partner in a partnership which was not earned in the ordinary course of business must be included on this line.

**Forfeiture Penalty for Early Withdrawal.** If you incur a penalty by withdrawing a time deposit early, you may subtract the amount of the penalty from your interest income.

If your taxable interest income on Line 15a is more than \$400, enclose a copy of Schedule B, Federal Form 1040, or Schedule 1, Federal Form 1040A.

## Line 15b - Tax Exempt Interest Income

Report all of your tax exempt interest, as well as exempt-interest dividends from a New Jersey Qualified Investment Fund, on Line 15b. New Jersey tax exempt interest income includes interest from:

- ◆ Obligations of the State of New Jersey or any of its political subdivisions
- ◆ Direct Federal obligations such as U.S. Savings Bonds and Treasury Bills, Notes and Bonds
- ◆ Sallie Maes
- ◆ CATS
- ◆ TIGRs
- ◆ Certain distributions from “New Jersey Qualified Investment Funds”

**New Jersey Qualified Investment Funds.** A New Jersey Qualified Investment Fund is a regulated investment company in which at least 80% of the fund’s investments (other than cash or receivables) are obligations issued either directly by the Federal government or the State of New Jersey or any of its political subdivisions. The Fund must certify such status with the Division of Taxation annually.

If you received a distribution from a qualified investment fund, you may exclude from your income only the portion of the distribution which comes from qualified exempt obligations. Although excluded from income, the tax exempt portion is reported on Line 15b. The taxable portion of the distribution, if any, is reported as dividends on Line 16. By February 15, shareholders should be notified by the New Jersey qualified investment fund of the portion of their distribution that may be excluded from income. Contact your broker to determine whether your fund qualifies.

**Do not report interest earned on your IRA(s) on this line. If you made a withdrawal from your IRA during the year, see the instructions for Line 19a.**

When you total your interest income on Lines 15a and 15b, the amount should match the total of the taxable and tax exempt interest you reported on your Federal income tax return (if you filed a Federal 1040). Enclose a statement with your NJ-1040 explaining the difference, if the amounts do not match.

For more information on tax exempt interest income, order Tax Topic Bulletin GIT-5, *Exempt Obligations*.

### Line 16 - Dividends

Enter on Line 16 the amount of dividends received during the year (e.g., from stocks, mutual funds). The total amount of taxable dividends received, **regardless of where earned**, must be reported.

**Tax Free Distributions.** A distribution which is a return of your investment or capital and does not come from earnings or profits is a nontaxable capital or tax free distribution. These distributions reduce the basis of the stock or investment and are not taxable until your investment is fully recovered.

**Insurance Premiums.** Dividends received from insurance companies are not taxable unless the dividends received exceed the premiums paid. Any interest from accumulated insurance dividends is taxable and must be reported on Line 15a.

**S Corporations.** Shareholders of S corporations, request Tax Topic Bulletin GIT-9, *Income from Partnerships and S Corporations* for information on how to report S corporation income.

### Line 17 - Net Profits From Business

Report the net profits from your business, trade or profession on Line 17. To determine your New Jersey profit (or loss), first complete a Federal Schedule C (or Schedule C-EZ or Schedule F). To comply with New Jersey income tax law, make the following adjustments to your Federal Schedule C (or Schedule C-EZ or Schedule F):

1. Add any amount you deducted for taxes based on income.
2. Subtract interest you reported on Federal Schedule C (or Schedule C-EZ or Schedule F) which is exempt for New Jersey purposes but taxable for Federal purposes.
3. Add interest not reported on Federal Schedule C (or Schedule C-EZ or Schedule F) from states or political subdivisions outside of New Jersey which is exempt for Federal purposes.
4. Deduct the remaining 50% of meal and entertainment expenses (that were disallowed on the Federal return).

Use the same accounting method (cash or accrual) that you used for Federal income tax purposes. In the case of a loss enter "0" on Line 17. Enclose a copy of the Federal Schedule C (or Schedule C-EZ or Schedule F) with your return.

### Line 18 - Net Gains or Income From Disposition of Property

Enter on Line 18 the amount of net gains from New Jersey Schedule B, Line 4. Enclose Schedule B with your return. See page 20.

### Pensions, Annuities, IRA Withdrawals and Exclusion (Lines 19a - c)

Pensions, annuities and IRA withdrawals are taxable on the New Jersey return although the taxable amount may differ from the Federal amount. All state and local government, teachers', Federal and military pensions and Keogh Plans are treated in the same manner as pensions from the private sector. Amounts received as "early retirement benefits" are also taxable. Social Security and Railroad Retirement are exempt from New Jersey income tax and should not be reported as pension income. Total and permanent disability is also exempt. However, if you retired before age 65 on a total and permanent disability pension and continue to receive pension payments after age 65, your disability pension is then treated as an ordinary pension.

Retirement plans (pensions, annuities, IRAs) are either noncontributory or contributory. A noncontributory plan is one to which you have not made contributions. A contributory plan is one to which **you have** made contributions, usually through payroll deductions.

### Line 19a - Taxable Amount Received

Report all taxable pensions, annuities and IRA withdrawals on Line 19a. The amount you report on Line 19a will depend on whether or not you made contributions to the plan.

**Noncontributory Plans.** Amounts you receive from noncontributory plans are fully taxable. Enter on Line 19a the total amount of the pension or annuity from your 1099-R.

**Contributory Plans (Other than IRAs).** The total value of your pension or annuity consists of your contributions, your employer's contributions (if any) and earnings. Generally your contributions to a pension or annuity were taxed when they were made and are not taxed by New Jersey when withdrawn. Therefore, you must determine the taxable part of any distribution you receive. Use Worksheet A below to determine whether you should use the Three-year Rule Method or the General Rule Method for your pension or annuity.

- Note:**
- ♦ If you received a distribution from a 401(k) Plan, see the section on 401(k) Plans before continuing.
  - ♦ The taxable amount of an IRA withdrawal must be determined by completing the IRA Worksheet on page 13. **Do not use Worksheet A or B for an IRA withdrawal.**

**Worksheet A**  
**Which Pension Method to Use**

1. Amount of pension you will receive during the first three years (36 months) from the date of the first payment ..... \_\_\_\_\_
2. Your contributions to the plan ..... \_\_\_\_\_
3. Subtract line 2 from line 1 ..... \_\_\_\_\_
  - (a) If line 3 is "0" or more, *and* both you and your employer contributed to the plan, you may use the **Three-year Rule Method**.
  - (b) If line 3 is less than "0," or your employer did not contribute to the plan, you must use the **General Rule Method**.

**Three-year Rule Method.** If you will recover your contributions within three years from the date you receive the first payment from the plan, and both you **and** your employer contributed to the plan, you may use the Three-year Rule Method to determine your New Jersey taxable pension income. The Three-year Rule allows you to exclude your pension and annuity payments from gross income until the payments you receive equal your contributions to the plan. Until that time the amounts you receive, because they are considered your contributions, are not taxable and should not be reported on your return. Once you have received (recovered) an amount equal to the amount you contributed, the payments you receive are fully taxable. Since the Three-year Rule has been repealed for Federal income tax purposes, if you retired after July 1, 1986, the taxable amount of pension or annuity that you report on your New Jersey return when using this method will differ from the amount you report on your Federal return.

Line 19a - Taxable Amount Received - continued

**General Rule Method.** If you will not recover your contributions within three years from the date you receive the first payment from the plan, or your employer did not contribute to the plan, you must use the General Rule Method to determine your New Jersey taxable pension income. From the first year you receive your pension and every year thereafter, part of your pension will be excludable (the amount that represents your contributions) and part will be taxable. Use Worksheet B to determine the taxable amount.

Complete Worksheet B the year in which you receive your first pension payment. Once calculated, use the percentage on line 3 to determine the taxable amount year after year. You must recalculate the percentage only if your annual pension payments decrease.

**Worksheet B  
General Rule Method**

1. Your contributions to the plan .....
2. Expected return on contract\* .....
3. Percentage excludable  
(Divide line 1 by line 2) .....%
4. Amount received this year .....
5. Amount excludable  
(Multiply line 4 by line 3) .....
6. Taxable amount  
(Subtract line 5 from line 4. Enter  
here and on Line 19a, NJ-1040) .....

\*The expected return on the contract is the amount receivable. If life expectancy is a factor under your plan, Federal actuarial tables must be used to compute the expected return. The Federal actuarial tables are contained in the Internal Revenue Service's Publication 939, *Pension General Rule*. Contact the IRS for this publication. If life expectancy is not a factor under your plan, the expected return is found by totaling the amounts to be received.

**Contributions to Plans Prior to Residence.** Any contributions you made to a pension, annuity or IRA prior to moving to New Jersey are treated in the same way as the contributions would have been treated had you resided in New Jersey at the time. Contributions to plans other than 401(k) Plans are considered to have been previously taxed. Use the appropriate method to determine the taxable amount.

**Lump-Sum Distributions and Rollovers.** When a lump-sum distribution of the entire balance from a qualified employee pension, annuity, profit-sharing or other plan is made, the amount received in excess of the contributions to the plan that have already been taxed must be included in your income in the year received. New Jersey has no provisions for income averaging of lump-sum distributions. Report the taxable amount of a lump-sum distribution on Line 19a.

A lump-sum distribution from an IRA or a qualified employee pension or annuity plan which you roll over into an IRA or other eligible plan is excludable from New Jersey income if the rollover qualifies for deferral for Federal income tax purposes. The amount rolled over (minus previously taxed contributions) is taxable later when it is withdrawn. As under Federal law, the rollover must be made within the 60-day period after distribution.

**401(k) Plans.** Beginning on January 1, 1984, New Jersey's treatment of 401(k) Plan contributions changed. After that date employee contributions to 401(k) Plans were no longer included in taxable

wages when earned. If you made contributions to your 401(k) Plan prior to January 1, 1984, your distribution will be treated differently than if you made all of your contributions after this date.

1. **All contributions made after January 1, 1984.** If all of your contributions to the 401(k) Plan were made after January 1, 1984, then your distributions from the plan are fully taxable unless your contributions exceeded the Federal limit.
2. **Contributions made before January 1, 1984.** If you made contributions to the 401(k) Plan before January 1, 1984, or you made contributions beyond the Federal limit, calculate the taxable portion of your distributions from the plan using one of the methods described under contributory plans.

For more detailed information on reporting pension and annuity income on your New Jersey return, order Tax Topic Bulletin GIT-1, *Pensions and Annuities*.

**IRAs.** Your IRA consists of a nontaxable part (your contributions) and a taxable part (earnings plus certain amounts, if any, rolled over from pension plans). Generally your contributions have been previously taxed. Therefore, only the portion of your distribution that represents earnings is taxable.

Earnings credited to an IRA are not subject to tax until withdrawn. The interest, dividends and other earnings, as well as amounts which were tax-free rollovers, will become taxable when withdrawn. If the total amount in the IRA is withdrawn, the entire amount of the interest or accumulated gains becomes taxable in the year the withdrawal is made.

If, however, the withdrawal from an IRA is made over a period of years, the portion of the annual distribution that represents interest income and accumulated gains in the IRA is subject to tax. A distribution from a rollover IRA which is fully taxable for Federal income tax purposes may be treated differently for New Jersey purposes if your contributions were subject to New Jersey income tax when the contributions were made.

Report the taxable amount of an IRA withdrawal on Line 19a. Use the following worksheet to determine the taxable portion of your IRA withdrawal. For multiple IRAs, the taxable amount may be determined by using a separate worksheet for each IRA, or all IRAs may be combined on one worksheet.

For more detailed information on IRA withdrawals, order Tax Topic Bulletin GIT-2, *IRA withdrawals*.

*continue*

**Worksheet C - IRA Withdrawals  
1995**

**Part I**

1. **Value of IRA** on 12/31/95 ..... 1. \_\_\_\_\_
  2. **Total distributions from IRA during the tax year.** Do not include tax-free rollovers ... 2. \_\_\_\_\_
  3. **Total Value of IRA.** Add Lines 1 and 2 ..... 3. \_\_\_\_\_
- Unrecovered Contributions:**  
Complete **either** Line 4a or 4b:
- 4a. **First year of Withdrawal From IRA:**  
Enter the total of IRA contributions that were previously taxed .... 4a. \_\_\_\_\_
  - 4b. **After First Year of Withdrawal From IRA:** Complete Part II. Enter amount of unrecovered contributions from Part II, Line (g)\* ..... 4b. \_\_\_\_\_
  5. **Accumulated Earnings in IRA on 12/31/95.** Subtract either Line 4a or 4b from Line 3 ..... 5. \_\_\_\_\_
  6. Divide Line 5 by Line 3 and enter the result as a decimal ..... 6. \_\_\_\_\_
  7. **Taxable Portion of This Year's Withdrawal.** Multiply Line 2 by decimal amount on Line 6. Enter here and on Line 19a, NJ-1040 ..... 7. \_\_\_\_\_

**Part II—Unrecovered Contributions**

(For Second and Later Years)

- (a) **Last Year's Unrecovered Contributions.** From Line 4 of last year's worksheet \* ..... (a) \_\_\_\_\_
- (b) **Amount Withdrawn Last Year.** From Line 2 of last year's worksheet ..... (b) \_\_\_\_\_
- (c) **Taxable Portion of Last Year's Withdrawal.** From Line 7 of last year's worksheet ..... (c) \_\_\_\_\_
- (d) **Contributions Recovered Last Year.** Subtract Line (c) from Line (b) ..... (d) \_\_\_\_\_
- (e) **This Year's Unrecovered Contributions.** Subtract Line (d) from Line (a) ..... (e) \_\_\_\_\_
- (f) **Contributions to IRA during current tax year.** Do not include tax-free rollovers ..... (f) \_\_\_\_\_
- (g) **Total Unrecovered Contributions.** Line (e) plus Line (f). Enter here and on Part I, Line 4b ..... (g) \_\_\_\_\_

\* If you did not complete a worksheet in prior year(s), skip Part II and calculate the amount of unrecovered contributions as follows:

- A. Determine the total amount of **withdrawal(s)** made from the IRA in previous years.
- B. Total the portion(s) of these previous year withdrawal(s) already reported as income on prior New Jersey tax returns.
- C. Subtract the amount of previous year withdrawals reported (B) from the total amount of previous year withdrawals (A). This difference is the amount of contributions that have been *recovered* thus far.
- D. Subtract the amount of *recovered* contributions (C) from the *total* amount of contributions made to the IRA. This is the amount of **unrecovered** contributions to enter on **Line 4b of Part I**.

**(Keep a copy of this worksheet for your records.)**

**Line 19b - New Jersey Pension Exclusion**

If you qualify, you may exclude all or a part of the income you received during the year from taxable pensions, annuities and IRA withdrawals. If you and/or your spouse are 62 years of age and did not report any income on line 19a, you may still qualify for the "Other Retirement Income Exclusion." See the instructions for Line 27b on page 14.

To qualify for the New Jersey pension exclusion you must be:

- 62 years of age or more
- or**
- ♦ Disabled as defined by Social Security guidelines

Maximum Pension Exclusion	
Amount:	For Filing Status:
\$10,000	Married, filing joint return
\$ 7,500	Single Head of Household Qualifying Widow(er)
\$ 5,000	Married, filing separate return

Enter on Line 19b the lesser of the amount reported on Line 19a or the amount next to your filing status from the Maximum Pension Exclusion chart. The amount on Line 19b should never be more than the amount on Line 19a. Part-year residents, see page 3.

When you and your spouse file a joint return and only one of you is disabled or 62 years of age or older, you may still claim the maximum pension exclusion. However, only the pension, annuity or IRA withdrawal of the qualified spouse may be excluded.

If you and/or your spouse are 62 years of age, you may qualify for an additional exclusion. See the instructions for Line 27b.

### Line 19c

Subtract Line 19b from Line 19a and enter the result on Line 19c. If the result is zero, enter "0."

### Line 20 - Distributive Share of Partnership Income

Enter on Line 20 your share of income derived from a partnership, whether or not the income was actually distributed. For detailed information regarding the reporting of partnership income, request Tax Topic Bulletin GIT-9, *Income from Partnerships and S Corporations*.

Enclose a copy of the Schedule NJK-1, Form NJ-1065, which you received from the partnership and enter the income amounts on the NJ-1040 as indicated. Any amounts less than zero must be entered as "0."

If you did not receive a Schedule NJK-1, you must enclose a copy of the Federal Schedule K-1 and complete Reconciliation Worksheet A contained in Tax Topic Bulletin GIT-9, *Income from Partnerships and S Corporations*. Be sure to retain the completed worksheet for your records.

### Line 21 - Net Pro Rata Share of S Corporation Income

Enter on Line 21 the amount of your net pro rata share of S corporation income, whether or not the income was actually distributed. For detailed information regarding the reporting of S corporation income, request Tax Topic Bulletin GIT-9, *Income from Partnerships and S Corporations*.

Enclose a copy of the Schedule NJ-K-1, Form CBT-100S, which you received from the S corporation. If you did not receive a Schedule NJ-K-1, you must enclose a copy of the Federal Schedule K-1 and complete Reconciliation Worksheet B contained in Tax Topic Bulletin GIT-9, *Income from Partnerships and S Corporations*. Be sure to retain the completed worksheet for your records.

### Line 22 - Net Gains or Income From Rents, Royalties, Patents and Copyrights

Enter on Line 22 the amount of net income from New Jersey Schedule C, Line 3. Enclose Schedule C with your return. See page 21.

### Line 23 - Net Gambling Winnings

Enter on Line 23 the amount of your net gambling winnings. You may deduct your gambling losses from your winnings that occurred during the same year. You must be able to provide proof of your losses upon request. You may not use New Jersey Lottery losses to offset other gambling winnings. If your net gambling winnings are less than zero, enter "0." Winnings or losses from other state lotteries are reported on this line.

**Remember, do not include any winnings or losses from the New Jersey State Lottery.**

### Line 24 - Alimony and Separate Maintenance Payments Received

Enter on Line 24 the total amount of alimony and separate maintenance payments you received which were required under a decree of divorce or separate maintenance. Do not include payments received for child support.

### Line 25 - Other

Enter on Line 25:

**Amounts Received as Prizes and Awards.** A prize won by any person in a raffle, drawing, television or radio quiz show, contest or any other event is taxable and must be included on Line 25. Awards, including those given to employees for their work or suggestions, are also taxable. Any prizes or awards received in goods or services must be included as income at fair market value.

**Scholarships and Fellowships.** Scholarships and fellowship grants are taxable and must be included on line 25 unless they satisfy **all** of the following conditions:

1. The primary purpose of the grant is to further the recipient's education or training; and
2. The grant neither represents payments for past, present or future services nor payments for services which are subject to the direction or supervision of the grantor (e.g., a fellowship given in exchange for teaching); and
3. The grant is not for the benefit of the grantor.

**Residential Rental Value or Allowance Paid by Employer.** Enter on Line 25 either the rental value of a residence furnished by an employer or the rental allowance paid by an employer to provide a home. The rental value of the residence furnished is excludable and should not be reported provided that:

1. The lodging is provided on the business premises of the employer; and
2. The lodging is furnished for the convenience of the employer; and
3. The employee is required to accept such lodging as a condition of employment.

**Other.** Enter on Line 25 the amount of any taxable income for which a place has not been provided elsewhere on the return. Income from sources both legal and illegal is subject to tax.

### Line 26 - Total Other Income

Enter on Line 26 the total of Lines 22 through 25 only.

### Line 27a - Total Income

Enter on Line 27a the total of Lines 14, 15a, 16, 17, 18, 19c, 20, 21 and 26.

### Line 27b - Other Retirement Income Exclusion

If you and/or your spouse are 62 years of age and you did not use the maximum pension exclusion on Line 19b (your pension, annuity or IRA withdrawal was less than the exclusion amount for your filing status or you did not receive a pension, annuity or IRA withdrawal), you may be entitled to exclude other income on Line 27b. Complete the

following worksheet to determine if you qualify for any additional exclusion. If you are a part-year resident, do not complete the worksheet. See page 3.

When you and your spouse file a joint return and only one of you is 62 years old, you may claim the full exclusion. However, only the income of the qualified spouse may be excluded.

**Worksheet D**  
**Other Retirement Income Exclusion\***  
**Age Requirement: 62 or older**

**Part I**

1. Enter the amount from Line 14, NJ-1040 ..... \_\_\_\_\_

2. Enter the amount from Line 17, NJ-1040 ..... \_\_\_\_\_

3. Enter the amount from Line 20, NJ-1040 ..... \_\_\_\_\_

4. Enter the amount from Line 21, NJ-1040 ..... \_\_\_\_\_

5. Add Lines 1, 2, 3 and 4. .... \_\_\_\_\_

\* Part-year residents, do **not** complete this worksheet. See instructions on page 3.

**STOP -**

- ♦ **If Line 5 is MORE than \$3,000** – Do not complete Part II. Enter “0” on Line 9 and continue with Part III.
- ♦ **If Line 5 is \$3,000 or LESS** – Continue to Part II.

---

**Part II**

6. **Enter:**    **if your filing status is:**  
     \$10,000    Married, filing joint return  
     \$ 7,500    Single  
                   Head of Household  
                   Qualifying Widow(er)  
     \$ 5,000    Married, filing separate return ..... \_\_\_\_\_

7. Enter the amount from Line 19b, NJ-1040 ..... \_\_\_\_\_

8. Subtract Line 7 from Line 6. Enter the difference here and on Line 9 (Part III). If zero, enter “0.” \_\_\_\_\_

---

**Part III**

9. Unclaimed Pension Exclusion (from Line 8) .... \_\_\_\_\_

10. Are you (and/or your spouse, if filing jointly) now receiving, or will you (and/or your spouse, if filing jointly) ever be eligible to receive Social Security or Railroad Retirement benefits?

Yes — Enter “0” here and complete Line 11.

No —

**Enter:**    **if your filing status is:**  
     \$ 6,000    Married, filing joint return  
                   Head of Household  
                   Qualifying Widow(er)  
     \$ 3,000    Single  
                   Married, filing separate return ..... \_\_\_\_\_

11. **Your Other Retirement Income Exclusion**  
 Add Lines 9 and 10. Enter here and on Line 27b, NJ-1040. .... \_\_\_\_\_

**Line 27c - New Jersey Gross Income**

Subtract Line 27b from Line 27a and enter the result on Line 27c. If less than zero, enter “0.”

**If you were a New Jersey resident for the entire year and your Gross Income on Line 27c is \$7,500 or less (\$3,750 for married persons filing separately), you have no tax liability to New Jersey and no return must be filed. However, you should file a return in order to obtain a refund of taxes withheld or estimated payments made. Enter zeros on Lines 34 and 36.**

You may claim an exemption from withholding if you expect to have no New Jersey income tax liability for the taxable year because your gross income will be less than the minimum amount. Complete Form NJ-W4 and submit it to your employer to claim the exemption.

If you were a New Jersey resident for only part of the year, see the “Guidelines for Part-year Residents” on page 3.

**Line 28 - New Jersey Gross Income**

Enter on Line 28 the amount from Line 27c, Page 1.

**Exemptions and Deductions (Lines 29 - 31)**

New Jersey law allows deductions only for exemptions, certain medical expenses and alimony and separate maintenance payments. No deduction is allowed for adjustments taken on the Federal return such as employee business expenses, IRA contributions and Keogh Plan contributions.

Keep records of all contributions to IRAs and Keogh Plans. You will need this information when you make withdrawals in future years.

Part-year residents must follow the guidelines on page 3.

**Lines 29a - c - Exemptions**

- ♦ **Line 29a.** Enter the number of exemptions from Line 12a. Multiply the number by \$1,000 and enter the result.
- ♦ **Line 29b.** Enter the number of exemptions from Line 12b. Multiply the number by \$1,500 and enter the result.
- ♦ **Line 29c.** Add Lines 29a and 29b together and enter the result.

**Line 30 - Medical Expenses**

You may deduct certain medical expenses that you paid during the year for yourself, your spouse and your dependents. However, you cannot deduct expenses for which you were reimbursed. Only expenses in excess of 2% of your income may be deducted. Use the Medical Expenses worksheet on page 16 to calculate your deduction.

**Allowable Medical Expenses.** *Medical expenses* means nonreimbursed payments for physicians, dental and other medical fees, prescription eyeglasses and contact lenses, hospital care, nursing care, medicines and drugs, prosthetic devices, X-rays and other diagnostic services conducted by or directed by a physician or dentist. In addition, medical expenses may also include amounts paid for transportation primarily for and essential to medical care and insurance (including amounts paid as premiums under Part B of Title XVIII of the Social Security Act, relating to supplementary medical insurance for the aged) covering medical care. As a general rule, medical expenses allowed for Federal

Line 30 - Medical Expenses - continued

income tax purposes will be allowed for New Jersey income tax purposes.

### Worksheet E Medical Expenses Deduction

(Keep for your records)

1. Total nonreimbursed medical expenses ..... \_\_\_\_\_
2. Enter Line 27c, NJ-1040 \_\_\_\_\_ x .02 = ..... \_\_\_\_\_
3. **Medical Expenses Deduction.** (Subtract Line 2 from Line 1. Enter the result here and on Line 30, NJ-1040. If zero or less, enter "0.") ..... \_\_\_\_\_

### Line 31 - Alimony and Separate Maintenance Payments

Enter on Line 31 the amount of alimony and separate maintenance paid which was required under a decree of divorce or separate maintenance. Do not include payments for child support.

### Line 32 - Total Exemptions and Deductions

Enter on Line 32 the total of Lines 29c, 30 and 31.

### Line 33 - New Jersey Taxable Income

Subtract Line 32 from Line 28 and enter the result on Line 33. If Line 33 is zero or less, enter "0."

### Line 34 - Tax

Compute your tax by using one of the following methods.

**Tax Table.** If your New Jersey taxable income is less than \$100,000, you may use the New Jersey Tax Table on page 27 or the New Jersey Tax Rate Schedule on page 36 to find your tax. When using the tax table, be sure to use the correct column. After you have found your tax, enter the amount on Line 34.

**Tax Rate Schedules.** You must use the New Jersey Tax Rate Schedules on page 36 if your New Jersey taxable income is \$100,000 or more. Use the correct schedule for your filing status. After you have calculated your tax, enter the amount on Line 34.

### Line 35 - Credit for Income Taxes Paid to Other Jurisdictions

Enter on Line 35 the amount of credit allowed from New Jersey Schedule A, Line 5. The credit may not exceed your tax on Line 34. Enclose Schedule A(s) with your return, together with a copy of the return(s) you filed with the other state(s) or political subdivision(s). See the instructions for Schedule A on page 19.

### Line 36 - Balance of Tax

Subtract Line 35 from Line 34 and enter the result on Line 36.

### Line 37 - Use Tax on Out-of-State Purchases

If you were a New Jersey resident and you purchased items or services that were subject to New Jersey sales tax, you are liable for the use tax at the rate of 6% of the purchase price if:

1. sales tax has not been paid;
- or
2. sales tax has been collected out-of-State at a rate less than 6%.

In determining the net amount of use tax due, sales tax paid to certain other states may be taken as credit. Use tax is due 20 days after the items enter New Jersey. Use Form ST-18 to remit the use tax on a more timely basis.

Form ST-18 is provided in this booklet for your convenience (in the center of the booklet with other tax forms). You may photo-copy the Form ST-18 provided and use it to remit use tax throughout the year. You should know that New Jersey does have access to records maintained by out-of-State businesses and does bill customers directly for use tax including penalty and interest.

### Line 38 - Total Tax

Total Lines 36 and 37 and enter on Line 38.

### Line 39 - Total New Jersey Income Tax Withheld

Enter on Line 39 the total New Jersey income tax withheld, as shown on your W-2, W-2G and/or 1099-R statement(s). The W-2 must indicate the amount of New Jersey tax withheld and the "State" box must indicate that the tax withheld was New Jersey income tax. Enclose the state copy of each withholding statement (W-2, W-2G, 1099-R).

**Enclose Form 1099-R with the return only if New Jersey income tax was withheld.**


**Do not** include on Line 39 amounts withheld as New Jersey Workforce Development Partnership Fund/Health Care Subsidy Fund contributions (shown on the W-2 as WD/HC, if combined, or WD and HC, if stated separately) or New Jersey Disability Insurance (may be shown as DI). These are **not** New Jersey income tax withholdings and may not be used as credits on Line 39. See instructions for Lines 41 and 42 for more information on Excess Workforce Development Partnership Fund/Health Care Subsidy Fund contributions and/or Disability Insurance contributions.


All W-2 statements must reflect your correct social security number for the withholdings to be credited. If the social security number is missing or incorrect, you must obtain a corrected W-2 from your employer. Only your employer/payer can issue or correct this form. If you have not received a W-2 form by February 15, 1996, or if the form you received is incorrect, contact your employer/payer immediately.

## Line 40 - New Jersey Estimated Payments/ Credit From 1994 Tax Return

Enter on Line 40 the total of:

- ♦ Estimated tax payments made for 1995
- ♦ Credit applied from your 1994 tax return
- ♦ Amount, if any, paid to qualify for an extension of time to file

If you changed your name because of marriage, divorce, etc., and you made estimated tax payments using your former name,  enclose a statement with your return explaining all the payments you and/or your spouse made for 1995 and the name(s) and social security number(s) under which you made payments.

 If your spouse died during the year and any estimated payment(s) were made under the deceased spouse's social security number and other payments were made under your social security number, you must enclose a statement with your return listing the social security numbers and the amounts submitted under each social security number.

## Credit for Excess Workforce Development Partnership Fund/Health Care Subsidy Fund Contributions and/or Disability Insurance (Lines 41 and 42)

You may take credit for excess workforce development partnership fund/health care subsidy fund contributions and/or disability insurance contributions withheld by two or more employers. For 1995, the maximum employee workforce development partnership fund/health care subsidy fund contribution was \$110.00, and the maximum employee disability insurance contribution was \$88.00. If you had two or more employers and you contributed more than the maximum amount(s), you must enclose a completed Form NJ-2450 with your return to claim the credit.

All information on Form NJ-2450 must be substantiated by W-2 statements or the claim will be denied. The amounts of workforce development partnership fund/health care subsidy fund contributions and disability insurance withheld must be reported separately on all W-2 statements. The employer's Department of Labor identification number must also be shown.

Be careful when completing Form NJ-2450 and check that your W-2 verifies the information you provide. If **all** New Jersey Department of Labor requirements are not met, the Division of Taxation must deny your credit. You must then refile your claim with the Department of Labor using their Form UC-9A, "Employee's Claim for Refund of Excess Contributions." Once your credit has been denied by the Division of Taxation, it can **only** be claimed through the Department of Labor.

## Line 41 - Excess New Jersey Workforce Development Partnership Fund/Health Care Subsidy Fund Contributions Withheld

Enter on Line 41 the excess workforce development partnership fund/health care subsidy fund contributions withheld from Line 4 of Form NJ-2450. Enclose Form NJ-2450 with your return.

## Line 42 - Excess New Jersey Disability Insurance Withheld

Enter on Line 42 the excess disability insurance withheld from Line 5 of Form NJ-2450. Enclose Form NJ-2450 with your return.

## Line 43 - Total Payments/Credits

Add Lines 39 through 42 and enter the result on Line 43.

## Amount of Tax You Owe or Overpayment (Lines 44 and 45)

Compare Lines 38 and 43.

- ♦ If Line 38 is more than Line 43, you have a balance of tax due. Complete Line 44.
- ♦ If Line 38 is less than Line 43, you have overpaid your tax. Complete Line 45.

## Line 44 - Amount of Tax You Owe

Subtract Line 43 (Total Payments/Credits) from Line 38 (Total Tax) and enter the result on Line 44.

If you owe tax, you may make a donation on Lines 46B, 46C and/or 46D by adding the amount of your donation to your check amount.

If you are enclosing Form NJ-2210, the amount of the check should also include interest calculated for the underpayment of estimated tax. Make your check for the total amount payable to "State of New Jersey - TGI."

*If the amount of tax you owe (Line 44) is more than \$100, you may want to increase your estimated payments or contact your employer for Form NJ-W4 to increase your withholdings to avoid interest assessments.*

## Line 45 - Overpayment

Subtract Line 38 (Total Tax) from Line 43 (Total Payments/Credits) and enter the result on Line 45.

## Line 46A - Credit to Your 1996 Tax

Enter on Line 46A the amount of your overpayment that you wish to credit to your 1996 tax liability.

## Contributions (Lines 46B, 46C and 46D)

You may make a donation to the 'Conserve Wildlife' Fund, the Children's Trust Fund or the Vietnam Veterans' Memorial Fund, whether you have an overpayment or a balance due. Indicate the amount you want to contribute by checking the appropriate box or enter any amount you wish to contribute. This amount will reduce your refund or increase your balance due. An amount must be entered when making a contribution.

If you are making a donation and you have a balance due, increase the amount of your check or money order (made out to "State of New Jersey - TGI") by the amount you wish to contribute. Your donation will be deposited in the appropriate fund when your return is processed.



(Contributions graphics not available)

### Line 47 - Total Deductions From Overpayment

Add any amounts on Lines 46A, 46B, 46C and 46D. Enter the result on Line 47.

### Line 48 - Refund

Subtract Line 47 from Line 45 (Overpayment). Enter the result on Line 48. This is the amount of your refund.

#### Table 1

#### Enclosures with the NJ-1040

Be sure to enclose the following with your completed return:

- Check or money order for any tax due
- W-2(s) and 1099-R(s) that indicate NJ withholdings
- If appropriate, New Jersey Form(s) - Schedules A, B & C, NJ-630, NJ-2440, NJ-2450, Schedule NJK -1 (or copy of Federal Schedule K-1, Form 1065), Schedule NJ -K-1 (or copy of Federal Schedule K-1, Form 1120S)
- If appropriate, copy of other state or jurisdiction's tax return
- If appropriate, copy of Federal Form(s) -
  - Schedule B or Schedule 1 for interest over \$400
  - Schedule C, C-EZ or F for business income
  - Schedule K-1 for fiduciary income
  - Form 2106 for employee business expenses
  - Form 2119 for the sale of your principal residence
  - Form 3903 for moving expenses
  - Form 4868 for filing under a Federal extension

**ALL ENCLOSURES MUST BE FOLDED INSIDE YOUR RETURN. DO NOT STAPLE, PAPER CLIP OR TAPE ANY DOCUMENTS TO THE TAX RETURN.**

### Remember—

- ◆ Sign and date your return.
- ◆ If you are completing Schedules A, B and C, see the next page.
- ◆ If you are completing a 1995 Homestead Property Tax Rebate Application, Form HR-1040, see page 21.
- ◆ **Finally, if you are not required to file a New Jersey Resident Income Tax Return (Form NJ-1040), but you qualify for a homestead rebate, you may file just the Homestead Property Tax Rebate Application (Form HR-1040).**

## Schedules A, B and C

### Schedule A - Credit for Income or Wage Taxes Paid to Other Jurisdictions

As a New Jersey resident, you may be entitled to a tax credit against your New Jersey income tax if you have income from sources outside New Jersey. To qualify, your income must be subject to **both** the New Jersey income tax and the income or wage tax imposed by another jurisdiction outside of New Jersey in the same year. For this purpose, "jurisdiction" means any state of the United States or political subdivision of such state, including the District of Columbia. Thus, no credit is permitted for taxes paid to the U.S. Government, Canada, Puerto Rico or any foreign country or territory.

To receive this credit you must:

1. Complete Schedule A in its entirety;
2. Enclose Schedule A\* with your NJ-1040 income tax return;
3. Enclose a complete copy of the income tax return(s) you filed with the other jurisdiction(s).

\*If you are claiming credit for income or wage taxes paid to more than one jurisdiction, complete and enclose a separate Schedule A for each jurisdiction.

You must complete Schedule A to calculate the credit. Line by line instructions for Schedule A follow.

#### Line 1 - Income Actually Taxed by Other Jurisdiction(s)

Enter on Line 1 the amount of income you received during the year which was actually taxed by the other jurisdiction. Also enter the name of the taxing jurisdiction in the space provided. The amount on Line 1 should be the amount of income which was actually taxed by the other jurisdiction. This means the gross income after adjustments have been made by the other jurisdiction before personal exemptions and standard and/or other itemized deductions are subtracted. Any income included on Line 1 of Schedule A must also be included on line 2 since to be eligible for the credit, the income must be taxed by **both** New Jersey and the other jurisdiction.

You should include on Line 1 only amounts properly taxable by the other jurisdiction. Generally, this includes compensation for services performed; net profits from a business, trade or profession carried on in the other jurisdiction; S corporation income allocated to the other jurisdiction; or income or gains from the ownership or sale of real or personal property in the other jurisdiction.

Amounts received as interest, dividends and other income from intangible personal property such as savings accounts, stocks, bonds and other securities, cannot be included on Line 1 unless (1) the income was derived from a business, trade or profession carried on in the other jurisdiction or (2) you file a resident return with the other jurisdiction as well as with New Jersey and report the income on both returns.

Do **not** include on Line 1:

- ♦ Income which is not subject to New Jersey income tax (even though the item(s) may be subject to tax by the other jurisdiction, e.g., unemployment compensation).

- ♦ Income which has been excluded or deducted in arriving at the income actually taxed in the other jurisdiction. (The gross income after adjustments figure of the other jurisdiction should be used on Line 1. To arrive at your gross income after adjustments figure, items such as IRA and Keogh contributions, employee business expenses, moving expenses and alimony may have been deducted from gross income.)

- ♦ Income subject to tax by any foreign country or territory.

**Income Taxed by More than One Jurisdiction.** Income can only be reported once on Schedule A. When you pay tax to two jurisdictions on the same income and the amount of income taxed by each jurisdiction differs, you may be entitled to claim two credits. One credit is based on the amount taxed by one of the jurisdictions, and the second credit is based only on the difference between the amounts taxed by the two jurisdictions. For example, you earned \$40,000 in the City of New York and that income was taxed by both the City of New York and New York State. If \$38,000 is taxed by New York State and \$40,000 is taxed by the City of New York, complete two Schedule As. Line 1 of the New York State Schedule A will be \$38,000 and Line 1 of the City of New York Schedule A will be \$2,000 (the difference between income taxed by the City of New York and the New York State income on which you have already calculated a credit).

**Note:** When calculating the credit for income taxed by more than one jurisdiction, enter on Line 4 of each Schedule A **only** the tax paid on the amount of income entered on Line 1. In the example above, Line 4 of the City of New York Schedule A would show the City of New York tax paid on \$2,000.

If the amount subject to tax by two jurisdictions is the same, complete a Schedule A for only one jurisdiction.

**Income from New York.** New Jersey residents working in or earning taxable income from New York are often taxed on an amount less than their actual income due to the many allowable New York income tax deductions. When claiming credit for taxes paid to New York, Line 1, Schedule A of the NJ-1040 should reflect the "New York State Amount" actually taxed by New York from the New York IT-203. Certain adjustments may be necessary to determine the income actually taxed by New York State.

For New Jersey residents subject to the New York State income tax on lump sum distributions, separate calculations (on Schedule A) for taxes paid to New York State on ordinary income and taxes paid to New York State on the lump sum distribution should be made to arrive at the total credit for taxes paid. Both Schedule As must be enclosed with your return.

**Income from Pennsylvania.** As a result of the Reciprocal Personal Income Tax Agreement between the Commonwealth of Pennsylvania and the State of New Jersey, compensation paid to New Jersey residents employed in Pennsylvania is not subject to the Pennsylvania income tax. Compensation means salaries, wages, tips, fees, commissions, bonuses and other remuneration received for services rendered as an employee.

You may **not** claim a credit on Schedule A for taxes paid to Pennsylvania on compensation earned in Pennsylvania because these earnings are not subject to tax in Pennsylvania. If Pennsylvania income tax was withheld from your wages, you must file a Pennsylvania return to obtain a refund. To stop the withholding of Pennsylvania income tax, complete a Pennsylvania Employee's Statement of Nonresidence (Pennsylvania Form

REV-420) and give it to your employer. You may obtain Form REV-420 from the Pennsylvania Department of Revenue.

The Reciprocal Agreement covers compensation only. If you are self-employed or receive other income (for example, gain from sale of property) which is taxable in both states, you may claim a credit for taxes paid to Pennsylvania on that income by completing Schedule A.

**Income From Philadelphia.** The Reciprocal Agreement does not apply to the wage or income tax imposed and collected by the City of Philadelphia or any other municipality in Pennsylvania. Therefore, income subject to both New Jersey income tax and any municipal wage or income tax may be included on Line 1, Schedule A. Enclose a copy of your W-2 (or Net Profits Tax Return) with your return showing the amount of municipal income tax paid.

**Note:** The amount of income taxable to Philadelphia is sometimes less than the wage figure on the W-2 statement. To determine the proper amount of income to place on Line 1 of Schedule A of the NJ-1040, you must divide the wage tax deducted from your pay by the Philadelphia tax rate as follows:

$$\frac{\text{Philadelphia Wage Tax}}{\text{Philadelphia Tax Rate}} = \text{Line 1, Schedule A}$$

The amount reported at Line 1 cannot be more than the amount reported at Line 14, NJ-1040 as Philadelphia wages.

## Line 2 - Income Subject to Tax by New Jersey

Enter on Line 2 the amount of income reported on Line 27a, NJ-1040, plus any pension excluded at Line 19b.

## Line 3 - Maximum Allowable Credit

Divide Line 1 by Line 2. Since Line 1 can never be more than Line 2, the result will be a decimal (or 1.00). Multiply the decimal by Line 34, NJ-1040, and enter the amount on Line 3. The amount on Line 3 may not exceed your New Jersey tax (Line 34, NJ-1040).

## Line 4 - Income or Wage Tax Paid to Other Jurisdictions

Enter on Line 4 the total amount of income or wage tax paid to the other jurisdiction on the income shown on Line 1 of Schedule A.

Enter the total tax liability to the other jurisdiction from the other jurisdiction's tax return. If the other jurisdiction does not require the filing of a tax return, Line 4 of Schedule A may be the taxes withheld for the jurisdiction.

## Line 5 - Credit Allowed

Enter on Line 5 the **lesser** of Line 3 (Maximum allowable credit) or Line 4 (Income or wage tax paid to the other jurisdiction). Also enter this amount on Line 35, NJ-1040. If you completed more than one Schedule A, total the amounts from Line 5 of all Schedule As and enter on Line 35 of the NJ-1040.

For more information on claiming a credit for taxes paid to another jurisdiction, order Tax Topic Bulletin GIT-3, *Credit For Taxes Paid to Other Jurisdictions*.

## Schedule B - Net Gains or Income From Disposition of Property

Use Schedule B to report all capital gains and income from the sale or exchange of any property. In arriving at your gain, you may deduct expenses of the sale and your basis in the property. The basis to be used for computing gain or loss is the cost or adjusted basis for Federal income tax purposes. All gains derived from installment sales must be reported in the same year as reported for Federal income tax purposes. If the spaces provided are not sufficient, enclose a statement with the return listing any additional transactions along with Schedule B.

**Sale of a Principal Residence.** Capital gain, postponement of gain and the one-time exclusion of gain (for persons age 55 or older) on the sale of a principal residence are computed in the same manner as for Federal income tax purposes. Any amount that is taxable for Federal purposes is taxable for New Jersey purposes. If you are postponing or excluding any of the gain on the sale of your principal residence for Federal purposes, the same amount will be postponed or excluded for New Jersey purposes. Complete New Jersey Schedule B to report the transaction. Also enclose a photocopy of your Federal Form 2119.

## Line 1 - List Transactions

List at Line 1, Schedule B, any New Jersey taxable transaction(s) as reported on your Federal Schedule D, indicating the gain or loss for each transaction in column f.

Do not include gains or losses from the sale of exempt obligations. For more information on tax exempt obligations, order Tax Topic Bulletin, GIT-5, *Exempt Obligations*.

The Gross Income Tax Act does not distinguish between active and passive losses, nor does it authorize carryback or carryforward of such losses. You may deduct Federal passive losses in full in the year incurred against any gain within the **same category** of income, but only in the year that it occurred.

## Line 2 - Capital Gains Distributions

Enter on Line 2 the total amount of all capital gains distributions from your Form 1099-DIV(s) or similar statement(s). Do not include capital gains from a "New Jersey Qualified Investment Fund" which are attributable to qualified exempt obligations. For more information on "New Jersey Qualified Investment Funds," see page 10.

## Line 3 - Other Net Gains

Enter on Line 3 the total amount of net gains or income less net losses from disposition of property not included on Lines 1 or 2 of Schedule B.

## Line 4 - Net Gains

Enter on Line 4 the total of the amounts listed on Line 1, column f and Lines 2 and 3, netting gains with losses. If the netted amount is a loss, enter "0." Also enter this amount on Line 18, NJ-1040.

## Schedule C - Net Gain or Income From Rents, Royalties, Patents and Copyrights

Use Schedule C to report net gain or income less net losses from rents, royalties, patents and copyrights. The Gross Income Tax Act does not distinguish between active and passive losses, nor does it authorize carryback or carryforward of such losses. Thus, you may deduct Federal passive losses in full in the year incurred against any gain within the **same category** of income.

If the spaces provided are not sufficient, enclose a statement with the return listing any additional property and income along with Schedule C.

### Line 1 - List Property and Income

List at Line 1, Schedule C, the kind of property and the net income or loss from each property. For rentals, list the income or loss for each rental property as determined on your Federal Schedule E.

### Line 2 - Totals

Add the amounts in each column and enter the totals on Line 2.

### Line 3 - Net Income

Add the amounts listed on Line 2 in columns b, c, d and e. Enter the total on Line 3, netting gains with losses. If the netted amount is a loss, enter "0." Also enter this amount on Line 22, NJ-1040.

## 1995 Homestead Property Tax Rebate Application

### Qualifications

To be eligible for a New Jersey Homestead Property Tax Rebate:

- ♦ You must have been domiciled and maintained a principal residence as a homeowner or tenant in New Jersey during 1995; and
- ♦ Your gross income for the entire year must have been \$100,000 or less; and
- ♦ Your principal residence, whether owned or rented, must be subject to local property taxes, and property taxes must have been paid on that residence either as actual property taxes or through rent; and
- ♦ Your rented dwelling must have its own separate kitchen and bath facilities; and
- ♦ If you are filing Form NJ-1040, you must file the Homestead Property Tax Rebate Application (Form HR-1040) **and** the NJ-1040 **by April 15, 1996**, or if you are filing the NJ-1040 under an extension, by the extended due date. If you are filing **only** Form HR-1040, see "Rebate Only Filers" below.

**Rebate Only Filers.** A resident who is not required to file a New Jersey income tax return (because of income below the minimum filing threshold) and meets the qualifications for a Homestead Property Tax Rebate **may file only the HR-1040 to claim a rebate. It is not necessary to file the NJ-1040 along with the homestead rebate application.** These residents have until January 15, 1997 to file Form HR-1040.

**Part-year Residents.** A part-year resident who meets the qualifications is eligible for a Homestead Property Tax Rebate. Part-year residents must enter their full year income from all sources on Line 1 of the HR-1040.

**Principal Residence.** A principal residence means a homestead, either owned or rented, actually and continually occupied as your permanent residence. No rebate will be granted for a vacation home, a "second home," or property which the owner rents to someone else.

### Homeowners

Under the Homestead Property Tax Rebate Act of 1990, you may claim a rebate for the home in New Jersey that you owned and lived in as your principal residence provided it was subject to local property taxes. Both single family homes and certain multi-family homes qualify.

**Multi-Unit Properties.** As a homeowner, you may claim a rebate on your property only if it contains four units or less. Of these four units, only one may be used for commercial purposes.

**Condominiums and Co-ops.** A condominium unit or a unit in a cooperative housing complex or mutual housing corporation is considered a single family dwelling for purposes of the rebate.

**Continuing Care Communities.** As a resident in a continuing care retirement community, you may qualify for a rebate as a homeowner if the continuing care contract for your unit separately states your share of the property taxes.

**Disabled Veterans.** Totally and permanently disabled veterans who have a 100% exemption from local property tax are *not* eligible for a homestead rebate.

**Life Tenancy.** You are also a homeowner if you have life tenancy rights or hold a lease for 99 years or more.

### Tenants

Under the Homestead Property Tax Rebate Act, you may claim a rebate if you rented a home or an apartment in a dwelling subject to local property taxes which contained its own separate kitchen and bathroom. You do not qualify for a rebate if you reside in a unit which only has access to a kitchen or bathroom.

**Mobile Homes.** If you own a mobile home which is located in a mobile home park, you qualify for a rebate as a tenant. For more information on mobile homes, contact the New Jersey Tax Hotline.

*continue*

Tenants - continued

### Tax-exempt and Campus Housing

One of the qualifications for the New Jersey Homestead Property Tax Rebate is that property taxes be paid on the applicant's principal residence, either directly or through rent. Thus, tenants living in dwellings which are not subject to local property tax are not eligible for the rebate. This includes tenants living in tax exempt housing or other dwellings owned by State, County, Municipal or Federal government; students living in on-campus apartments at State colleges and universities; and tenants living in dwellings owned by religious, charitable or other nonprofit organizations (including on-campus apartments at private nonprofit colleges and universities), if the property is exempt from local property taxes.

**Do not complete the Homestead Property Tax Rebate Application (Form HR-1040) if the dwelling you rent is not subject to local property tax; you do not qualify for a rebate. If you are not sure whether the dwelling you rent is subject to local property tax, contact your municipal tax assessor for information. The Division of Taxation audits returns to insure that only qualified applicants receive rebates.**

\*\*\*\*\*CAR-RT-SORT\*\*\*\*\*CR99

111-11-1111 SMIT 222-22-2222  
SMITH JOHN & JANE  
123 MAIN STREET  
TRENTON NJ 08611

1111



County/Municipality Code

### Filing Status (Lines 1 - 5)

You must use the same filing status on your homestead rebate application as you do for your New Jersey Resident Income Tax Return (Form NJ-1040). If you do not file Form NJ-1040, use the same filing status as you would have used if you had filed the tax return.

### Exemptions - Personal (Lines 6 - 7)

The exemptions claimed on Lines 6 and 7 apply only to you and your spouse. The exemptions for age and disability are not available for dependents.

#### Line 6 - Age 65 or Older

If either you or your spouse were 65 years of age or older at the end of the tax year, you (and your spouse if qualified) are entitled to this exemption. Check the appropriate box(es). Add the number of boxes checked and enter the result in the red box on Line 6.

#### Line 7 - Blind or Disabled

If either you or your spouse were blind or disabled at the end of the tax year, you (and your spouse if qualified) are entitled to this exemption. "Disabled" means total and permanent inability to engage in any substantial gainful activity because of any physical or mental impairment, including blindness. Enclose a copy of the doctor's certificate or other medical records with your return the first time you claim the exemption. This information need not be submitted each year providing there is no change in your condition. Check the appropriate box(es). Add the number of boxes checked and enter the result in the red box on Line 7.

#### Residency Status (Line 8)

If you were a New Jersey resident for only part of the taxable year, list the month, day and year your residency began and the month, day and year it ended. All months should be listed as two digit numbers with the digits 01 for January, 02 for February, 03 for March, etc. Place the correct number for the beginning and ending months directly in the boxes containing the red letter "M," one digit in each box.

The days of the months should be listed as two digit numbers beginning with the digits 01 for the first day of the month and ending with the digits 31 for the last day of the month. Place the correct number for the beginning and ending dates directly in the boxes containing the red letter "D," one digit in each box.

For calendar year filers the year should be entered as 95 and the numbers placed directly in the boxes containing the red letter "Y," one digit in each box. Fiscal year filers should enter the appropriate year in the "Y" boxes.

## Identification Section

### Name and Address

**Rebate Filers Only.** If you are filing only the homestead rebate application, place the peel-off label from the front of this booklet in the name and address section at the top of the application. Correct the label where errors occur. If you have no label, print or type your name (last name first), complete address and zip code in the spaces provided. Also include your spouse's name if filing jointly.

**Income Tax with Rebate Filers.** If you are filing Form HR-1040 with your Form NJ-1040, it is necessary to complete only the name and social security number portion of the identification section of Form HR-1040 unless your address has changed.

If your address has changed, complete the address portion of the identification section and check the box at the top of the HR-1040.

### Social Security Number

Be sure to check the accuracy of the social security number(s) printed on the label. To correct an error, draw a line through the incorrect number and write the correct number above it.

If you do not have a label or you used the label on your tax return, enter your social security number(s) in the boxes provided, one digit in each box. If your filing status is Married, filing joint return, remember to report both spouses' numbers in the order in which the names are listed on the return.

### County/Municipality Code

Check the county/municipality code on your label (see example). Make corrections to the code on the label. If you do not have a label, or you used the label on your tax return, enter your four-digit code, one digit in each box, from the table on page 25. This code identifies the county and municipality of your current residence. The county and municipality codes in these instructions are for Division of Taxation purposes only.

## Application Completion

### Line 1 - Gross Income

Enter on Line 1 the amount of income reported on Line 27c of your 1995 New Jersey income tax return, Form NJ-1040. If you did not complete Form NJ-1040, enter on Line 1 the same income as you would have reported on Line 27c if you had filed the tax return. Part-year residents must enter their income from all sources for the entire year.

### Line 2 - Spouse's Gross Income

If the filing status on your 1995 New Jersey income tax return is Married, filing separate return, and you and your spouse maintain the same principal residence, check the box and enter on Line 2 the amount of income reported on Line 27c of your spouse's New Jersey income tax return, Form NJ-1040. If your spouse did not complete Form NJ-1040, enter on Line 2 the same income as your spouse would have reported on Line 27c if a tax return had been filed. Part-year residents must enter their spouse's income from all sources for the entire year.

### Line 3 - Total Gross Income

Add Lines 1 and 2 and enter the result on Line 3.

**Note:** If the amount on Line 3 is more than \$100,000, you are not eligible for a 1995 Homestead Property Tax Rebate. Do not complete the HR-1040.

### Line 4 - Address

Complete the street address and municipality of the New Jersey residence for which the rebate is claimed if different from the address on the front of the application. If you were not a resident on December 31, 1995, enter your last New Jersey address.

### Line 5 - Homeowner/Tenant Status

Check the box to indicate whether you were a homeowner, a tenant or both a homeowner and tenant during 1995. Check only one box.

### Line 6 - Block and Lot Number

If you checked "Homeowner" or "Both" on Line 5, enter the Block and Lot Number of your principal residence on December 31, 1995, or the last day that you were a resident homeowner in 1995. Include qualifier if applicable. (Only condominiums may have qualifiers assigned to them.) You may obtain this information from your current property tax bill or from your local tax assessor. If you owned more than one principal residence in New Jersey during 1995, enter the Block and Lot Number of your most recent principal residence.

### Line 7a - d

**You must answer "Yes" or "No" to each question in this section.** If you answer "Yes" to any of these questions, you must complete Schedule HR-A. If Schedule HR-A is not completed and enclosed with Form HR-1040, when required, your Homestead Property Tax Rebate Application will not be processed.

### Line 7a - Multiple Residences

Check "Yes" only if you moved from one New Jersey residence to another New Jersey residence during the year. (For example, you move from a house to an apartment, or move from one house to another, etc.) If you were both a homeowner and a tenant at the same address during the year, check "Yes."

If you occupied only one residence during the year, check "No."

### Line 7b - Multiple Owners

Check "Yes" only if you own your principal residence with someone else (other than your spouse). (For example, you and your sister own the home you live in.)

If you (and your spouse) are the sole owner, check "No."

### Line 7c - Multi-Unit Properties

Check "Yes" if your principal residence consists of more than one dwelling unit. (For example, you own a property which consists of four residential units and you occupy one of the units as your principal residence.) Otherwise, check "No."

Residents of cooperative dwelling units and continuing care retirement facilities are **not** considered to be living in multi-unit dwellings and should check "No" at Line 7c.

**Note:**

- ◆ If the property consists of more than four units, the owner of the property **does not qualify** for the rebate.
- ◆ If the property contains more than one commercial unit, the owner of the property **does not qualify** for the rebate.
- ◆ Tenants living in multi-unit properties, regardless of the number of units, **do qualify** for the rebate if they meet the other qualifications.

### Line 7d - Multiple Tenants

Check "Yes" only if you lived with someone (other than your spouse) and shared the rent with them. (For example, you and your daughter live together and share the rent for your apartment.)

If you (and your spouse) are the sole tenant(s), check "No."

## Homeowners (Lines 8 and 9)

### Line 8 - Property Tax

Enter on Line 8 the total amount of property taxes paid on your principal residence in New Jersey during the year. Report only the actual amount of property tax that was due and paid to the local taxing authorities during 1995. If no property tax payments were made by December 31, 1995, you may not claim a Homestead Property Tax Rebate. If your filing status is Married, filing separate return, report the full amount of property taxes paid, unless you do not own the principal residence.

Residents of cooperative dwelling units must obtain from their cooperative's management their share of property taxes for the residential unit they occupy.

*continued*

Residents of continuing care retirement facilities may not include charges for anything other than their share of property taxes which are specified in their continuing care contract.

**For Schedule HR-A filers only:**

- ♦ Enter on Line 8 the amount from Line 6, Part I of Schedule HR-A;
- ♦ Continue with Lines 9a and b of the HR-1040.

### Line 9a - Total Property Taxes Paid

Do not complete Line 9a unless you are filing Schedule HR-A. If you completed Schedule HR-A, enter on Line 9a the total amount of property taxes paid from Schedule HR-A, Part I, Line 5.

### Line 9b - Number of Days as an Owner

Do not complete Line 9b unless you are filing Schedule HR-A. If you completed Schedule HR-A, enter on Line 9b the total number of days you were a homeowner from Schedule HR-A, Part I, Line 4. The number of days may not exceed 365.

## Tenants (Lines 10 and 11)

### Line 10 - Rent

Enter on Line 10 the total amount of rent paid on your principal residence in New Jersey during the year.

**For Schedule HR-A filers only:**

- ♦ Enter on Line 10 your share of total rent paid from Line 12, Part II of Schedule HR-A;
- ♦ Continue with Lines 11a and b of Form HR-1040.

### Line 11a - Total Rent Paid

Do not complete Line 11a unless you are enclosing Schedule HR-A. If you completed Schedule HR-A, enter on Line 11a the total amount of rent paid by all tenants from Schedule HR-A, Part II, Line 11.

### Line 11b - Number of Days as a Tenant

Do not complete Line 11b unless you are enclosing Schedule HR-A. If you completed Schedule HR-A, enter on Line 11b the total number of days you were a tenant from Schedule HR-A, Part II, Line 10. The number of days may not exceed 365.

If you were both a homeowner and a tenant during 1995, the total number of days on Line 9b and 11b may not exceed 365.

## Signatures

**Rebate Only Filers.** Sign and date your homestead rebate application in ink. Both husband and wife must sign a joint application. The signature(s) on the form you file must be original; photocopied signatures are not acceptable. An application without the proper signatures cannot be processed and will be returned to you. This may result in a delay in payment of your homestead rebate.

**Income Tax with Rebate Filers.** If you are filing Form HR-1040 with your tax return, it is necessary to sign and date only the income tax return.

## Schedule HR-A

Complete this Schedule and enclose it with your HR-1040 **only** if you answered "Yes" to one or more of the questions at Line 7 of Form HR-1040. Be sure to complete all the columns for each address listed. See additional instructions on the form.

You must complete Schedule HR-A if in 1995 you had:

- ♦ More than one New Jersey residence during the year; or
- ♦ A residence with more than one eligible dwelling unit; or
- ♦ A residence with multiple owners; or
- ♦ A residence with multiple tenants; or
- ♦ Checked the "Both" (homeowner and tenant) box at Line 5.

**Note:** Part-year residents must complete Schedule HR-A **only** if one or more of the conditions above apply.

## Where to Send Your Application

**Rebate Only Filers.** If you are filing only the homestead rebate application, use the envelope printed in red marked "Refund" to file Form HR-1040. If you do not have an envelope, send your application to:

State of New Jersey  
Division of Taxation  
CN 555  
Trenton, NJ 08647-0555

**Income Tax with Rebate Filers.** If you are filing both Form NJ-1040 **and** Form HR-1040, mail your homestead rebate application in the same envelope together with your income tax return. See "Where to Send Your Return" on page 5.

**The Division of Taxation will calculate the amount of your rebate based on the information you provide. Approved rebates are scheduled to be mailed on or before October 31, 1996.**

Enter the appropriate four-digit number in the boxes at line 1, Form NJ-1040. The County/Municipality Codes reflected below are for Division of Taxation purposes only.

Municipality	Code	Municipality	Code	Municipality	Code	Municipality	Code
<b>ATLANTIC COUNTY</b>							
Absecon City	0101	Ridgewood Borough	0251	Gibbsboro Borough	0413	Nutley Town	0716
Atlantic City City	0102	River Edge Borough	0252	Gloucester City	0414	Orange City	0717
Brigantine City	0103	Rivervale Township	0253	Gloucester Township	0415	Roseland Borough	0718
Buena Borough	0104	Rochelle Park Township	0254	Haddon Township	0416	South Orange Village Twp.	0719
Buena Vista Township	0105	Rockleigh Borough	0255	Haddonfield Borough	0417	Verona Borough	0720
Corbin City City	0106	Rutherford Borough	0256	Haddon Heights Borough	0418	West Caldwell Borough	0721
Egg Harbor City	0107	Saddle Brook Township	0257	Hi Nella Borough	0419	West Orange Town	0722
Egg Harbor Township	0108	Saddle River Borough	0258	Laurel Springs Borough	0420	<b>GLOUCESTER COUNTY</b>	
Estell Manor City	0109	South Hackensack Twp.	0259	Lawnside Borough	0421	Clayton Borough	0801
Folsom Borough	0110	Teaneck Township	0260	Lindenwold Borough	0422	Deptford Township	0802
Galloway Township	0111	Tenafly Borough	0261	Magnolia Borough	0423	East Greenwich Township	0803
Hamilton Township	0112	Teterboro Borough	0262	Merchantville Borough	0424	Elk Township	0804
Hammonton Town	0113	Upper Saddle River Bor.	0263	Mount Ephraim Borough	0425	Franklin Township	0805
Linwood City	0114	Waldwick Borough	0264	Oaklyn Borough	0426	Glassboro Borough	0806
Longport Borough	0115	Wallington Borough	0265	Pennsauken Township	0427	Greenwich Township	0807
Margate City City	0116	Washington Township	0266	Pine Hill Borough	0428	Harrison Township	0808
Mullica Township	0117	Westwood Borough	0267	Pine Valley Borough	0429	Logan Township	0809
Northfield City	0118	Woodcliff Lake Borough	0268	Runnemede Borough	0430	Mantua Township	0810
Pleasantville City	0119	Wood Ridge Borough	0269	Somerdale Borough	0431	Monroe Township	0811
Port Republic City	0120	Wycoff Township	0270	Stratford Borough	0432	National Park Borough	0812
Somers Point City	0121	<b>BURLINGTON COUNTY</b>		Tavistock Borough	0433	Newfield Borough	0813
Ventnor City	0122	Bass River Township	0301	Voorhees Township	0434	Paulsboro Borough	0814
Weymouth Township	0123	Beverly City	0302	Waterford Township	0435	Pitman Borough	0815
<b>BERGEN COUNTY</b>		Bordentown City	0303	Winslow Township	0436	South Harrison Township	0816
Allendale Borough	0201	Bordentown Township	0304	Woodlynne Borough	0437	Swedesboro Borough	0817
Alpine Borough	0202	Burlington City	0305	<b>CAPE MAY COUNTY</b>			
Bergenfield Borough	0203	Burlington Township	0306	Avalon Borough	0501	Washington Township	0818
Bogota Borough	0204	Chesterfield Township	0307	Cape May City	0502	Wenonah Borough	0819
Carlstadt Borough	0205	Cinnaminson Township	0308	Cape May Point Borough	0503	West Deptford Township	0820
Cliffside Park Borough	0206	Delanco Township	0309	Dennis Township	0504	Westville Borough	0821
Closter Borough	0207	Delran Township	0310	Lower Township	0505	Woodbury City	0822
Cresskill Borough	0208	Eastampton Township	0311	Middle Township	0506	Woodbury Heights Bor.	0823
Demarest Borough	0209	Edgewater Park Township	0312	North Wildwood City	0507	Woolwich Township	0824
Dumont Borough	0210	Evesham Township	0313	Ocean City	0508	<b>HUDSON COUNTY</b>	
East Rutherford Borough	0212	Fieldsboro Borough	0314	Sea Isle City	0509	Bayonne City	0901
Edgewater Borough	0213	Florence Township	0315	Stone Harbor Borough	0510	East Newark Borough	0902
Elmwood Park Borough	0211	Hainesport Township	0316	Upper Township	0511	Guttenberg Town	0903
Emerson Borough	0214	Lumberton Township	0317	West Cape May Borough	0512	Harrison Town	0904
Englewood City	0215	Mansfield Township	0318	West Wildwood Borough	0513	Hoboken City	0905
Englewood Cliffs Boro	0216	Maple Shade Township	0319	Wildwood City	0514	Jersey City City	0906
Fair Lawn Borough	0217	Medford Township	0320	Wildwood Crest Borough	0515	Kearny Town	0907
Fairview Borough	0218	Medford Lakes Borough	0321	Woodbine Borough	0516	North Bergen Township	0908
Fort Lee Borough	0219	Moorestown Township	0322	<b>CUMBERLAND COUNTY</b>			
Franklin Lakes Borough	0220	Mount Holly Township	0323	Bridgeton City	0601	Secaucus Town	0909
Garfield City	0221	Mount Laurel Township	0324	Commercial Township	0602	Union City City	0910
Glen Rock Borough	0222	New Hanover Township	0325	Deerfield Township	0603	Weehawken Township	0911
Hackensack City	0223	North Hanover Township	0326	Downe Township	0604	West New York Town	0912
Harrington Park Borough	0224	Palmyra Borough	0327	Fairfield Township	0605	<b>HUNTERDON COUNTY</b>	
Hasbrouck Heights Bor.	0225	Pemberton Borough	0328	Greenwich Township	0606	Alexandria Township	1001
Haworth Borough	0226	Pemberton Township	0329	Hopewell Township	0607	Bethlehem Township	1002
Hillsdale Borough	0227	Riverside Township	0330	Lawrence Township	0608	Bloomsbury Borough	1003
Hohokus Borough	0228	Riverton Borough	0331	Maurice River Township	0609	Califon Borough	1004
Leonia Borough	0229	Shamong Township	0332	Millville City	0610	Clinton Town	1005
Little Ferry Borough	0230	Southampton Township	0333	Shiloh Borough	0611	Clinton Township	1006
Lodi Borough	0231	Springfield Township	0334	Stow Creek Township	0612	Delaware Township	1007
Lyndhurst Township	0232	Tabernacle Township	0335	Upper Deerfield Twp.	0613	East Amwell Township	1008
Mahwah Township	0233	Washington Township	0336	Vineland City	0614	Flemington Borough	1009
Maywood Borough	0234	Westampton Township	0337	<b>ESSEX COUNTY</b>			
Midland Park Borough	0235	Willingboro Township	0338	Belleville Town	0701	Franklin Township	1010
Montvale Borough	0236	Woodland Township	0339	Bloomfield Town	0702	Frenchtown Borough	1011
Moonachie Borough	0237	Wrightstown Borough	0340	Caldwell Borough	0703	Glen Gardner Borough	1012
New Milford Borough	0238	<b>CAMDEN COUNTY</b>		Cedar Grove Township	0704	Hampton Borough	1013
North Arlington Borough	0239	Audubon Borough	0401	East Orange City	0705	High Bridge Borough	1014
Northvale Borough	0240	Audubon Park Borough	0402	Essex Fells Borough	0706	Holland Township	1015
Norwood Borough	0241	Barrington Borough	0403	Fairfield Borough	0707	Kingwood Township	1016
Oakland Borough	0242	Bellmawr Borough	0404	Glen Ridge Borough	0708	Lambertville City	1017
Old Tappan Borough	0243	Berlin Borough	0405	Irvington Town	0709	Lebanon Borough	1018
Oradell Borough	0244	Berlin Township	0406	Livingston Township	0710	Lebanon Township	1019
Palisades Park Borough	0245	Brooklawn Borough	0407	Maplewood Township	0711	Milford Borough	1020
Paramus Borough	0246	Camden City	0408	Millburn Township	0712	Raritan Township	1021
Park Ridge Borough	0247	Cherry Hill Township	0409	Montclair Town	0713	Readington Township	1022
Ramsey Borough	0248	Chesilhurst Borough	0410	Newark City	0714	Stockton Borough	1023
Ridgefield Borough	0249	Clementon Borough	0411	North Caldwell Borough	0715	Tewksbury Township	1024
Ridgefield Park Village	0250	Collingswood Borough	0412				
						Union Township	1025
						West Amwell Township	1026



Enter the appropriate four-digit number in the boxes at line 1, Form NJ-1040. The County/Municipality Codes reflected below are for Division of Taxation purposes only.

Municipality	Code	Municipality	Code	Municipality	Code	Municipality	Code
<b>MERCER COUNTY</b>							
East Windsor Township	1101	Monmouth Beach Borough	1334	Lakehurst Borough	1514	Warren Township	1820
Ewing Township	1102	Neptune City Borough	1336	Lakewood Township	1515	Watchung Borough	1821
Hamilton Township	1103	Neptune Township	1335	Lavallette Borough	1516	<b>SUSSEX COUNTY</b>	
Hightstown Borough	1104	Ocean Township	1337	Little Egg Harbor Twp.	1517	Andover Borough	1901
Hopewell Borough	1105	Oceanport Borough	1338	Long Beach Township	1518	Andover Township	1902
Hopewell Township	1106	Red Bank Borough	1339	Manchester Township	1519	Branchville Borough	1903
Lawrence Township	1107	Roosevelt Borough	1340	Mantoloking Borough	1520	Byram Township	1904
Pennington Borough	1108	Rumson Borough	1341	Ocean Gate Borough	1522	Frankford Township	1905
Princeton Borough	1109	Sea Bright Borough	1342	Ocean Township	1521	Franklin Borough	1906
Princeton Township	1110	Sea Girt Borough	1343	Pine Beach Borough	1523	Fredon Township	1907
Trenton City	1111	Shrewsbury Borough	1344	Plumsted Township	1524	Green Township	1908
Washington Township	1112	Shrewsbury Township	1345	Point Pleasant Borough	1525	Hamburg Borough	1909
West Windsor Township	1113	South Belmar Borough	1346	Pt. Pleasant Beach Bor.	1526	Hampton Township	1910
<b>MIDDLESEX COUNTY</b>							
Carteret Borough	1201	Spring Lake Borough	1347	Seaside Heights Borough	1527	Hardyston Township	1911
Cranbury Township	1202	Spring Lake Heights Bor.	1348	Seaside Park Borough	1528	Hopatcong Borough	1912
Dunellen Borough	1203	Tinton Falls Borough	1349	Ship Bottom Borough	1529	Lafayette Township	1913
East Brunswick Township	1204	Union Beach Borough	1350	South Toms River Bor.	1530	Montague Township	1914
Edison Township	1205	Upper Freehold Township	1351	Stafford Township	1531	Newton Town	1915
Helmetta Borough	1206	Wall Township	1352	Surf City Borough	1532	Ogdensburg Borough	1916
Highland Park Borough	1207	West Long Branch Twp.	1353	Tuckerton Borough	1533	Sandyston Township	1917
Jamesburg Borough	1208	<b>MORRIS COUNTY</b>		<b>PASSAIC COUNTY</b>		Sparta Township	1918
Metuchen Borough	1209	Boonton Town	1401	Bloomington Borough	1601	Stanhope Borough	1919
Middlesex Borough	1210	Boonton Township	1402	Clifton City	1602	Stillwater Township	1920
Milltown Borough	1211	Butler Borough	1403	Haledon Borough	1603	Sussex Borough	1921
Monroe Township	1212	Chatham Borough	1404	Hawthorne Borough	1604	Vernon Township	1922
New Brunswick City	1213	Chatham Township	1405	Little Falls Township	1605	Walpack Township	1923
North Brunswick Twp.	1214	Chester Borough	1406	North Haledon Borough	1606	Wantage Township	1924
Old Bridge Township	1215	Chester Township	1407	Passaic City	1607	<b>UNION COUNTY</b>	
Perth Amboy City	1216	Denville Township	1408	Paterson City	1608	Berkeley Heights Twp.	2001
Piscataway Township	1217	Dover Town	1409	Pompton Lakes Borough	1609	Clark Township	2002
Plainsboro Township	1218	East Hanover Township	1410	Prospect Park Borough	1610	Cranford Township	2003
Sayreville Borough	1219	Florham Park Borough	1411	Ringwood Borough	1611	Elizabeth City	2004
South Amboy City	1220	Hanover Township	1412	Totowa Borough	1612	Fanwood Borough	2005
South Brunswick Twp.	1221	Harding Township	1413	Wanaque Borough	1613	Garwood Borough	2006
South Plainfield Bor.	1222	Jefferson Township	1414	Wayne Township	1614	Hillside Township	2007
South River Borough	1223	Kinnelon Borough	1415	West Milford Township	1615	Kenilworth Borough	2008
Spotswood Borough	1224	Lincoln Park Borough	1416	West Paterson Borough	1616	Linden City	2009
Woodbridge Township	1225	Long Hill Township	1430	<b>SALEM COUNTY</b>		Mountainside Borough	2010
<b>MONMOUTH COUNTY</b>							
Aberdeen Township	1301	Madison Borough	1417	Alloway Township	1701	New Providence Borough	2011
Allenhurst Borough	1302	Mendham Borough	1418	Carneys Point Township	1702	Plainfield City	2012
Allentown Borough	1303	Mendham Township	1419	Elmer Borough	1703	Rahway City	2013
Asbury Park City	1304	Mine Hill Township	1420	Elsinboro Borough	1704	Roselle Borough	2014
Atlantic Highlands Bor.	1305	Montville Township	1421	Lower Alloways Crk. Twp.	1705	Roselle Park Borough	2015
Avon By The Sea Bor.	1306	Morris Plains Borough	1423	Mannington Township	1706	Scotch Plains Township	2016
Belmar Borough	1307	Morris Township	1422	Oldmans Township	1707	Springfield Township	2017
Bradley Beach Borough	1308	Morristown Town	1424	Penns Grove Township	1708	Summit City	2018
Brielle Borough	1309	Mountain Lakes Borough	1425	Pennsville Township	1709	Union Township	2019
Colts Neck Township	1310	Mt. Arlington Borough	1426	Pilesgrove Township	1710	Westfield Town	2020
Deal Borough	1311	Mt. Olive Township	1427	Pittsgrove Township	1711	Winfield Township	2021
Eatontown Borough	1312	Netcong Borough	1428	Quinton Township	1712	<b>WARREN COUNTY</b>	
Englishtown Borough	1313	Parsippany-Troy Hills Twp.	1429	Salem City	1713	Allamuchy Township	2101
Fair Haven Borough	1314	Pequannock Township	1431	Upper Pittsgrove Twp.	1714	Alpha Borough	2102
Farmingdale Borough	1315	Randolph Township	1432	Woodstown Borough	1715	Belvidere Town	2103
Freehold Borough	1316	Riverdale Borough	1433	<b>SOMERSET COUNTY</b>		Blairstown Township	2104
Freehold Township	1317	Rockaway Borough	1434	Bedminster Township	1801	Franklin Township	2105
Hazlet Township	1318	Rockaway Township	1435	Bernards Township	1802	Frelinghuysen Township	2106
Highlands Borough	1319	Rockaway Township	1435	Bernardsville Borough	1803	Greenwich Township	2107
Holmdel Township	1320	Roxbury Township	1436	Bound Brook Borough	1804	Hackettstown Town	2108
Howell Township	1321	Victory Gardens Borough	1437	Branchburg Township	1805	Hardwick Township	2109
Interlaken Borough	1322	Washington Township	1438	Bridgewater Township	1806	Harmony Township	2110
Keansburg Borough	1323	Wharton Borough	1439	Far Hills Borough	1807	Hope Township	2111
Keyport Borough	1324	<b>OCEAN COUNTY</b>		Franklin Township	1808	Independence Township	2112
Little Silver Borough	1325	Barnegat Light Borough	1501	Green Brook Township	1809	Knowlton Township	2113
Loch Arbour Village	1326	Barnegat Township	1502	Hillsborough Township	1810	Liberty Township	2114
Long Branch City	1327	Bay Head Borough	1503	Manville Borough	1811	Lopatcong Township	2115
Manalapan Township	1328	Beach Haven Borough	1504	Millstone Borough	1812	Mansfield Township	2116
Manasquan Borough	1329	Beachwood Borough	1505	Montgomery Township	1813	Oxford Township	2117
Marlboro Township	1330	Berkeley Township	1506	North Plainfield Borough	1814	Pahaquarry Township	2118
Matawan Borough	1331	Brick Township	1507	Peapack-Gladstone Bor.	1815	Phillipsburg Town	2119
Middleton Township	1332	Dover Township	1508	Raritan Borough	1816	Pohatcong Township	2120
Millstone Township	1333	Eagleswood Township	1509	Rocky Hill Borough	1817	Washington Borough	2121
		Harvey Cedars Borough	1510	Somerville Borough	1818	Washington Township	2122
		Island Heights Borough	1511	South Bound Brook Bor.	1819	White Township	2123
		Jackson Township	1512				
		Lacey Township	1513				

## 1995 New Jersey Tax Table

Use this table if your New Jersey taxable income on Line 33 is less than \$100,000. If your taxable income is \$100,000 or more, you must use the Tax Rate Schedule on page 36 of this booklet.

**Example:** Mr. and Mrs. Evans are filing a joint return. They checked filing status "2," Married, filing joint return. Their taxable income on Line 33 of Form NJ-1040 is \$39,875. First they find the \$39,850–\$39,900 income line. Next, they find the column for filing status "2" and read down the column. The amount shown where the income line meets the filing status column is \$762. This is the tax amount to be entered on Line 34 of Form NJ-1040.

If Line 33 (taxable income) Is—		And Your Filing Status* Is	
At least	But Less Than	1 or 3	2, 4 or 5
		<b>Your Tax is—</b>	
39,800	39,850	864	761
39,850	39,900	866	762
39,900	39,950	868	763
39,950	40,000	870	764

**\*Filing Status:**

- 1—Single
- 2—Married, filing joint return
- 3—Married, filing separate return
- 4—Head of Household
- 5—Qualifying Widow(er)

1995 NEW JERSEY TAX TABLE (NJ-1040) not available for display.  
Order Form 1040-P to receive the tax table from the Division by mail.

# New Jersey Tax Rate Schedules 1995

**FILING STATUS:** Single  
Married, filing separate return

**Table A**

		STEP 1	STEP 2	STEP 3		
If Taxable Income (Line 33) is:		Enter Line 33	Multiply Line 33 by:		Subtract	Your Tax
<b>Over</b>	<b>But not over</b>					
\$ 0	\$20,000	_____	x .017 =	_____	- \$ 0 =	_____
\$20,000	\$35,000	_____	x .02125 =	_____	- \$ 85.00 =	_____
\$35,000	\$40,000	_____	x .04250 =	_____	- \$ 828.75 =	_____
\$40,000	\$75,000	_____	x .06013 =	_____	- \$1,533.95 =	_____
\$75,000	and over	_____	x .06580 =	_____	- \$1,959.20 =	_____

**FILING STATUS:** Married, filing joint return  
Head of Household  
Qualifying Widow(er)

**Table B**

		STEP 1	STEP 2	STEP 3		
If Taxable Income (Line 33) is:		Enter Line 33	Multiply Line 33 by:		Subtract	Your Tax
<b>Over</b>	<b>But not over</b>					
\$ 0	\$ 20,000	_____	x .017 =	_____	- \$ 0 =	_____
\$ 20,000	\$ 50,000	_____	x .02125 =	_____	- \$ 85.00 =	_____
\$ 50,000	\$ 70,000	_____	x .02975 =	_____	- \$ 510.00 =	_____
\$ 70,000	\$ 80,000	_____	x .04250 =	_____	- \$1,402.50 =	_____
\$ 80,000	\$150,000	_____	x .06013 =	_____	- \$2,812.90 =	_____
\$150,000	and over	_____	x .06580 =	_____	- \$3,663.40 =	_____

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