



State of New Jersey
DEPARTMENT OF THE TREASURY
DIVISION OF TAXATION
PO Box 288
TRENTON NJ 08695-0288

JON S. CORZINE
Governor

MICHELLENE DAVIS
Acting State Treasurer

MEMORANDUM

To: County Clerks/Recording Officers
Attorneys and Title Officers

From: Maureen Adams, Acting Director
Division of Taxation

Subject: Gross Income Tax Withholdings on Real Estate
Residency Status under the Seller's Residency Certification/Exemption
Chapter 55, Laws of 2004

Date: November 16, 2007

P.L. 2004, C. 55, requires that on or after August 1, 2004, nonresident individuals, estates, or trusts that sell or transfer real property in New Jersey make an estimated gross income tax payment on the gain from a transfer/sale of real property as a condition of the recording of the deed.

The Division has determined nonresident taxpayers claiming an exemption under IRC section 1031 are exempt from making a payment for the like kind property received but must pay an estimated tax payment on the Fair Market Value of the consideration received for the non like kind property.

Therefore, the taxpayer must submit both GIT/REP-1 and GIT/REP-3 to the County Clerk in the above circumstances.

GIT/REP-3 form and instructions have been revised to reflect this change.

For questions on Chapter 55 and the new Gross Income Tax estimated payment requirements, please refer to the instructions included with our GIT Forms REP-1, REP-2, and REP-3 or call the Division of Taxation, Taxpayer Services Branch at (609) 292-6400.

MJR:pc