

**NOTICE**  
**Gross Income Tax-Related Legislative Changes**  
 Effective July 1, 2009  
 (P.L. 2009, c. 69)

- GROSS INCOME TAX RATE INCREASE 1/1/09-12/31/09
- PROPERTY TAX DEDUCTION SUSPENSION AND CAP BEGINNING 1/1/09
- NEW JERSEY LOTTERY WINNINGS TAXABLE

Recently enacted legislation temporarily increases the New Jersey gross income tax rates, suspends and caps the property tax deduction, and imposes tax on New Jersey Lottery winnings.

First, the New Jersey Gross Income Tax rates for the 2009 taxable year are raised as follows:

(1) For married individuals filing a joint return and individuals filing as head of household or as a surviving spouse for federal income tax purposes, the tax is;

Over \$400,000.00 but not over \$500,000.00 . . . . .	\$21,437.50 plus 8.0% of the excess over \$400,000.00,
Over \$500,000.00 but not over \$1,000,000.00 . . . . .	\$29,437.50 plus 10.25% of the excess over \$500,000.00, and
Over \$1,000,000.00 . . . . .	\$80,687.50 plus 10.75% of the excess over \$1,000,000.00.

(2) For married individuals filing separately, unmarried individuals other than individuals filing as head of household or as a surviving spouse for federal income tax purposes, and estates and trusts, the tax is;

Over \$400,000.00 but not over \$500,000.00 . . . . .	\$23,353.75 plus 8.0% of the excess over \$400,000.00,
Over \$500,000.00 but not over \$1,000,000.00 . . . . .	\$31,353.75 plus 10.25% of the excess over \$500,000.00, and
Over \$1,000,000.00 . . . . .	\$82,603.75 plus 10.75% of the excess over \$1,000,000.00

Taxpayers and their employers are not subject to penalty and interest for underpayments of estimated tax or withholdings on income directly attributable to the rate changes received by the taxpayer before October 1, 2009.

Next, for taxable years beginning in 2009, taxpayers who have a gross income of more than \$250,000 and are not: (1) 65 years of age or older; or (2) allowed a personal

exemption as a blind or disabled individual, are not eligible for the property tax deduction. Additionally, the maximum property tax deduction is capped at \$5,000 for taxpayers who have gross income of more than \$150,000, but not exceeding \$250,000, and are not: (1) 65 years of age or older; or (2) allowed a personal exemption as a blind or disabled individual.

Lastly, New Jersey Lottery winnings from prizes exceeding \$10,000 are taxable for New Jersey Gross Income Tax purposes. The legislation provides for the New Jersey State Lottery to withhold income tax on such taxable winnings for Gross Income Tax; the withholding rate is 3%.

Should you have any questions regarding the above, you may contact the Division's Customer Service Center at 609-292-6400 or e-mail us at [taxation@tax.state.nj.us](mailto:taxation@tax.state.nj.us). Please continue to monitor our website for additional information or updates.