



State of New Jersey
Department of the Treasury

— Division of Taxation —

**2014
Tax Updates
New Jersey
Division of Taxation**

www.njtaxation.org



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Tax Practitioner Hotline

Individual Income Tax 609/633-6657

Business 609/633-6905

DEDICATED MAILBOX FOR TAX PRACTITIONER E-MAIL

The Division of Taxation has created a separate mailbox for e-mail from tax practitioners regarding tax problems. To send a message to the practitioner mailbox, open the "Tax Professionals" drop down menu on the horizontal navigation bar and choose "Contact Us." Complete the electronic form and provide all the information necessary to process your inquiry.

To send a message:

https://www.state.nj.us/treas/taxation/contactus_tyttaxpractitioner.shtml

NJ TAX E-NEWS

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TABLE OF CONTENTS

Administrative Updates

Published Guidance on the Web

Letter Rulings	4
Technical Advisory Memoranda (TAMS)	4
Technical Bulletins (TB)	4
Office of Taxpayer Advocate	5
Identity Theft Program	8
E-File Mandate	9

Tax Law Updates

Sales and Use Tax

Out of State Sellers Collecting Sales Tax if Soliciting Business in NJ .	10
Tattooing, Permanent Body Art, and Permanent Cosmetic Make-Up Application	11
Charges for Storage Services and Repair Services to Cargo Containers and Chassis Performed At a Marine Terminal Facility ...	11
Sale Of Prescription Drugs Used To Treat Animals	11

Corporate Business Tax (CBT)

New Definition of Operational Income.....	12
Single Sales Factor	13
Electronic Filing for CBT Returns	14
Dissolving a Corporation	15

Gross Income Tax

New Check off Funds	17
---------------------------	----

Property Tax Relief

Homestead Benefit	18
Property Tax Reimbursement	20

Important Contact Information	26
-------------------------------------	----

Business Action Center	27
------------------------------	----

CATCH Program	29
---------------------	----

REGULATORY SERVICES BRANCH PUBLISHED GUIDANCE

The Regulatory Services Branch of the Division of Taxation will be issuing and publishing Letter Rulings and Technical Advisory Memorandums to further support and advance the Treasurer's effort to establish a more formal structure of guidance to assist tax practitioners and taxpayers alike.

A [Letter Ruling \(LR\)](#) is a written determination issued on behalf of the Director based on the law, regulations and Division policies in effect as of the date the Letter Ruling is issued or for the specific time period at issue in the Letter Ruling. A Letter Ruling is limited to the facts set forth therein and is binding on the Division of Taxation only with respect to the person or entity to whom it is issued and only if the person or entity fully and accurately describes all relevant facts. A Letter Ruling cannot be used as legal precedent but may be utilized as guidance by any other like-situated taxpayers. Please see the Division's Notice [How to Obtain a Letter Ruling from the Division of Taxation](#).

[Technical Advisory Memorandums \(TAMs\)](#) may be utilized as guidance but are not binding on the Division. Technical Advisory Memorandums are modeled after Regulatory Service Branch responses to taxpayer inquiries that raise issues of broad application.

[Technical Bulletins](#) (TB) describe changes to the law, regulations, or Division policies; most are specific to particular taxes.

[Letter Rulings](#)

Issue Date	Number	Subject	PDF Size
09/10/14	LR: 2014-1-SUT	Sales and Use Tax – Sales of prepackaged sushi products prepared and packaged by an outside seller	27K

[Technical Advisory Memorandums \(TAMs\)](#)

Issue Date	Number	Subject	PDF SIZE
6/16/2014	TAM 2014-1	Sales and Use Tax: Charges for Storage Services and Repair Services to Cargo Containers and Chassis Performed at a Marine Terminal Facility	54K

[Technical Bulletins](#)

Issue Date	Number	Subject	PDF Size
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NEW JERSEY OFFICE OF THE TAXPAYER ADVOCATE

The mission of the NJ Division of Taxation is to administer the State's tax laws uniformly, equitably, and efficiently to maximize State revenues to support public services. The purpose of the Office of the Taxpayer Advocate (OTA) is to ensure that the Division accomplishes that mission by providing assistance to taxpayers (and/or their authorized representatives) to resolve their specific tax problems.

If you have a NJ State tax problem that has not been resolved after you have done everything you were supposed to do, then the OTA may be able to help.

The primary goal of the OTA is to assist taxpayers by working with the appropriate Division personnel to resolve specific New Jersey tax issues that could not be resolved through normal channels. The OTA will attempt to identify the cause of your tax problem/situation and facilitate its resolution and, if necessary, make recommendations to improve Division practices and procedures that may compromise taxpayer rights.

The Mission of the Office of the Taxpayer Advocate (OTA) is:

- To provide assistance to taxpayers with tax situations that they are unable to resolve through normal channels.
- To identify and propose solutions for systemic problems or Division processes and procedures that affect multiple taxpayers.
- To act on behalf of the Director of the Division Taxation in matters where it appears that a taxpayer is suffering or about to suffer an undue hardship as a result of the Division's action or inaction.
- To insure that the Taxpayers' Bill of Rights is followed.

The Taxpayers' Bill of Rights (P.L. 1992, c.175) ensures that all taxpayers are accorded the basic rights of fair and equitable treatment under the law and that all taxpayers receive the information and assistance they need to understand and meet their State tax responsibilities. The bill also establishes taxpayers' rights and obligations regarding Division of Taxation procedures for refunds, collections, and appeals.

Additional information can be found in Publication ANJ-1, *NJ Taxpayers' Bill of Rights*, which is available on our web site at:

www.state.nj.us/treasury/taxation

When should you contact the OTA for assistance?

Contact the OTA for assistance if you have done everything you were supposed to do and you meet our Case Acceptance Guidelines but:

- Your attempts to resolve your problem have been unsuccessful; or
- You have experienced a delay of more than 75 days to resolve a tax account problem; or

- You face a threat of immediate adverse action for a disputed liability or you believe that you did not receive adequate notification of the Division's actions, or that the Division's actions, in your view, are unwarranted, unfair or illegal.

What the OTA can do for you:

The OTA will review your specific tax situation to see if it meets our accepted case guidelines. If so, you will receive a confirmation of your request for assistance and the OTA will investigate the problem and facilitate its resolution. If the OTA cannot resolve your problem, you will be contacted and advised on the current status of your situation and how next to proceed, if applicable.

The OTA will work with the appropriate Division personnel to resolve your issue as quickly as possible.

The OTA will listen to your suggestions and recommendations regarding the application of the State's tax laws and how to improve the Division's procedures, policies and publications.

If it is determined that the OTA cannot assist because your problem does not fall within our accepted case guidelines, we will forward your request for assistance to the area that can best assist you.

What the OTA cannot do:

- The OTA cannot reverse legal or technical tax determinations nor can we interpret State tax law.
- The OTA cannot accept a request for assistance in lieu of the filing of a protest with the Conference and Appeals Branch or the filing of a formal complaint with the Tax Court of New Jersey.
- The OTA cannot accept routine inquiries that have not been previously addressed by the appropriate Division office or resource.
- The OTA cannot make Division policy, but can make suggestions for changes to policy and procedures that would be beneficial to tax administration.

OTA Case Acceptance Guidelines

We use the following guidelines to identify cases eligible for OTA assistance:

- You face a threat of immediate adverse action for a debt you believe is not owed or you believe that you did not receive adequate notification of the Division's actions, or where the Division's actions are, in your view, unwarranted, unfair, or illegal.
- You have experienced a delay of **more than 75 days** to resolve a tax account problem or in receiving a response to an inquiry to the Division. **At this time, the OTA is not considering inquiries involving the New Jersey Earned Income Tax Credit (NJ EITC). All inquiries concerning NJ EITC should be referred to the address shown on the notice that was mailed to you or you can contact the Division's Customer Service Center at (609) 292-6400 for assistance.**
- You are experiencing or are about to suffer undue hardship.

"Undue hardship" means that the taxpayer faces a threat of immediate adverse action, or is experiencing or about to experience undue

economic harm resulting from the way the tax laws, regulations, or policies are being administered by the Division of Taxation. Personal or economic inconvenience is not “undue hardship” and is not sufficient to trigger the assistance of the OTA.

The OTA will only accept a case when the taxpayer has done everything they were supposed to do. If your case is currently assigned to a caseworker, all relevant documentation and inquiries should be directed to them. If you have received a billing notice or a notice from the Division requesting documentation, please respond to the return address on the notice.

The OTA invites you to identify and recommend solutions to possible systemic problems, procedures or policies that affect multiple taxpayers.

The OTA cannot make policy, but we can make recommendations to change the Division's systems, policies and procedures to ensure that all taxpayers are receiving equitable and fair treatment.

To receive assistance from the OTA for a specific tax problem:

Complete Form NJ-OTA-911, *Request Assistance from the Office of the Taxpayer Advocate (OTA)*, which can be found on our web pages at"

www.taxpayeradvocate.nj.gov

IDENTITY THEFT PROGRAM

When someone illegally obtains your personal or financial information such as your social security number (SSN), date of birth, or credit card number(s) and uses it without your permission, you have been a victim of identity theft.

How Identity Theft may affect your tax records

One way an identify thief may use a stolen SSN is to file a tax return in order to receive a fraudulent tax refund. You may learn that this has happened if you receive an unexpected notice or correspondence from either the New Jersey Division of Taxation or the Internal Revenue Service (IRS) regarding your tax records. The Division of Taxation, for instance, might notify you that a return was already filed using your SSN or that W-2 information you reported differs from the information on your original filing.

Identity theft can affect a taxpayer's current, past or future tax records.

What to do if you believe that you are a victim of Identity Theft

1. Complete and submit a signed copy of [Form IDT-100](#) to the Division of Taxation at the following address:

New Jersey Division of Taxation
Attn: Identity Theft
P.O. Box 272
Trenton, NJ 08695-0272

Be sure to include all documents requested on the form, including a description of the problem and a copy of any notice(s) you received from the Division of Taxation. If you need help completing the form, please call our Customer Service Center at (609) 292-6400.

2. If you haven't already done so, complete and submit IRS Form 14039 (Identity Theft Affidavit) which you can find on the [Internal Revenue Service website](#)
3. Review the Victim's Reference Guide on the [New Jersey State Police website](#) for information about other steps you should take.

Other Identity Theft Resources

[Federal Trade Commission](#) or call 877-438-4338
[New Jersey Division of Consumer Affairs](#)
[IRS Guide to Identity Theft](#)

E-FILE MANDATE

Individual Income Tax Returns

For the 2011 taxable year and later, tax preparers that reasonably expect to prepare 11 or more New Jersey individual gross income tax resident returns (including those filed for trusts and estates) during the tax year must use electronic methods to file those returns for which an electronic filing option is available. At present, there is no electronic filing option available for a New Jersey fiduciary return, Form NJ-1041 (or Form NJ-1041SB for a small business trust). Although the fiduciary returns are currently not filed electronically, preparers must include the number of fiduciary returns they expect to prepare when determining whether they must file all other returns electronically.

Partnership Returns and Payments

For the 2011 tax year and later, tax practitioners who prepare returns for partnerships that are subject to the provisions of the Corporation Business Tax are required to file all partnership returns Form NJ-1065 by electronic means.

Payments of the partnership liabilities along with the submission of payment-related returns, such as the Partnership Return Voucher (Form Part-100) and the Partnership Tentative Return and Application for Extension of Time to File (Form Part 200-T), whether by the partners or by a paid tax practitioner on behalf of the partners must also be made electronically.

A tax preparer is liable for a penalty of \$50 for each return he or she fails to file electronically when required to do so.

Returns for partnerships that are subject to the provisions of the Corporation Business Tax, and that are *not* prepared by paid preparers must be filed electronically only if they have ten or more partners.

For partnerships with 50 partners or less, the Division provides a free online partnership filing application. To use this application to file a return or make an electronic payment on behalf of a partnership, go to [Partnership Return Filing and Payment Services](#).

SALES AND USE TAX

[Notice: Requirement for Out-of-State Sellers to Collect Sales Tax if Soliciting Business in New Jersey](#)

(P.L. 2014, c. 13)

Amendment to the Sales and Use Tax Act, enacted June 30, 2014

Section 4 of P.L. 2014, c. 13 amends N.J.S.A. 54:32B-2(i)(1) to modify the definition of "seller" under the Sales and Use Tax Act for sales occurring on or after July 1, 2014.

The new law creates a rebuttable presumption that an out-of-State seller who makes taxable sales of tangible personal property, specified digital products, or services, is soliciting business and has nexus in New Jersey if that seller:

1. Enters into an agreement with a New Jersey independent contractor or other representative for compensation in exchange for referring customers via a link on their website, or otherwise, to that out-of-State seller; and
2. Has sales from these referrals to customers in New Jersey in excess of \$10,000 for the prior four quarterly periods ending on the last day of March, June, September, and December.

Out-of-State sellers that meet both conditions must register for sales tax purposes and collect and remit sales tax on all sales delivered to New Jersey.

Because the law creates a rebuttable presumption, the out-of-State seller may provide proof that the independent contractor or representative did not engage in any solicitation on their behalf in New Jersey. The burden is on the seller to prove that they are not required to collect and remit sales tax.

For example, a Florida retailer (FLR) that sells office supplies wants to sell supplies to New Jersey customers via the Internet. FLR enters into agreements with several New Jersey sellers to place ads on their websites that link to FLR's website. When a customer reaches the FLR's website by clicking the link on those websites, a "click-thru" is logged. Under these agreements, if FLR makes a sale as a result of a click-thru, the New Jersey seller is paid a commission. If FLR's cumulative sales from these referrals to customers in New Jersey exceed \$10,000 in the previous year, FLR is presumed to be soliciting business and is required to register with New Jersey and collect and remit sales tax on sales of taxable items delivered into this State.

An out-of-State seller that is soliciting business in New Jersey is required to register with New Jersey and collect and remit sales tax on charges for taxable items delivered to a New Jersey location. To register, a [Business Registration Application \(Form NJ-REG\)](#) must be filed. [Form NJ-REG](#) may be filed online through the [Division of Revenue and Enterprise Services' NJ Business Gateway Services website](#). A Public Records Filing may also be required depending on the type of business ownership.

More information on Public Records Filing is available in the New Jersey Complete Business Registration Package or by calling 609-292-9292.

[Notice to Sellers of Tattooing, Permanent Body Art, and Permanent Cosmetic Make-Up Application](#)

[Charges For Storage Services And Repair Services To Cargo Containers And Chassis Performed At A Marine Terminal Facility](#)

[Notice Regarding The Sale Of Prescription Drugs Used To Treat Animals](#)

CORPORATION BUSINESS TAX (CBT)

Notice: Corporation Business Tax Legislation Adjusts and Clarifies Certain State Tax Compliance Standards and Restricts Certain State Tax Benefits (P.L. 2014, c. 13)

Amendment to the Corporation Business Tax Act, enacted June 30, 2014

P.L. 2014, c.13 amends N.J.S.A. 54:10A-6.1(a), N.J.S.A. 54:10A-15.11(b), and N.J.S.A. 54:10A-4(k)(6)(F) of the Corporation Business Tax Act effective on and after June 30, 2014, and applies to privilege periods ending on or after July 1, 2014. The specific changes in the law are described as follows:

Section 1 of the new law amends N.J.S.A. 54:10A-6.1(a), to revise the definition of "operational income." The law now defines "operational income" that is subject to allocation to New Jersey as income from tangible and intangible property if the acquisition, management, **or** disposition of the property constitute integral parts of the taxpayer's regular trade or business operations. Previously, operational income was defined as income from real or tangible property if the acquisition, management, **and** disposition of the property constitute integral parts of the taxpayer's trade or business operations.

This amendment is in response to the holding of *McKesson Water Products Company v. Director, Div. of Taxation*, 408 N.J. Super. 213 (App.Div. 2009) affirming *McKesson Water Products Company v. Director, Div. of Taxation*, 23 N.J. Tax 449 (Tax Ct. 2007), where the Court held that all three activities must be integral parts of the taxpayer's regular trade or business operations in order for the income to constitute "operational" income.

Section 2 of the new law amends N.J.S.A. 54:10A-15.11(b) in response to the Tax Court decision in *BIS LP, Inc. v. Director, Div. of Taxation*, 2014 N.J. Tax (App. Div. Apr. 11, 2014). In 2002, legislation was enacted to require New Jersey partnerships to make payments on behalf of their nonresident partners. In the *BIS* decision, the court determined that the statute did not bar a nonresident partner that had no New Jersey filing obligation from claiming a refund of tax it did not pay, but that was paid on its behalf. The effect of this new law is that payments made by a partnership on behalf of its nonresident partners are only refundable to a nonresident partner that files a New Jersey tax return and reports income that is subject to tax in this State. In that case, the nonresident partner may apply the tax that was paid by the partnership and credited to the nonresident partner's partnership account against the partner's tax liability and claim a refund of any resulting overpayment. The law also provides that a partnership that pays tax pursuant to N.J.S.A. 54:10A-15.11 is not entitled to claim a refund of payments credited to the account of any of its nonresident partners.

Section 3 of the new law amends N.J.S.A. 54:10A-4(k)(6)(F) to require that a corporation's net operating loss be reduced by the amount excluded from federal taxable income under subparagraph (A), (B), or (C) of subsection (a)(1) of IRC § 108 for the privilege period of the discharge. Amounts excluded under IRC § 108 include debt discharged and excluded from income on account of bankruptcy, insolvency, or qualified farm indebtedness.

Single Sales Fraction for Corporation Business Tax Income Allocation Formula

Senate Bill No. 2753, which was signed into law as P.L. 2011, Chapter 59 on April 28, 2011 takes effect immediately; provided however, that section 2 shall apply to privilege periods beginning on or after January 1, 2012.

The new law modifies the corporation business tax (CBT) formula used to determine the portion of the income of a corporation subject to tax by the State of New Jersey from a three-factor formula to a single sales factor formula, and establishes a specialized sales fraction formula for airlines that are subject to taxation.

Under the old law, the CBT employed a formula that apportions a share of a corporation's income to this State based on a weighted average of a corporation's property in this State over the corporation's total property representing 25% of the apportionment; (2) a corporation's sales in this State over the corporation's total sales representing 50% of the apportionment; and (3) the corporation's payroll in this State over the corporation's total payroll accounting for the remaining 25% of the apportionment.

Pursuant to the new law, this change is phased in over three years, commencing with privilege periods beginning on or after January 1, 2012 but before January 1, 2013. For that year, the sales fraction will account for 70% of the apportionment and the property and payroll fractions will each account for 15% of the apportionment.

For privilege periods beginning on or after January 1, 2013 but before January 1, 2014, the sales fraction will increase to 90% and the property and payroll fractions will each account for 5% of the apportionment.

For privilege periods beginning on or after January 1, 2014, the sales fraction will account for 100% of the apportionment.

Taxpayers with a tax year that begins prior to January 1, 2012 must continue to use the allocation factor consisting of the property fraction, twice the sales fraction, and the payroll fraction, for their 2011-2012 tax year. A Supplemental Schedule J is required to be completed and attached to Form CBT-100.

NEW SALES FRACTION - **AIRLINES**

The sales fraction for airlines was previously determined based on the ratio of departures from New Jersey to total departures, weighted as to cost and value of aircraft by type, whereas this act institutes a sales fraction determined as the ratio of an airline's revenue miles in this State divided by an airline's total revenue miles.

Electronic Filing for CBT Returns

In November 2012, the New Jersey Division of Revenue and Enterprise Services began offering an enhanced electronic filing service to the business community for New Jersey corporation business tax (CBT) returns. The system, which is based on Federal/State Modernized e-File (MeF) program, will support the submission and processing of most CBT schedules and forms.

Authorized E-File providers, also known as Electronic Return Originators (EROs) can submit returns to the MeF system for processing. New Jersey returns can be submitted with a Federal return, or as a "State Only" submission. New Jersey will accept returns electronically from any IRS approved software provider.

For 2012, Form CBT-100 and Form CBT-100S returns, as well as most related schedules, can be filed electronically. In addition to accepting returns for tax year 2012, the New Jersey CBT E-File system will also allow the processing of 2011 filings. Electronic filing for CBT returns first became available in June 2012 for the 2011 tax year, and to date almost 1,600 returns for 2011 have been filed.

As of January 2013, software products from three developers have passed the testing procedures continued on page 5 established by the Division of Revenue and Enterprise Services for participating in CBT E-File for 2012: Thomson Reuters (2 products), Online Taxes, and TaxSlayer. Three additional developers are currently in the process of testing their CBT E-File products, and two others have expressed interest in developing a product.

Corporation Business Tax – Dissolving a Corporation

When a corporation has ceased doing business and the corporate charter is no longer desired, it is essential that the corporation be dissolved, and all tax eligibilities be ended, with the New Jersey State Treasurer through the Division of Revenue to avoid future tax, penalty, and interest liabilities.

Every corporation subject to the New Jersey Corporation Business Tax Act (N.J.S.A. 54:10A-1 et seq.), must submit New Jersey Corporation Business Tax (CBT) Returns, and pay at least the minimum tax, on an annual basis, from its incorporation or authorization date until it is legally dissolved through the New Jersey State Treasurer by the Division of Revenue. The legal requirement to file CBT returns and remit the minimum CBT tax continues for a corporation that is not dissolved, whether it ceased doing business or distributed assets in liquidation.

A corporation that wishes to do any of the following must apply for and receive a Tax Clearance Certificate from the Division of Taxation:

- 1) Distribute any of its assets in dissolution or in partial or complete liquidation; or
- 2) Consolidate with another corporation to form a new corporation; or
- 3) Merge into a foreign corporation which is an unauthorized foreign corporation.

DISSOLVE, CANCEL OR WITHDRAW A BUSINESS

The following table lists the most common methods of dissolution, cancellation and withdrawal for each business entity type. It provides links to our Online Business Endings and Cancellation service, which encompasses the filings required to remove a business from the State's tax and commercial registries.

If you wish to use our online service, be prepared to enter your filing credentials: 10 digit identification number; business type (LLC, LP, corporation, etc.); and the month and year your business was originally formed or authorized to do business in New Jersey. Be aware that in order to file, your business must be in good legal standing with the State (that is, not revoked or voided for noncompliance with State annual reporting or tax laws). The online filing system will check your business standing automatically after you enter your filing credentials. Select an option from the table below to view the method(s) of dissolution, cancellation or withdrawal that apply to your business. Review the information on Tax Clearance requirements and eligibility. Click on the on-line filing link when you are ready to file.

Method	Tax Clearance Certificate Required?	Special Eligibility Rules for This Method?	Governing Statute (Be sure to review the law before filing.)	On-line Filing Link
<u>For-Profit Corporations (Domestic, New Jersey)</u>				
Dissolve Before Commencing Business	No	Yes	NJSA 14A:12-2	Access Filing System
Dissolve Without Assets	No	Yes	NJSA 14A:12-4.1	Access Filing System
Dissolve Without a Meeting of the Shareholders	Yes	No	NJSA 14A:12-3	Access Filing System
Dissolution pursuant to action of board and shareholders	Yes	No	NJSA 14A:12-4	Access Filing System
<u>For-Profit Corporations (Foreign, Out of State)</u>				
<u>Limited Liability Companies (Domestic and Foreign)</u>				
<u>Limited Liability Partnerships (Domestic and Foreign)</u>				
<u>Limited Partnerships (Domestic, New Jersey)</u>				
<u>Limited Partnerships (Foreign, Out of State)</u>				
<u>Non-Profit Corporations (Domestic, New Jersey)</u>				
<u>Non-Profit Corporations (Foreign, Out of State)</u>				

Special Notes on Dissolution

Dissolving Before Commencing Business Eligibility

A corporation may be dissolved by action of its incorporators when there has been no organization meeting of the board, or by the board if there has been an organization meeting, provided that the corporation

- (a) Has not commenced business;
- (b) Has not issued any shares;
- (c) Has no debts or other liabilities; and
- (d) Has received no payments on subscriptions for its shares, or, if it has received such payments, has returned them to those entitled thereto, less any part thereof disbursed for expenses.

Dissolving Without Assets Eligibility

A corporation which has ceased doing business and does not intend to recommence doing business may be dissolved by action of its board and shareholders or, as set forth in this section, by a corporate officer, if the corporation.

- (a) Has no assets;
- (b) Has ceased doing business and does not intend to recommence doing business; and
- (c) Has not made any distributions of cash or property to its shareholders' within the last 24 months and does not intend to make any distribution following its dissolution.

See www.nj.gov/njbgs for more information on closing a business.

GROSS INCOME TAX

Checkoff for “Local Library Support Fund”

Public Law 2014, Chapter 47 was signed into law as on September 10, 2014 takes effect immediately and applies to taxable years commencing on or after the January 1 following the date of enactment.

The law establishes the “Local Library Support Fund.” Taxpayers will have the opportunity to make voluntary contributions to the fund on the New Jersey gross income tax return. The law is effective immediately and is applicable to tax years beginning on and after January 1, 2015.

Any costs incurred by the Division of Taxation for collection or administration attributable to this act may be deducted from receipts collected pursuant to this act, as determined by the Director of the Division of Budget and Accounting.

Northern New Jersey Veterans Memorial Cemetery Development Checkoff

P.L. 2014, Chapter 4 on May 15, 2014 was signed into law on June 30, 2014 is effective immediately and is applicable to tax years beginning on or after January 1, 2015.

The law establishes the “Northern New Jersey Veterans Memorial Cemetery Development Fund” and provides for a designation on the State gross income tax return that will permit taxpayers to make voluntary contributions to the fund. This fund will facilitate the development and operation of the Northern New Jersey Veterans Memorial Cemetery.

This check-off will operate in the same manner as all other charitable designations available to gross income taxpayers.

Establishes New Jersey Farm to School and School Garden Fund

P.L. 2014, Chapter 38, which was signed into law on August 25, 2014 shall take effect immediately and apply to taxable years beginning on or after January 1 next following enactment.

The new law requires the Department of the Treasury to establish a special fund to be known as the “New Jersey Farm to School and School Garden Fund.” Beginning with New Jersey gross income tax returns filed for tax year 2015, taxpayers will have the opportunity to indicate that a portion of the taxpayer’s refund or an enclosed contribution will be deposited in the special fund.

PROPERTY TAX RELIEF

Homestead Benefit Program

2012 Homestead Benefit Information Eligibility Requirements

You may be eligible for a 2012 New Jersey homestead benefit if:

- You were a New Jersey resident; and
- You owned and occupied a home in New Jersey that was your principal residence on October 1, 2012 (If you were not a homeowner on October 1, 2012, you are not eligible for a homestead benefit, even if you owned a home for part of the year.); and
- Property taxes for 2012 were paid on that home; and
- You meet certain [income limits](#).

You are not eligible for a homestead benefit if you are not required to pay property taxes on your home. This includes:

- Homeowners who are completely exempt from paying property taxes on their principal residence.
- Homeowners who made P.I.L.O.T. (Payments-in-Lieu-of-Tax) payments to their municipality. These payments are not considered property taxes for purposes of the homestead benefit.

Note: Eligibility requirements and benefit amounts for 2012 will not be finalized until the completion of the State Budget for FY 2015, which must be adopted by July 1, 2014. Homestead benefits for 2012 are expected to be applied to May 2015 property tax bills.

2012 Homestead Benefit Income Limits

The State Budget, which must be adopted by July 1, 2014, will determine the 2012 eligibility requirements, including the income limits. The income limits vary depending on your age and/or disability status on December 31, 2012.

For 2011, the income limits were:

- \$150,000 for homeowners age 65 or older or blind or disabled; and
- \$75,000 for homeowners under age 65 and not blind or disabled.

The income limits apply to a single individual, a married/civil union couple living in the same residence, and a married/civil union partner maintaining a residence separate from their spouse/civil union partner. [Nontaxable income](#) such as Social Security, Railroad Retirement benefits, or unemployment compensation should not be included.

You can file a 2012 Homestead Benefit Application regardless of your income, but if it exceeds the limits determined by the State Budget, your application will be denied.

Note: Information regarding the 2012 income limits will be posted when it becomes

2012 Homestead Benefit Payment Information

Most homeowners will receive their benefit as a credit on a future property tax bill. Your tax collector will issue a property tax bill or advice copy reflecting the amount of the benefit.

You will receive a check (or direct deposit) if:

- Your home on October 1, 2012, was a unit in a co-op or a continuing care retirement community; or
- You indicated that you no longer own the property that was your principal residence on October 1, 2012. (See [Homeowners Who Sold or Plan to Sell Their Homes](#) for more information)

The homestead benefit calculation is based on your:

- 2012 New Jersey gross income,
- 2012 filing status (single, married, filing jointly, head of household, etc.),
- Age/disability status (whether you were age 65 or older and/or disabled on December 31, 2012),
- [Property taxes](#) paid in 2006 on your principal residence.

Amounts received under the Homestead Benefit Program are in addition to the State's other property tax relief programs. The total of all property tax relief benefits received (homestead benefit, property tax reimbursement, property tax deduction for senior citizens/disabled persons, and property tax deduction for veterans) cannot exceed the amount of property taxes paid on your principal residence for the same year.

If you receive a benefit that is larger than the amount for which you are eligible, you must repay any excess received. The Division can deduct the amount owed from your homestead benefit or income tax refund or credit before the payment is issued.

Note: Eligibility requirements and benefit amounts for 2012 will not be finalized until the completion of the State Budget for FY 2015, which must be adopted by July 1, 2014. Homestead benefits for 2012 are expected to be applied to May 2015 property tax bills. Additional information on the 2012 homestead benefit will be posted when it becomes available.

2012 Homestead Benefit Information for Homeowners Who Sold or Plan to Sell Their Homes

If you have sold your home or plan to close on the sale on or before November 22, 2013...

If you no longer own the property that was your principal residence on October 1, 2012, or you plan to close on the sale of that home on or before, November 22, 2013, answer "No" to the question asking whether you still own the property when filing the homestead benefit application. Otherwise, you risk losing your benefit.

If you sell your home after filing your application...

The homestead benefit will reduce the tax bill of the person who owns the property on the date the benefit is paid. This means that if you indicated you still own the

home when filing your application, and later sell it, the only way to ensure you will receive your 2012 homestead benefit is to take credit for the benefit at the closing of your property sale. If you plan to sell your home, discuss these instructions with your attorney or closing agent so they can negotiate on your behalf.

2013 Property Tax Reimbursement Program (Senior Freeze)

This program reimburses eligible senior citizens and disabled persons for property tax or mobile home park site fee increases on their principal residence. To qualify you must meet all the eligibility requirements for each year from the base year through the year for which you are applying.

Filing deadline for 2013 Senior Freeze (PTR) Applications extended to September 15, 2014.

(2013) Property Tax Reimbursement.

If your income for 2013 did not exceed \$70,000, you are eligible for a 2013 reimbursement provided you met all the other program requirements. If your income was more than \$70,000 but was \$84,289 or less, you will not receive a check for 2013. The Division will notify you that you are not eligible. However, by filing an application by the due date, you can establish a "base year" for future reimbursements for which you may be eligible and ensure you will be mailed an application for 2014.

Property Tax Reimbursement (Senior Freeze) Income Standards

With very few exceptions, **all income** that you received during the year must be taken into account when determining eligibility. This includes income that you do not have to report on your New Jersey income tax return such as Social Security benefits, disability benefits, and tax-exempt interest. Additional information is available at:

[Income Standards](#)

2013 Eligibility Requirements

You may be eligible for a reimbursement if you met **all** the following requirements for each year from the base year through the year for which you are applying:

Age/Disability	<p>You (or your spouse/civil union partner) were:</p> <ul style="list-style-type: none"> ▪ 65 or older; or ▪ Receiving Federal Social Security disability benefits (not benefits received on behalf of someone else).
Residency	<p>You lived in New Jersey continuously for at least the last 10 years, as either a homeowner or a tenant.</p>
Home Ownership	<p>Homeowners. You owned and lived in your current home for at least the last 3 years.</p> <p>Mobile Home Owners. You leased a site in a mobile home park where you placed a manufactured or mobile home that you owned for at least the last 3 years.</p>
Property Taxes/ Site Fees	<p>Homeowners. You paid the full amount of the property taxes due on your home.</p> <p>Mobile Home Owners. You paid the full amount of mobile home park site fees due.</p>
Income Limit	<p>You met the income limits.</p>

You are not eligible for a reimbursement on:

- A vacation home or second home; **or**
- Property that you rent to someone else; **or**
- Property that consists of more than four units; **or**
- Property with four units or less that contains more than one commercial unit.

You are also not eligible if you:

- Are completely exempt from paying property taxes on your home; **or**
- Made P.I.L.O.T. (Payments-in-Lieu-of-Tax) payments to your municipality.

Property Tax Reimbursement (Senior Freeze) Homeowner Amount

The reimbursement is calculated as follows:

$$\begin{array}{|c|} \hline \text{Property taxes} \\ \text{due and} \\ \text{paid for the} \\ \text{current year} \\ \hline \end{array} - \begin{array}{|c|} \hline \text{Property taxes due} \\ \text{and} \\ \text{paid for the "base} \\ \text{year"} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Amount of the} \\ \text{reimbursement} \\ \hline \end{array}$$

The amount of property taxes paid for the current year must be more than the base year amount for you to receive a reimbursement.

Multiple Owners. If you owned your principal residence with someone else (other than your spouse or civil union partner), your reimbursement is based on your percentage of ownership.

Multiple-Units Properties. If your principal residence is a property that consisted of more than one unit, your reimbursement is based on the percentage of the property taxes for the portion of the property you occupy. Condominium complexes, co-ops, and continuing care retirement facilities are not considered to be multiple-unit properties.

Amounts received under the Property Tax Reimbursement Program are in addition to the State's other property tax relief programs. For homeowners, the total of all property tax relief benefits that you receive cannot be more than the property taxes paid on your principal residence for the same year.

If you receive a property tax reimbursement that is larger than the amount for which you are eligible, you will be required to repay any excess received.

Property Tax Reimbursement (Senior Freeze) Mobile Home Owner Amount

The reimbursement for mobile home owners is calculated as follows:

$$\boxed{\begin{array}{c} \text{18\% of the annual} \\ \text{site fees due and} \\ \text{paid for the} \\ \text{current year} \end{array}} - \boxed{\begin{array}{c} \text{18\% of the annual} \\ \text{site fees due and paid} \\ \text{for the "base year"} \end{array}} = \boxed{\begin{array}{c} \text{Amount of the} \\ \text{reimbursement} \end{array}}$$

The amount of site fees paid for the current year must be more than the base year amount for you to receive a reimbursement.

Shared Site Fees. If you occupied your mobile home with someone else (other than your spouse or civil union partner) and you shared site fees with them, your reimbursement is based on the percentage of site fees you paid.

Amounts received under the Property Tax Reimbursement Program are in addition to the State's other property tax relief programs. For mobile home owners, the total of all property tax relief benefits that you receive cannot be more than 18% of your annual site fees paid on your principal residence for the same year.

If you receive a property tax reimbursement that is larger than the amount for which you are eligible, you will be required to repay any excess received.

**Property Tax Reimbursement (Senior Freeze)
2013 Requirements for Resuming Eligibility
After a Change of Principal Residence**

**Filing deadline for 2013 Senior Freeze (PTR) Applications extended
to September 15, 2014.**

You may be eligible for a 2013 reimbursement if you met **all** the following requirements:

Previous Eligibility	If you moved to the home for which you are filing a 2013 application between: January 1, 2010 and December 31, 2010 , you must have applied and been eligible for a 2009 reimbursement. January 1, 2011 and December 31, 2011 , you must have applied and been eligible for a 2010 reimbursement.
Age/Disability	You (or your spouse/civil union partner) were: <ul style="list-style-type: none"> ▪ 65 or older as of December 31, 2012; or ▪ Receiving Federal Social Security disability benefits (not benefits received on behalf of someone else) as of December 31, 2012, and December 31, 2013.
Residency	You lived in New Jersey continuously since December 31, 2002, or earlier as either a homeowner or a renter.
Current Home Ownership	Homeowners. You owned and lived in your current home since December 31, 2011, or earlier. Mobile Home Owners. You leased a site in a mobile home park where you placed a manufactured or mobile home that you own since December 31, 2011, or earlier.
Property Taxes/ Site Fees	Homeowners. You paid the full amount of the property taxes due on your home: <ul style="list-style-type: none"> ▪ For 2012 by June 1, 2013, and ▪ For 2013 by June 1, 2014. Mobile Home Owners. You paid the full amount of mobile home park site fees due: <ul style="list-style-type: none"> ▪ For 2012 by December 31, 2012, and ▪ For 2013 by December 31, 2013.
Income Limit	Your total annual income (combined if you were married or in a civil union and lived in the same home) was: <ul style="list-style-type: none"> ▪ 2012 — \$82,880 or less; and ▪ 2013 — \$70,000 or less*

To apply for a reimbursement you must file Form PTR-1 and enclose Form PTR-1C, Verification of Change of Principal Residence.

Form PTR-1C is not available on our website. Call the Property Tax Reimbursement Hotline (1-800-882-6597) or visit a regional office to obtain a copy of this form, or if you have questions about your eligibility for the 2013 reimbursement.

*If your income for 2013 did not exceed \$70,000, you are eligible for a 2013 reimbursement provided you met all the other program requirements. If your income was more than \$70,000 but was \$84,289 or less, you will not receive a check for 2013. The Division will notify you that you are not eligible. However, by filing an application by the due date, you can establish a "base year" for future reimbursements for which you may be eligible and ensure you will be mailed an application for 2014.

**All property tax relief program information provided here
is based on current law and is subject to change.**

Important Contact Information



The Division of Taxation on the Web! www.njtaxation.org

- Print New Jersey tax forms
- Get Homestead Benefit information
- File Sales Tax and Employer Reports
- Get Division publications
- Sign up for **E-News**
- Check the Status of an Income Tax Refund

The Division of Revenue on the Web! www.state.nj.us/treasury/revenue

- Form a Corporation or LLC in NJ
- Register a Business in New Jersey
- Research & register a Corporate name in NJ
- Dissolve, Cancel or Withdraw a business

Taxation Call Center: (609) 292-6400
All general Tax inquiries

Commercial Recording (609) 292-9292
Questions on completion of the Public Records Filings

Client Registration (609) 292-9292
Questions on completion of the NJ-REG

Bulk Sales (609) 292-6604
Purchasing a Business

Corp. Tax Clearance (609) 292-5323

NJ Dept. of Labor (609) 633-6400
Employer questions

Electronic Funds (EFT) (609) 292-9292
Enroll in Electronic Funds Transfer

NJ Commerce (800) 533-0186
Licensing and Certification

Additional Websites you may need...

NJ Business Gateway Registration Service
www.state.nj.us/njbg

NJ Business Portal
www.nj.gov

NJ Small Business Development Centers
Free consulting, affordable training to help manage, market and finance ventures.
www.njsbdc.com/home

Small Business Administration
Helping small businesses succeed - Starting, managing, and financing.
www.sba.gov/

Business Resource Centers
Local centers for business assistance
<http://lwd.state.nj.us/labor/employer/business/BusinessResources.html>

Need to contact the IRS? Call **1 (800) 829-1040** or point your browser to: www.irs.gov

Need a Federal Employer Identification Number (FEIN)? Call **1 (800) 829-4933** or obtain a number online at www.irs.gov

[New Jersey Business Action Center](#)

Economic Development in New Jersey requires a new course in order to create the optimum conditions for business growth and job creation in the State. Governor Christie recognized the need for change and consolidated all State economic development activities under the leadership of Lieutenant Governor Kim Guadagno, creating the New Jersey Business Action Center (BAC) in the Department of State.

The New Jersey Business Action Center plays a key role in helping grow, retain and attract business to the State. The center serves as a “one-stop” shop for business. The team at the Center works to encourage entrepreneurship by supporting New Jersey’s businesses of all sizes, supporting global competitiveness of New Jersey companies, as well as to promote the State’s attractiveness as a vacation destination and business investment location nationally and internationally.

Financial and Incentive Programs

New Jersey’s Business Action Center Team will walk you through all of the state’s incentive and financing programs available to your business. We can identify the specific programs your business may be eligible for, and help locate the sources that best meet your unique needs. In addition, the New Jersey Business Action Center Team is invaluable when it comes time to begin the application process, providing helpful assistance in completing the necessary paperwork. You can count on us to answer any questions and provide guidance every step of the way.

Permitting and Regulatory Assistance

New Jersey’s Business Action Center provides professional, coordinated services to help new and existing businesses navigate New Jersey’s regulatory processes. By actively working with various state agencies and departments, such as the Department of Environmental Protection, the Department of Community Affairs and the New Jersey Department of Transportation, the team studies all of the issues involved, quickly accesses the challenges, formulates solutions and strives to resolve any difficulties to the satisfaction of all involved parties.

Site Selection Services

New Jersey’s Business Action Center offers a full range of site selection solutions. These include development services, such as assembling land and restructuring financing. Additionally, we can provide considerable assistance in facilitating the permitting process.

Programs and Resources for International Trade

New Jersey welcomes and encourages internationally-minded firms to do business in our state! New Jersey’s Business Action Center provides assistance to businesses looking to do business globally through trade consulting services and inward foreign direct investment services including:

- Identify buyers and international markets
- Find partners for joint ventures and strategic alliances
- Trade Assistance
- Trade Advocacy

Whatever your global ambitions, New Jersey’s Business Action Center will provide the expertise and programs to help your plans succeed – in the state and around the world.

Smart Planning

In order to ensure a holistic approach to economic development, BAC's new Office for Planning Advocacy (OPA) serves as the focal point for coordinating and advancing New Jersey's planning strategies. Formerly the Office of Smart Growth, the OPA serves to stimulate new growth opportunities and enhances the one-stop shopping experience for business.

Home to the New Jersey Business Call Center 1- 866-534-7789

If you're starting a business, expanding or planning a move, the business call center provides the answers to all business-related questions for doing business in New Jersey. Call Center agents are available Monday through Friday from 8:00 am to 5:00 to answer questions and provide assistance to businesses of all types and sizes.

Essential Resource

New Jersey's Business Action Center is an essential resource for any business seeking to do business in New Jersey. Simply put, the team can save your business valuable time and money by working as an extension of your team for site selection services, financial solutions or to resolve even the most complicated technical and compliance issues.

For more information call 866-534-7789.



[Have a "Red Tape" Problem?](#)

CATCH Program (Citizens Against Tax CHEats)

Each year millions of New Jersey tax dollars go uncollected because some people prefer to let someone else pay their way. It's time to stop carrying the burden alone. You know who the tax cheats are!

- Retailers who do not charge sales tax when they should.
- Employers who don't withhold payroll taxes.
Businesses who have an unfair advantage over their competitors
- because they neither charge the required taxes nor pay their own business and personal taxes.
- Individuals who are dishonest in completing their New Jersey Income Tax Returns or don't file returns at all.

Help us identify and locate those tax avoiders who aren't paying their fair share.

- ❖ [Complete the fill in form](#) and then submit to the Division
- ❖ You can call us at (609) 292-6400 and give the information to a Division Representative.
- ❖ You can mail the information to NJ Division of Taxation, PO Box 190, Trenton NJ 08695-0190.

All your information will be held in confidence. You do not have to give your name but please give us as much information as you can about the tax cheat.