



*It's Fast, Secure &*  
**PAPER-FREE!**

In most cases, if you were a full-year New Jersey resident in 2002 and you filed a New Jersey resident income tax return in 2001, there's an NJ FastFile option for you. There are no limitations on the amount of income you can have, and you can file your homestead rebate application electronically, too. You'll get your refund faster with NJ FastFile, and you can choose direct deposit for either your refund or homestead rebate check, or both.

Check the chart below to see which NJ FastFile option is best for you, then visit [www.njfastfile.com](http://www.njfastfile.com) or call 1-800-323-4400.

	<b>NJ WebFile</b>	<b>NJ TeleFile</b>	<b>NJ ELF</b>
<b>How To File</b>	<b>By computer...</b> Visit <a href="http://www.njfastfile.com">www.njfastfile.com</a> and link to our secure Web site to prepare your return. Nothing to buy and no filing fees.	<b>By phone...</b> Call 1-888-235-FILE (3453) toll-free	<b>By computer...</b> Use tax software you purchase or have a tax preparer file your return. (You must file <i>both</i> Federal and State income tax returns.)
<b>Filing Status</b>	Any filing status (must be same as last year)	Any filing status except "Married, filing separate return" (must be same as last year)	Any filing status
<b>Personal Exemptions/ Dependents</b>	Exemption for Self ..... Yes Exemption for Spouse ..... Yes Age 65 or Older ..... Yes Blind or Disabled ..... Yes Dependent Children ..... Yes Other Dependents ..... Yes Dependents Attending Colleges ..... Yes	Exemption for Self ..... Yes Exemption for Spouse ..... Yes Age 65 or Older ..... No Blind or Disabled ..... No Dependent Children ..... Yes Other Dependents ..... No Dependents* Attending Colleges ..... Yes (*Only dependent children)	Exemption for Self ..... Yes Exemption for Spouse ..... Yes Age 65 or Older ..... Yes Blind or Disabled ..... Yes Dependent Children ..... Yes Other Dependents ..... Yes Dependents Attending Colleges ..... Yes
<b>Income Sources</b>	Limited to: Wages; interest; dividends; net gains or income from disposition of property; pensions and annuities; IRA withdrawals; gambling winnings; rents, royalties, patents, and copyrights; other income <b>Note:</b> Number of transactions in each category also limited.	Limited to: Wages, interest (\$2,500 or less), and dividends (\$2,500 or less)	All sources of income
<b>Deductions</b>	All deductions you are eligible for	Property tax deduction only	All deductions you are eligible for
<b>Credits</b>	All credits you are eligible to claim (including credit for taxes paid to other jurisdictions)	Limited to property tax credit, NJ earned income tax credit, excess UI/HC/WD or disability insurance contributions	All credits you are eligible to claim (including credit for taxes paid to other jurisdictions)
<b>Payments</b>	All payment types including withholdings, estimated tax payments, credit from last year's return, payment made with extension application	Limited to withholdings on W-2s	All payment types including withholdings, estimated tax payments, credit from last year's return, payment made with extension application
<b>Homestead Rebate</b>	All eligible homeowners and tenants	All eligible homeowners and tenants	All eligible homeowners and tenants

**Line 53 - New Jersey — Endangered Wildlife Fund**

**Help keep NJ's wildlife in our future!** Over 60 endangered and threatened species struggle for survival in NJ, the most densely populated state in the nation – and each day brings them closer to extinction. You can help our biologists stem the tide of species and habitat loss. Contributions from compassionate people like you go toward **conservation, research, restoration, and education** – real dollars that help the Endangered & Nongame Species Program protect imperiled animals such as the bald eagle, bobcat, and bog turtle, plus over 400 other nongame species in NJ. **We receive no state-dedicated funding and rely on your support, so this year please “Check Off for Wildlife.” Thank you!**



Please visit [www.NJFishandWildlife.com/ensphome.htm](http://www.NJFishandWildlife.com/ensphome.htm) for more info. For a free subscription to our newsletter, please write to *Conserve Wildlife News*, ENSP, PO Box 400, Trenton, NJ 08625, call 609-984-6012, or e-mail [Linda.Tesauro@dep.state.nj.us](mailto:Linda.Tesauro@dep.state.nj.us)

**Line 54 - New Jersey — Children's Trust Fund... to prevent child abuse**

**Help protect New Jersey's children!** Every year thousands of children in New Jersey are neglected and abused. The Children's Trust Fund works in all 21 counties to help prevent these terrible tragedies by supporting:

- home visiting programs for parents of newborns
- respite care for children with special needs and their families
- parent education and support groups.

We rely on your support. Every dollar you contribute goes directly to communities throughout New Jersey to prevent child abuse and neglect. **Help children in New Jersey have a safe and healthy childhood - Support the Children's Trust Fund.**

Want more information? Contact: Children's Trust Fund, PO Box 711, Trenton, NJ 08625-0711

Phone: 609-633-3992 Web: <http://www.state.nj.us/humanservices/njcaph.html>

**Line 55 - New Jersey — Vietnam Veterans' Memorial Fund**

“To Remember, To Heal, To Honor”

Your support honors 1,556 New Jerseyans whose names are engraved on the Memorial and helps us teach future generations about this unique time in our nation's history at the Vietnam Era Educational Center.

For more information, write: **New Jersey Vietnam Veterans' Memorial, PO Box 648, Holmdel, NJ 07733** or call: **1-800-648-8387**. Visit us on the Web at <http://www.njvvmf.org>.

**Line 56 - New Jersey — Breast Cancer Research Fund**

***YOUR STATE TAX REFUND TODAY HELPS OUR DAUGHTERS TOMORROW***

Join the fight against breast cancer and help New Jersey based researchers find a cure now so our daughters won't have to fight this disease in the future. 100% of your donation supports research relating to the prevention, screening, treatment, and cure of breast cancer.

For further information, please contact: The New Jersey Commission on Cancer Research, PO Box 360, 28 West State Street, Rm 505, Trenton, NJ 08625-0360, Phone: 609-633-6552.

Web: [www.state.nj.us/health](http://www.state.nj.us/health)

**Line 57 - New Jersey — U.S.S. New Jersey Educational Museum Fund  
BATTLESHIP NEW JERSEY**

New Jersey's namesake Battleship would appreciate your continued support. Your contribution will be used to support the world-class Educational Museum as a tribute to Veterans of all of the Armed Forces.

**For more information contact:**

Battleship New Jersey Foundation, Inc.  
1715 Hwy 35, Middletown, NJ 07748

Phone: 732-671-6488 Web: <http://www.battleshipnj.org> E-mail: [bb62fdn@aol.com](mailto:bb62fdn@aol.com)



Contributions - continued

**Line 58 - New Jersey — Other Designated Contribution****01 - Drug Abuse Education Fund - THE EPIDEMIC OF DRUG ABUSE NEEDS**

**YOUR HELP!** Your contribution helps New Jersey children receive valuable education from highly trained uniformed law enforcement officers throughout the State in providing drug abuse education programs. Research has shown that the more resistance education children receive, the more likely they will be drug free. The monies raised will help maintain K-6 curricula and increase program activity to Middle School and High School students as well as parents.

For more information contact **D.A.R.E. New Jersey** at 292 Prospect Plains Rd., Cranbury, NJ 08512 or call 1-800 DARENJ1. Web address: <http://www/darenj.org>.

**Line 58 - New Jersey — Other Designated Contribution****02 - Korean Veterans' Memorial Fund**

“To Honor, To Educate, To Recognize, To Commemorate”

Your support to the Korean War Memorial in Atlantic City honors all the New Jerseyans who served and especially the more than 827 soldiers who died during the *Forgotten War*. We need to inform future generations of the past so that no one ever forgets these men and women. Your contribution will be used to maintain this place of honor.

For more information, write: Korean War Memorial, c/o Dept. of Military and Veterans Affairs, PO Box 340, Eggert Crossing Road, Trenton, NJ 08625-0340. Phone: 609-530-7049. <http://www.state.nj.us/military/korea/>

**Line 58 - New Jersey — Other Designated Contribution****03 - Organ and Tissue Donor Awareness Education Fund**

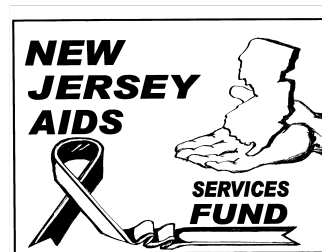
More than 2,300 critically ill New Jerseyans from all walks of life — parents, children, siblings, grandparents — are waiting for life-saving organ transplants. Each day 17 people on waiting lists will die due to the lack of donated organs. But you have the power to donate life. Just one organ and tissue donor can save up to 8 lives and enhance the health of 75 others. Your support will help raise awareness of this drastic need for organ and tissue donors. Begin today by checking off line 58 to help fund organ and tissue donor education awareness in New Jersey.

**For more information, call 1-800-SHARE-NJ or visit [www.sharenj.org](http://www.sharenj.org)**

**Line 58 - New Jersey — Other Designated Contribution****04 - NJ-AIDS Services Fund**

New Jersey currently ranks fifth in the country in total cases of HIV infection with an estimated 50,000 people living with HIV/AIDS. Your donation will be used for prevention, education, treatment and research.

For more information write to: New Jersey AIDS Services Fund, c/o Positive Connection, 1514 Palisade Avenue, Union City, NJ 07087, or call 1-973-485-6596.

**Line 58 - New Jersey — Other Designated Contribution****05 - Literacy Volunteers of America – New Jersey Fund**

“Literacy is the key to personal freedom.”

Millions of adults in New Jersey cannot read, write, or speak English well enough to successfully complete everyday tasks. Since 1979, Literacy Volunteers of America - New Jersey (LVA-NJ) has been providing leadership training, technical assistance, and management support to our network of local affiliates. These programs in turn offer personalized, one-to-one tutoring to adults at the lowest levels of literacy. We constantly strive to enhance and expand our efforts so that more and more adults may know the joy of reading and the freedom that it brings.

**For more information call 908-203-4582 or visit <http://members.aol.com/lvanj>**



# 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 23 to find out which types of income are not taxable.
- ◆ Members of the Armed Forces see page 15 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, contact the Division's Customer Service Center (609-292-6400).

## Who Must File

You must file a New Jersey income tax return if—

Your residency status is:	your filing status is:	and your gross income was more than:
<p><b>Full-Year Resident — File Form NJ-1040 (Resident Return) as a full-year resident if:</b></p> <ul style="list-style-type: none"> <li>◆ New Jersey was your domicile (permanent legal residence) for the entire year;</li> </ul> <p style="text-align: center;"><b>or</b></p> <ul style="list-style-type: none"> <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>	<p>Single Married, filing separate return</p> <hr/> <p>Married, filing joint return Head of household Qualifying widow(er)</p>	<p>\$10,000 (from all sources)</p> <hr/> <p>\$20,000 (from all sources)</p>
<p><b>Part-Year Resident — File Form NJ-1040 (Resident Return) as a part-year resident if:</b></p> <p>You met the definition of resident for only part of the year.</p> <p><b>NOTE:</b> Both part-year resident (Form NJ-1040) and part-year nonresident (Form NJ-1040NR) returns may have to be filed when a part-year resident receives income from New Jersey sources during the period of nonresidence.</p>	<p>Single Married, filing separate return</p> <hr/> <p>Married, filing joint return Head of household Qualifying widow(er)</p>	<p>\$10,000 from all sources (for the entire year)</p> <hr/> <p>\$20,000 from all sources (for the entire year)</p>
<p><b>Nonresident — File Form NJ-1040NR (Nonresident Return) as a nonresident if:</b></p> <p>New Jersey was not your domicile, and you spent 183 days or less here;</p> <p style="text-align: center;"><b>or</b></p> <p>New Jersey was not your domicile, you spent more than 183 days here, but you did not maintain a <i>permanent</i>* home here.</p> <p>You may also be considered a nonresident for <b>New Jersey income tax purposes</b> if you were domiciled in New Jersey and you met <b>all</b> three of the following conditions for the entire year:</p> <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> </ul>	<p>Single Married, filing separate return</p> <hr/> <p>Married, filing joint return Head of household Qualifying widow(er)</p>	<p>\$10,000 (from all sources)</p> <hr/> <p>\$20,000 (from all sources)</p>

\* 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.

**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 2002 and are due a refund.
- ◆ You are eligible for a New Jersey earned income tax credit 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 13). 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 file a resident return and 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.

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 \$20,000 (\$10,000 if filing status is single or married, filing separate return), even though the income reported

## AVOIDING COMMON MISTAKES

Check the following items to avoid delays in processing returns and refunds.

- ✓ **Use the correct form.** Form NJ-1040 should be used by part-year residents as well as full-year residents. Use only a 2002 return for the 2002 tax year.
- ✓ **Read the instruction booklet** before completing the return.
- ✓ **File only original forms.** The State is unable to scan photocopies of tax returns.
- ✓ **Use only blue or black ink** when completing forms.
- ✓ **Enter all numbers within the red boxes.** Do not use dollar signs or dashes.
- ✓ **You may not report a loss on Form NJ-1040.** Make no entry on lines where the amount to be reported is zero or less, *except* for Line 41, Use Tax Due. If no use tax is owed, enter “0.00” on Line 41.
- ✓ **Make no entry on** unused lines.
- ✓ **When rounding,** enter zeros after the decimal point for cents.
- ✓ **Check name, address, social security number, and county/municipality code** for accuracy when using the label or writing information on the return.
- ✓ **Enter last name first** when writing information on the tax return. This requirement differs from the Federal return.
- ✓ **Fill in only one** oval for your filing status.
- ✓ **Use “State wages” figure(s)** from your W-2(s), not Federal wages figure(s). If you received wages from sources outside New Jersey, this figure may need to be adjusted to reflect New Jersey tax law.
- ✓ **Locate the correct column** for your filing status in the Tax Table when calculating your New Jersey tax liability on Line 38.
- ✓ **Request a refund** by completing Line 60.
- ✓ **Check your math.**
- ✓ **Sign and date your return.** Both spouses must sign a joint return.
- ✓ **Keep a copy of your return** and all supporting documents or schedules.
- ✓ **Changes or mistakes** to your original return may be corrected by filing an amended return. See page 19.

for your period of residence was below these thresholds. If the income received during the entire year was \$20,000 or less (\$10,000 if filing status is single or married, filing separate return), 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 non-residence, 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 for the period of New Jersey residency 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 non-residence.

**Other Income.** For interest, dividends, pensions, and other income, include on your return only those amounts received while a resident of New Jersey. Part-year

*continued*

*Part-Year Residents - continued*

resident partners and, in general, S corporation shareholders must prorate the entity's income based on the number of days in the entity's fiscal year that you were a resident divided by 365 (366 for leap years). Partners and shareholders should request Tax Topic Bulletin GIT-9P, *Income from Partnerships*, or GIT-9S, *Income from 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 28 - Other Retirement Income Exclusion.** Do not complete Worksheet D for the Other Retirement Income Exclusion (on page 32). Instead, total the earned income (wages, net profits from business, partnership income, and S corporation income) you received for the *entire* year to determine whether or not you qualify for the exclusion.

**Line 30c - Exemptions.** Your total exemptions (Line 30c) 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.


$$\text{Lines 30a\&b} \times \frac{\text{Mos. NJ Resident}}{12} = \text{Line 30c}$$

**Lines 31, 32, and 33 - Deductions.** You may deduct medical expenses, qualified Archer medical savings account (MSA) contributions, health insurance costs of the self-employed, alimony and separate maintenance payments, and qualified conservation contributions based on the actual amounts paid for the period of time you lived in New Jersey. Use Worksheet E on page 33 to determine the medical expense deduction.

**Line 36 - Property Tax Deduction.** You may also be eligible to claim a deduction for property taxes you paid, or rent constituting property taxes (18% of rent due and paid) during your period of residency. When you do the calculation to determine whether the deduction or credit is better for you, prorate the minimum tax benefit

of \$50 (\$25 if filing status is married, filing separate return and you maintain the same residence as your spouse) based on the number of months you occupied your New Jersey residence. For this calculation 15 days or more is a month. Use this prorated figure instead of the \$50 figure (\$25 if filing status is married, filing separate return and you maintain the same residence as your spouse) at Line 8, Schedule 1 or Line 5, Worksheet F.


**Line 44 - Property Tax Credit.** You must prorate the amount of any property tax credit on Line 44 based on the number of months you occupied your qualified New Jersey residence. For this calculation 15 days or more is a month.

**TAX TIP**  **Line 46 - New Jersey Earned Income Tax Credit.** If you were a New Jersey resident for only part of the taxable year, and your gross income for the entire year from all sources was \$20,000 or less, you may qualify for a New Jersey earned income tax credit if you meet the other eligibility requirements. The amount of your credit 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.

For more information, request Tax Topic Bulletin GIT-6, *Part-Year Residents*.

## 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 13). 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. Mustering-out payments, subsistence and housing allowances are exempt.

**TAX TIP**  Military pensions are exempt from New Jersey gross income tax, regardless of your age or disability status. See *Pensions, Annuities, IRA Withdrawals, and Exclusion* on page 27.

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)

## 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 generally 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, request our publication ANJ-1, *New Jersey Taxpayers' Bill of Rights*.

*continued*

*Military Personnel - continued*

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, either by out-of-pocket payments or forfeiture of quarters allowance, such facilities will constitute a *permanent* home outside of New Jersey. In this case, the serviceperson 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 received income from New Jersey sources other than military pay. Mustering-out payments, subsistence and housing allowances are also exempt. 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 13), then your military pay is not subject to New Jersey income tax. File Form DD-2058-1 or DD-2058-2 with your finance officer 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 joint income will be taxed as if both spouses were residents.

For more information, request Tax Topic Bulletin GIT-7, *Military Personnel*.

**TAX TIP**  **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 with the return when filed.

New Jersey allows an extension to file an income tax return for members of the Armed Forces serving in an area which has been declared a "combat zone" by executive order of the President of the United States or a "qualified hazardous duty area" by Federal statute. Once you leave the combat zone or qualified hazardous duty area, you have 180 days to file your tax return. Enclose a statement with your return to explain the reason for the extension.

In addition, if you are hospitalized outside of the State of New Jersey as a result of injuries you received while serving in a combat zone or qualified hazardous duty area, you have 180 days from the time you leave the hospital or you leave the combat zone or hazardous duty area,

whichever is later. Enclose a statement of explanation with your return when you file.

No interest or penalties will be assessed during a valid extension for service in a combat zone or qualified hazardous duty area. This extension is also granted to a taxpayer's spouse who files a joint return.

**Death Related to Duty.** When a member of the Armed Forces serving in a combat zone or qualified hazardous duty area 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 zone or area.

### 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 2002 New Jersey income tax return is due by April 15, 2003. 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.**

### Four-Month Extension

You may receive a four-month extension of time to file your New Jersey resident income tax return if at least 80% of the tax liability computed on your Form NJ-1040 when filed is paid in the form of withholdings, estimated, or other payments by the original due date, **and**

Extensions - continued

1. **Federal extension filed.** A copy of your Federal Application for Automatic Extension is enclosed with your final return and the oval at the top of the NJ-1040 is filled in (if the extension application was filed by phone or online, your confirmation number is entered in the space provided at the top of Form NJ-1040); or
2. **No Federal extension filed.** You file a request for a 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.

Form NJ-630 must also be filed by the original due date if you are required to make a payment to satisfy the 80% requirement.

**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 original 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 "Penalties, Interest, and Collection Fees" on page 20.**

**How to Pay**

The balance of tax due must be paid in full by the original due date of the return. If you owe less than \$1, no payment is required. You may make your payment by check or money order, electronic check (e-check), or credit card.

**Check or Money Order.** You will find a payment voucher (Form NJ-1040-V) at the front of this booklet. If you owe tax with your 2002 return, enter the amount of tax due in the boxes on the payment voucher. Do not make changes to any information preprinted on the payment voucher. Instead make any necessary changes on Form NJ-1040 (and/or HR-1040). For information about mailing forms, see "Where to Send Your Return" on page 18.

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. Send your payment for the balance due with the payment voucher in the same envelope with your tax return.

If you are paying a balance due for the 2002 tax year and are making the first installment of estimated tax for 2003, please use separate checks or money orders for each payment. Send your 2003 estimated tax payment with an NJ-1040-ES voucher to the address on that payment voucher. **Do not include the estimated tax payment with your 2002 income tax return.**

**Electronic Check (e-check).** You may be able to pay your 2002 New Jersey income taxes or make a payment of estimated tax for 2003 by e-check. This option is available on the Division's Web site ([www.state.nj.us/treasury/taxation/](http://www.state.nj.us/treasury/taxation/)). Taxpayers who do not have Internet access can make a payment by e-check by contacting the Division's Customer Service Center at 609-292-6400. Do not send in the payment voucher if you pay your taxes by e-check.

When using e-check on the Web, you will need your social security number and 4-digit Personal Identification Number (PIN) to make a payment. Be sure the social security number you enter matches the first social security number shown on the form for which you are making your payment.

Your PIN ensures that no one else may tamper with your payment. If you filed a joint return last year, both you and your spouse are assigned separate PINs. If you received a booklet with your name and address preprinted on the face of the fold-out insert located at the front of this booklet, your PIN(s) are found on the same panel as your preprinted label. Be sure to use the PIN that is listed first on the insert. If you are not using the label because your filing status is different than the filing status on your 2001 return, enter the PIN that corresponds to the name on your 2002 return.

If you do not have a preprinted label and PIN(s), you may request a PIN on the Division's Web site and it will be sent to you by U.S. Mail. When requesting a PIN online, enter the first social security number shown on the form for which you will make your payment.

**NOTE:**

- (1) If you do not enter your social security number and Personal Identification Number (PIN) properly, you will not be able to pay by e-check.
- (2) If you are filing a New Jersey return for the first time, or your filing status is different than the filing status on your 2001 return, you may not be able to pay by e-check.

John Smith  
Jane Smith  
123 Main Street  
Trenton, NJ 08611

Date \_\_\_\_\_

PAY TO THE ORDER OF \_\_\_\_\_ \$ \_\_\_\_\_

Anyplace Bank  
Trenton, NJ 08611

For \_\_\_\_\_

15-0000/0000

1234

Routing number: 025025025

Account number: 20202086

Do not include the check number

**SAMPLE**

You will need your bank's 9-digit routing number and your account number to make a payment by e-check. Do not enter the check number as part of the account number. **NOTE:** The routing and account numbers may be in different places on your check.



## How to Pay - continued

### Credit Card Payment Convenience Fee Schedule

Transaction Amount	Convenience Fee	Total Amount
\$ 100.00	\$ 2.50	\$ 102.50
200.00	5.00	205.00
400.00	10.00	410.00
600.00	15.00	615.00
1,000.00	25.00	1,025.00
1,400.00	35.00	1,435.00
2,000.00	50.00	2,050.00
2,700.00	67.50	2,767.50
3,500.00	87.50	3,587.50
4,400.00	110.00	4,510.00
5,400.00	135.00	5,535.00
6,400.00	160.00	6,560.00
7,400.00	185.00	7,585.00
8,700.00	217.50	8,917.50
10,400.00	260.00	10,660.00
13,000.00	325.00	13,325.00
17,400.00	435.00	17,835.00
21,000.00	525.00	21,525.00
28,000.00	700.00	28,700.00
36,000.00	900.00	36,900.00
45,000.00	1,125.00	46,125.00
55,000.00	1,375.00	56,375.00
66,000.00	1,650.00	67,650.00
77,000.00	1,925.00	78,925.00
88,000.00	2,200.00	90,200.00

**NOTE:** Fee schedule is subject to change.

For payments above \$100,000, please contact the Official Payments Corp. Special Services Group at 1-877-754-4420

**Credit Card.** You may pay your 2002 New Jersey income taxes or make a payment of estimated tax for 2003 by credit card. Pay by phone (1-800-2PAYTAX, toll-free) or directly over the Internet ([www.officialpayments.com](http://www.officialpayments.com)) and use a Visa, American Express, MasterCard, or Discover/Novus credit card. Do not send in the payment voucher if you pay your taxes by credit card.

There is a convenience fee of 2.5% paid directly to Official Payments Corporation based on the amount of your tax payment.

**Time Limit for Assessing Additional Taxes.** The Division of Taxation has three years from the date you filed your income tax return or the original due date of the return, whichever is later, 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 or your Federal earned income credit;
- ◆ You amended your New Jersey taxable income;
- ◆ You entered into a written agreement with the Division extending the time to make an assessment;
- ◆ You omit 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

Your packet contains a large envelope. Use the large envelope to mail your NJ-1040 and HR-1040 along with related enclosures, payment voucher, and check or money order for any tax due. On the flap of the large envelope you will find preprinted address labels with different addresses for different categories of returns. **To ensure your return is mailed properly:**

1. Remove all labels along perforations from envelope flap; and
2. Choose the correct label for your return.

### Mail Returns Requesting a Refund (or with No Tax Due) with or without Homestead Rebate Applications to:

STATE OF NEW JERSEY  
DIVISION OF TAXATION  
REVENUE PROCESSING CENTER  
PO BOX 555  
TRENTON NJ 08647-0555

### Mail Returns Indicating Tax Due Together with Payment Voucher and Check or Money Order to:

STATE OF NEW JERSEY  
DIVISION OF TAXATION  
REVENUE PROCESSING CENTER  
PO BOX 111  
TRENTON NJ 08645-0111

### Mail Homestead Rebate Applications Filed Without Income Tax Returns to:

STATE OF NEW JERSEY  
DIVISION OF TAXATION  
REVENUE PROCESSING CENTER  
PO BOX 197  
TRENTON NJ 08646-0197

3. Moisten and affix only the correct label on the front of the large return envelope.

**Do not staple, paper clip, or tape your check or money order to the voucher.**

### Refunds

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

**Time Period for Refunds.** You have three years from the date the return was filed or two years from the time tax was paid, whichever was 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 or on an overpayment or portion of an overpayment which consists of a New Jersey earned income tax credit.

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 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, 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 2002 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. **Do not** prorate exemptions or deductions unless the decedent was a part-year resident. 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 or she 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. The income or gain is included on Line 25, as "Other" income.

## 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.

Revocable grantor trusts are required to file a New Jersey Fiduciary Return, Form NJ-1041, where there is sufficient nexus with this State and the statutory filing requirement is met. For further information, see the Fiduciary return, Form NJ-1041, instructions.

### Filing Requirements for Beneficiaries.

You must report the items of income or gain you receive as a beneficiary of an estate or trust on Line 25, "Other" income. Interest, dividends, capital gains, business

or partnership income, etc. as listed on the Federal K-1 form(s) you received must be adjusted to reflect New Jersey tax law and then netted together before inclusion on the "Other" income line. Enclose a copy of the Federal K-1(s) with your return.

If the income from a grantor trust is reportable by or taxable to the grantor for Federal income tax purposes, it is also taxable to the grantor for New Jersey gross income tax purposes. See instructions for Line 25 on page 31 for reporting requirements.

## Partnerships

A partnership is not subject to gross income 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 30 for information on reporting income from a partnership. Every partnership having a New Jersey resident partner or income from New Jersey sources must file a New Jersey Partnership Return, 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.



**TAX TIP** You are required to make estimated tax payments using Form NJ-1040-ES when your estimated tax exceeds \$400.

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 2003.

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, Estates or Trusts. 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, fill in the oval below Line 45.

## 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 or Federal Earned Income Credit.** 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, or if you receive a notice that your Federal earned income credit has been changed, and that change alters your New Jersey earned income tax credit, you must notify the Division of the change in writing within 90 days. File an amended tax return and pay any additional tax due.

If you file an amended Federal return which changes your New Jersey taxable income or your Federal earned income credit, 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. Income must be recognized and reported in the same period as it is recognized and reported 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, 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. **When rounding, enter zeros after the decimal point for cents.**

## Penalties, Interest, and Collection Fees

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.

### Collection Fees

In addition, if your tax bill is sent to our collection agency, a referral cost recovery fee of 10% of the tax due may be added to your liability. If a certificate of debt is issued for your outstanding liability, a fee for the cost of collection of tax may also be imposed.

## Signatures

Sign and date your return in blue or black ink. Both husband and wife must sign a joint return. If you are filing a Homestead Rebate Application (Form HR-1040) with your tax return, it is not necessary to sign the rebate application. However, if you are filing only Form 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 or denial 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, fill in the oval below the signature line. Telling us that you do not need a booklet next year will help us reduce printing and mailing costs.

### **TAX TIP** Preparer Authorization.



Because of the strict provisions of confidentiality, Division of Taxation personnel may not discuss your return or enclosures with anyone other than you without your written authorization. If, for any reason, you want a Division of Taxation representative to discuss your tax return with the individual who signed your return as your "Paid Tax Preparer," we must have your permission to do so. To authorize the Division of Taxation to discuss your return and enclosures with your "Paid Tax Preparer," fill in the oval above the preparer's signature line.

**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 or Federal preparer tax identification 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, age and/or disability, 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. In addition, the Division of Taxation is required by law to forward an annual list to the Administrative Office of the Courts containing the names, addresses, and social security numbers of individuals who file a New Jersey resident tax return or homestead rebate application. This list will be used to avoid duplication of names on jury lists.

## 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.

**Name and Address**

Place the peel-off label at the front of this booklet in the name and address section at the top of the return. **Do not use the label if any of the information is incorrect.** If your label contains inaccurate information or you do not have a 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 legal residence and the address on the return differ, enclose a statement of explanation to avoid a delay in processing.

**Social Security Number**



**TAX TIP** Your social security number(s) is not printed on your name and address label. **You must 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). **Do not use the label if any of the information is incorrect.** If your label contains inaccurate information or you do not have a label, enter your four-digit code, one digit in each box, from the table on page 51. If your municipality is not listed, enter the code for the municipality where you pay your property taxes. 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.

XXXXXXXXXXXXXXXXXXXXXXXXXXXX  
 SMIT 1111  
 SMITH JOHN & JANE  
 123 MAIN STREET  
 TRENTON, NJ 08611

County/Municipality Code

123123123900

**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. Fill in only **one** oval.

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 social security number of your spouse in the boxes provided at the top of the tax return.

If you meet the requirements to file as head of household for Federal income tax purposes, you may file as head of household for New Jersey. Certain married individuals living apart may file as head of household for New Jersey if they meet the requirements to file as head of household for Federal purposes.

If during the entire taxable year one spouse was a resident and the other a non-resident, 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 fill in the spouse oval 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 filled in. If you are filing a joint return, fill in the spouse oval as well. Add the number of ovals filled in 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 eligible for an additional exemption. *You must enclose proof of age such as a copy of a birth certificate, driver's license, or church records with your return the first time you claim the exemption.* Fill in the appropriate oval(s). Add the number of ovals filled in 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 eligible for 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. *You must 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. Fill in the appropriate oval(s). Add the number of ovals filled in 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.

**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 postsecondary 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 totaling 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 Line 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 02 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 56 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:

#### Gross Income includes the following:

- ◆ Wages and other compensation
- ◆ Interest and dividends
- ◆ Earnings on nonqualified withdrawals from qualified state tuition program accounts, including the New Jersey Better Educational Savings Trust Program (NJBEST) accounts
- ◆ Net profits from business, trade, or profession
- ◆ Net gains or income from sale or disposition of property
- ◆ Pensions, annuities, and IRA withdrawals
- ◆ Net distributive share of partnership income
- ◆ Net pro rata share of S corporation income
- ◆ Net rental, royalty, and copyright income
- ◆ Net gambling winnings
- ◆ Alimony
- ◆ Estate and trust income
- ◆ Income in respect of a decedent
- ◆ Prizes and awards, including scholarships and fellowships (unless they satisfy the conditions on page 31)
- ◆ 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

*Gubernatorial Elections Fund - continued*

NJ ELECTION LAW ENFORCEMENT COMMISSION  
PO Box 185  
TRENTON NJ 08625-0185

Lists of contributors to gubernatorial candidates may be viewed on the Election Law Enforcement Commission Web site at: [www.elec.state.nj.us](http://www.elec.state.nj.us).

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, fill in the "Yes" oval 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. **Filling in the "Yes" oval will not in any way increase your tax liability or reduce your refund.**


**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)
- ◆ United States military pensions and survivor's benefit payments
- ◆ 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)
- ◆ Distributions paid by mutual funds to the extent the distributions are attributable to interest earned on Federal obligations
- ◆ Certain distributions from "New Jersey Qualified Investment Funds" (see Line 15b)
- ◆ Earnings on qualified withdrawals from qualified state tuition program accounts, including the New Jersey Better Educational Savings Trust Program (NJBEST) accounts
- ◆ Employer and employee contributions to 401(k) Salary Reduction Plans (but **not** Federal Thrift Savings Funds)
- ◆ Some benefits received from certain employer-provided cafeteria plans (but not salary reduction or premium conversion plans). Request Division Technical Bulletin TB-39
- ◆ Contributions to and distributions from Archer MSAs if they are excluded for Federal income tax purposes
- ◆ Direct payments and benefits received under homeless persons assistance programs
- ◆ Homestead rebates
- ◆ NJ SAVER rebates
- ◆ Property tax reimbursements
- ◆ Income tax refunds (New Jersey, Federal, and other jurisdictions)
- ◆ New Jersey earned income tax credit payments
- ◆ Welfare
- ◆ Child support
- ◆ Amounts paid as reparations or restitution to Nazi Holocaust victims
- ◆ Assistance from a charitable organization, whether in the form of cash or property

**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.

**TAX TIP**  **Important! A net loss in any category of income cannot be reported as such on Form NJ-1040. A loss within one category of income may be applied against other income within the same category. However, a net loss in one category of income cannot be applied against income or gains in another. In the case of a net loss in any category, make no entry on the corresponding line. No carryback or carryover of losses is allowed under New Jersey law.**

If you have income that is taxed both by New Jersey and by another jurisdiction outside of New Jersey, you may be eligible for a credit against your New Jersey income tax. See instructions for Schedule A, Credit for Income or Wage Taxes Paid to Other Jurisdiction, on page 40.

**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, benefits, 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).** See sample W-2 on page 24.

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

**NOTE:** The "State wages" figure on W-2(s) you received from employment outside New Jersey may need to be adjusted to reflect New Jersey tax law.

All W-2(s) must be enclosed with your tax return. **Do not** staple W-2(s) to your return. If you have also paid taxes to another jurisdiction on the wages entered on this line, see page 40 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.

**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 copy of your Federal Form 2106.

**Sample W-2 (This form is for illustration only and is not reproducible.)**

a Control number <b>22222</b>		Void <input type="checkbox"/>	For Official Use Only ▶ OMB No. 1545-0008		
b Employer identification number			1 Wages, tips, other compensation \$	2 Federal income tax withheld \$	
c Employer's name, address, and ZIP code			3 Social security wages \$	4 Social Security tax withheld \$	
			5 Medicare wages and tips \$	6 Medicare tax withheld \$	
			7 State unemployment taxes \$	8 Allowable state unemployment tax \$	
			9 Advance premium for ACA payment \$	10 Health and dependent care benefits \$	
d Employee's social security number			11 IRA and other plans \$	12a See instructions for box 12 \$	
e Employee's first name and last name			13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>	12b \$	
f Employee's address and ZIP code			14 Other UI/HC/WD - \$99.88 DI - \$117.50 DI P.P. #(Private Plan No.)		12c \$
					12d \$
15 State Employer's state ID number NJ   234-567-890/000	16 State wages, tips, etc. \$ 32,250.00	17 State income tax \$ 525.00	18 Local wages, tips, etc. \$	19 Local income tax \$	20 Locality name
<b>Form W-2 Wage and Tax Statement</b>		<b>2002</b>		Department of the Treasury—Internal Revenue Service For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.	

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

### Commuter Transportation Benefits.

Certain amounts you receive from your employer up to \$1,200 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).

**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 expense 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 copy 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 in the State wage figure 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
- ◆ Earnings on nonqualified withdrawals from qualified state tuition program accounts, including the New Jersey

Better Educational Savings Trust Program (NJBEST) accounts

- ◆ Distributions from Coverdell education savings accounts (ESAs), but only the earnings portion
- ◆ 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 received by your sole proprietorship is reportable as net profits from business on Line 17. Your portion of interest earned and received by a partnership, an estate or trust or, in general, an S corporation is reportable as distributive share of partnership income on Line 20, net income from estates or trusts on Line 25, or net pro rata share of S corporation income on Line 21. For detailed information regarding the reporting of partnership or S corporation income, request Tax Topic Bulletin GIT-9P, *Income From Partnerships*, or GIT-9S, *Income From S Corporations*. For information regarding grantor trusts, see the reporting instructions for Line 25 on page 31. Interest paid or deemed to have been paid to you by a partnership or an S corporation and reportable to you on Form 1099 must be included on Line 15a.

**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 \$1,500, 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,

continued



*Line 15b - Tax-Exempt Interest Income - continued*

on Line 15b. **If Line 15b is more than \$10,000, you must include an itemized schedule detailing the amount received from each source.** 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
- ♦ Earnings on qualified withdrawals from qualified state tuition program accounts, including the New Jersey Better Educational Savings Trust Program (NJBEST) accounts
- ♦ Sallie Maes
- ♦ CATS
- ♦ TIGRs
- ♦ Certain distributions from "New Jersey Qualified Investment Funds"
- ♦ Distributions paid by mutual funds to the extent the distributions are attributable to interest earned on Federal obligations

**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 Line 15b, Tax-Exempt Inter-**

**est Income. 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 from investments (e.g., from stocks, mutual funds) or other income-producing activities which do not constitute a trade or business. The total amount of taxable dividends received, **regardless of where earned**, must be reported.

Dividends received by your sole proprietorship are reportable as net profits from business on Line 17. Your portion of dividends earned and received by a partnership, an estate or trust or, in general, an S corporation is reportable as distributive share of partnership income on Line 20, net income from estates or trusts on Line 25, or net pro rata share of S corporation income on Line 21. For detailed information regarding the reporting of partnership income or S corporation income and distributions, request Tax Topic Bulletin GIT-9P, *Income From Partnerships*, or GIT-9S, *Income From S Corporations*. For information regarding grantor trusts, see the reporting instructions for Line 25 on page 31.

**Capital Gain Distributions.** Capital gain distributions you receive from mutual funds or other regulated investment companies are reported on Line 2, Schedule B and are not to be included as dividends.

**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 re-

duce 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.

**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).
5. Add interest and dividends derived in the conduct of a trade or business.
6. Add or subtract income or losses derived in the conduct of a trade or business from rentals, royalties, patents, or copyrights.
7. Add or subtract gains or losses from the sale, exchange, or other disposition of the trade or business's property.

If you are a New Jersey small to medium business child care consortium member, you may be eligible for a special deduction for certain child care center expenditures (or for certain qualifying sponsor contributions).

Line 17 - Net Profits From Business - continued

Use the same accounting method (cash or accrual) that you used for Federal income tax purposes. **In the case of a loss, make no entry 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 44.

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

Pensions, annuities, and certain IRA withdrawals are taxable on the New Jersey return although the taxable amount may differ from the Federal amount. (See page 28 for information on Roth IRAs.) All state and local government, teachers', and Federal pensions, and Keogh Plans are treated in the same manner as pensions from the private sector. Amounts received as "early retirement benefits" and amounts reported as pension on Schedule NJK-1, Partnership Return Form NJ-1065 are also taxable. Social Security and Railroad Retirement benefits are exempt from New Jersey income tax and should not be reported as pension income. Pension payments received by reason of total and permanent disability are 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. (See definition of "disabled" on page 21.)

**TAX TIP**



If you are receiving a United States military pension or survivor's benefit payments, the military pension or survivor's benefit is not taxable for New Jersey gross income tax purposes, regardless of your age or disability status. Do not include such payments on Line 19a, Form NJ-1040.

Military pensions are those resulting from service in the Army, Navy, Air Force,

**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 ..... 1. \_\_\_\_\_
2. Your contributions to the plan ..... 2. \_\_\_\_\_
3. Subtract line 2 from line 1 ..... 3. \_\_\_\_\_
  - (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**.

Marine Corps, or Coast Guard. This exemption does not apply to civil service pensions or annuities, even if the pension or annuity is based on credit for military service. Most military pensions and survivor's benefit payments are received from the U.S. Defense Finance and Accounting Service while a civil service annuity is received through the U.S. Office of Personnel Management.

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 (except for 401(k) Plans). Therefore, you must determine the taxable part of any distribution you receive. Use Worksheet A above to determine whether you should use the

**Worksheet B**  
**General Rule Method**

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

\*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, *General Rule for Pensions and Annuities*. 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.

Line 19a - Taxable Amount Received - continued

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 Worksheet C, IRA Withdrawals, on page 29. **Do not use Worksheet A or B for an IRA withdrawal.**

**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.

**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 on page 27 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.

**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 dis-

tributions 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). If your contributions have been previously taxed, 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 Worksheet C on page 29 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.

**Roth IRAs.** Contributions to a Roth IRA are subject to New Jersey tax in the year

continued

## Worksheet C - IRA Withdrawals 2002

### Part I

1. **Value of IRA** on 12/31/02 ..... 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 12/31/02.** 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.)**

they are made. However, if the requirements are satisfied, "qualified distributions" from a Roth IRA are excludable and do not have to be included in New Jersey gross income in the year received.

A "qualified distribution" is one made after the five-taxable-year period beginning with the first taxable year in which a contribution was made to your IRA, **and** which is:

1. Made on or after the date on which an individual reaches age 59½; or
2. Made to a beneficiary (or the individual's estate) after the individual's death; or
3. Made because the individual becomes disabled; or

4. Made as a qualified first-time home buyer distribution as defined by the Internal Revenue Code.

A payment or distribution cannot be treated as a qualified distribution if it is made within the five-taxable-year period which begins with the year the first contribution was made. A payment or distribution of an allowable rollover contribution (or income earned on the amount rolled over) from an IRA other than a Roth IRA, is not a qualified distribution if it is made within the five-taxable-year period which begins with the year in which the rollover contribution was made.

If you received a nonqualified distribution from a Roth IRA, you must report the earnings as income on Line 19a.

If you converted an existing IRA to a rollover Roth IRA during tax year 2002, any amount from the existing IRA that would be taxable if withdrawn must be included in your gross income on Line 19a.

For more detailed information on IRA withdrawals, order Tax Topic Bulletin GIT-2, *IRA Withdrawals*, or Technical Bulletin TB-44.

### Line 19b - New Jersey Pension Exclusion

**New for 2002** 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. For tax year 2002 you may exclude up to

## Line 19b - New Jersey Pension Exclusion - continued

\$17,500 (filing status married, filing joint return), \$13,125 (filing status single, head of household, or qualifying widow(er)), or \$8,750 (filing status married, filing separate return).

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

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 above. The amount on Line 19b should never be more than the amount on Line 19a. Part-year residents, see page 14.

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.

**TAX TIP**

If you and/or your spouse were 62 years of age or older at the end of the tax year and did not use the maximum pension exclusion amount for your filing status, or you did not use the pension exclusion because you did not report any income on Line 19a, you may still qualify for other income exclusions. See the instructions for Line 28, "Other Retirement Income Exclusion."

**Line 19c**

Subtract Line 19b from Line 19a and enter the result on Line 19c. If the result is zero, make no entry on Line 19c.

**Line 20 - Distributive Share of Partnership Income**

Enter on Line 20 your share of income derived from partnership(s) as reported to you by the partnership(s) on Schedule NJK-1, Form NJ-1065. The appropriate amount to enter appears on the schedule in column A of the line labeled "Distribu-

Maximum Pension Exclusion	
Amount:	For Filing Status:
\$17,500	Married, filing joint return
\$13,125	Single Head of household Qualifying widow(er)
\$ 8,750	Married, filing separate return

tive Share of Partnership Income" and must be reported whether or not the income was actually distributed. If the net amount from all Schedule NJK-1s is zero or less, make no entry. Enclose a copy of each Schedule NJK-1 with your return.

For detailed information regarding reporting partnership income, request Tax Topic Bulletin GIT-9P, *Income From Partnerships*.

If you are a New Jersey small to medium business child care consortium member, you may be eligible for a special deduction for certain child care center expenditures (or for certain qualifying sponsor contributions).

If any adjustments to the amount reported on Line 20 are necessary, follow the detailed instructions in Tax Topic Bulletin GIT-9P, *Income From Partnerships*.

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-9P, *Income From Partnerships*. 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-9S, *Income From 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-9S, *Income From 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 45.

**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 may not use New Jersey Lottery losses to offset other gambling winnings.** If your net gambling winnings are less than zero, make no entry.

You must be able to substantiate gambling losses used to offset winnings reported on your New Jersey income tax return. Evidence of losses may take several forms, including a daily log or journal of wins and losses, canceled checks, losing race track pari-mutuel tickets, etc. With respect to winnings or losses resulting from casino gambling, letters from casinos which purport to "rate" the gambling activity of an individual or "estimate" losses are acceptable as **part** of the evidential material required to prove losses.

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

Although no specific rider to the New Jersey income tax return is required to sub-

*Line 23 - Net Gambling Winnings - continued*

stantiate gambling losses, it is suggested that if you enter gambling winnings net of losses on Line 23 of the return, you should note the total winnings and total losses on a supporting schedule. This procedure may eliminate certain questions in the event the return is selected for audit. Although not taxable, New Jersey Lottery winnings and losses should be listed on the supporting schedule.

### 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 in a raffle, drawing, television or radio quiz show, contest, or any other event is taxable and must be included on Line 25. Any prizes or awards received in goods or services must be included as income at fair market value.

**Income in Respect of a Decedent.** If you had the right to receive income that the deceased person would have received had he or she 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. The income is reported on Line 25, "Other" income. Enclose a schedule of the items of income reported together and included on Line 25.

**Income From Estates and Trusts.** Beneficiaries receiving income from an estate or trust must include on Line 25 the net of the items listed on the Federal K-1 form(s) received. Interest, dividends, capital gains, business or partnership income, etc. as listed on the Federal K-1(s) must be adjusted to reflect New Jersey tax law and then netted together before inclusion on Line 25, "Other" income. Be sure to include income which is not subject to Federal income tax but is subject to New Jersey gross income tax, such as interest

from and losses on the disposition of obligations of states and their political subdivisions, other than New Jersey and its political subdivisions, and exclude income and losses not subject to New Jersey tax, such as gains on New Jersey tax-exempt securities. Enclose a copy of the Federal K-1(s).

If the income from a grantor trust is reportable by or taxable to the grantor for Federal income tax purposes, it is also taxable to the grantor for New Jersey gross income tax purposes. The grantor must report the interest, dividends, capital gains, business income, partnership income, net pro rata share of S corporation income, etc. in the same categories of income as listed on the Federal or New Jersey K-1(s) and not as income from Estates and Trusts. Enclose a copy of the Schedule K-1(s).

**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 Income

Enter on Line 26 the total of Lines 14, 15a, 16, 17, 18, 19c, 20, 21, 22, 23, 24, and 25.

### Line 27 - Total Income

Enter on Line 27 the total income from Line 26, page 1.

### Line 28 - Other Retirement Income Exclusion

If you and/or your spouse were 62 years of age or older at the end of the tax year and you did not use the maximum pension exclusion on Line 19b (your taxable 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 eligible to exclude other income on Line 28. Complete Worksheet D on page 32 to determine if you qualify for any additional exclusion. Whether or not you use the maximum pension exclusion, if you are unable to receive Social Security or Railroad Retirement benefits, but would have been eligible for benefits had you fully participated in either program, you may be eligible for an additional exclusion. Complete Worksheet D, Part III to see if you qualify for this additional exclusion. If your filing status is married, filing joint return, both you and your spouse must meet the requirements to be eligible for the additional exclusion. If you are a part-year resident, do not complete the worksheet. See page 14.

When you and your spouse file a joint return and only one of you is 62 years of age or older, 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 ..... 1. \_\_\_\_\_
- 2. Enter the amount from Line 17, NJ-1040 ..... 2. \_\_\_\_\_
- 3. Enter the amount from Line 20, NJ-1040 ..... 3. \_\_\_\_\_
- 4. Enter the amount from Line 21, NJ-1040 ..... 4. \_\_\_\_\_
- 5. Add lines 1, 2, 3, and 4 ..... 5. \_\_\_\_\_

\*Part-year residents, do **not** complete this worksheet. See instructions on page 14.

**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:**  
 \$17,500 Married, filing joint return  
 \$13,125 Single; Head of household; Qualifying widow(er)  
 \$ 8,750 Married, filing separate return ..... 6. \_\_\_\_\_
- 7. Enter the amount from Line 19b, NJ-1040 ..... 7. \_\_\_\_\_
- 8. Subtract line 7 from line 6. Enter the difference here and on line 9 (Part III). If zero, enter “0” ..... 8. \_\_\_\_\_

**Part III**

- 9. Unclaimed Pension Exclusion (from line 8) ..... 9. \_\_\_\_\_
- 10a. 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?  
 No — Continue with item 10b  
 Yes — Enter “0” on line 10 and continue with line 11
- 10b. Would you (and your spouse, if filing jointly) be receiving or ever be eligible to receive Social Security or Railroad Retirement Benefits if you had participated in either program?  
 No — Enter “0” on line 10 and continue with line 11  
 Yes — Enter on line 10 the amount of exclusion for your filing status shown below and continue with line 11
- 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 ..... 10. \_\_\_\_\_
- 11. **Your Other Retirement Income Exclusion**  
 Add lines 9 and 10. Enter here and on Line 28, NJ-1040.  
 If the amount here is zero, make no entry on Line 28 ..... 11. \_\_\_\_\_

**Line 29 - New Jersey Gross Income**

Subtract Line 28 from Line 27 and enter the result on Line 29. If less than zero, make no entry.



**TAX TIP** If you were a New Jersey resident for the entire year and your Gross Income on Line 29 is \$20,000 or less (\$10,000 if filing status is single or married, filing separate return), you have no tax liability to New Jersey and no return must be filed. If you are filing a return only to obtain a refund of taxes withheld or estimated payments made, stop here. Continue completing the return with Line 41. See instructions on page 37.

**NOTE:** If you qualify, you may receive a New Jersey earned income tax credit even if you have no tax liability to New Jersey and are not required to file a return. See the instructions for Line 46.

If you are eligible for a 2002 homestead rebate (see page 46), you must also complete the rebate application (Form HR-1040).

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 income filing threshold. 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 “Guidelines for Part-Year Residents” on page 14.

**Exemptions and Deductions (Lines 30a - 34)**

New Jersey allows deductions only for exemptions, certain medical expenses, qualified Archer medical savings account (MSA) contributions, health insurance costs of the self-employed, alimony and separate maintenance payments, and qualified conservation contributions. No deduction is allowed for adjustments taken on the Federal return such as employee business expenses, IRA contribu-

Exemptions and Deductions (Lines 30a - 34) - continued

tions, and Keogh Plan contributions. However, be sure to 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 14.

**Lines 30a - c - Exemptions**

- ♦ **Line 30a.** Enter the number of exemptions from Line 12a. Multiply the number by \$1,000 and enter the result.
- ♦ **Line 30b.** Enter the number of exemptions from Line 12b. Multiply the number by \$1,500 and enter the result.
- ♦ **Line 30c.** Add Lines 30a and 30b together and enter the result.

**Line 31 - 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. You may also deduct qualified Archer MSA contributions. Use Worksheet E to calculate your deduction for medical expenses/Archer MSA contributions.

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

<b>Worksheet E</b> <b>Deduction for Medical Expenses</b> (Keep for your records)	
1. Total nonreimbursed medical expenses .....	1. _____
2. Enter Line 29, NJ-1040 _____ × .02 = .....	2. _____
3. Medical Expenses Deduction. Subtract line 2 from line 1 and enter result here. If zero or less, enter zero .....	3. _____
4. Enter the amount of your qualified Archer MSA contributions from Federal Form 8853 .....	4. _____
5. Enter the amount of your self-employed health insurance deduction .....	5. _____
6. <b>Total Deduction for Medical Expenses.</b> Add lines 3, 4, and 5. Enter the result here and on Line 31, Form NJ-1040. If zero, enter zero here and make no entry on Line 31, Form NJ-1040 .....	6. _____

**NOTE: Do not include** on line 1, Worksheet E

- ♦ Contributions you made to an Archer MSA or any amounts paid or disbursed from an Archer MSA that have been excluded from gross income; or
- ♦ Any amounts taken as a deduction on line 5, Worksheet E, for the health insurance costs of the self-employed.

**Archer MSA Contributions.** Enter on line 4, Worksheet E, the amount of your qualified Archer MSA contributions from Federal Form 8853. New Jersey follows the Federal rules for this deduction. Your contribution may not exceed 75% of the amount of your annual health plan deductible (65% if you have a self-only plan). Enclose Federal Form 8853 with your return. Excess contributions that you withdraw before the due date of your tax return are not taxable. However, you must report the earnings associated with the excess contributions you withdraw as wages on Line 14.

**Self-Employed Health Insurance Deduction.** If you are considered a self-employed individual for Federal income tax purposes, or you received wages in 2002 from an S corporation in which you were a more-than-2% shareholder, you may deduct the amount you paid during the year for health insurance for yourself, your

spouse, and your dependents. The amount of the deduction may not exceed the amount of your earned income, as defined for Federal income tax purposes, derived from the business under which the insurance plan is established. You may not deduct any amounts paid for health insurance coverage for any month during the year in which you were eligible to participate in any subsidized health plan maintained by your (or your spouse's) employer.

**Line 32 - Alimony and Separate Maintenance Payments**

Enter on Line 32 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 33 - Qualified Conservation Contributions**

Enter on Line 33 the amount of any contribution you made for conservation purposes of a qualified real property interest in property located in New Jersey. The amount of the deduction is the amount of the contribution allowed as a deduction in computing your taxable income for Federal income tax purposes. If you are required to file Federal Form 8283 with your Federal Form 1040, enclose a copy.



**Line 34 - Total Exemptions and Deductions**

Enter on Line 34 the total of Lines 30c, 31, 32, and 33.

**Line 35 - Taxable Income**

Subtract Line 34 from Line 29 and enter the result on Line 35. If Line 35 is zero or less, make no entry.

**Property Tax Deduction/Credit (Lines 36 and 44)**

Eligible homeowners and tenants who pay property taxes, either directly or through rent, qualify for either a deduction or a refundable credit.

The property tax **deduction** reduces your taxable income. Therefore the tax benefit varies depending on the amount of your taxable income, the amount of your property taxes or rent, and your filing status.

To determine the actual tax benefit you will receive (how much you will reduce your tax liability) when claiming a property tax deduction, you must calculate your tax liability both with a deduction and without a deduction. The property tax **credit** reduces your tax due. The credit increases the total payments and/or credits on Line 49, Form NJ-1040. These payments and/or credits are subtracted directly from your tax liability. Taxpayers who do not reduce their tax liability by \$50 or more (\$25 if filing status is married, filing separate return and you maintain the same residence as your spouse) when claiming the property tax deduction should claim the property tax credit.

For recorded information on the property tax deduction/credit, call our automated TaxTalk service from a Touch-tone phone at 1-800-323-4400 (toll-free within New Jersey, New York, Pennsylvania, Dela-

ware, and Maryland) or 609-826-4400. You may also request our publication *Property Tax Deduction/Credit Frequently Asked Questions*. See "NJ TaxTalk" on page 63.

**Eligibility Requirements.** To be eligible for a property tax deduction **or** property tax credit:

- ♦ You must have been domiciled and maintained a principal residence as a homeowner or tenant in New Jersey during 2002; 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

**Schedule 1 – Property Tax Deduction/Credit**

Complete both columns of this schedule to find out whether the Property Tax Deduction or the Property Tax Credit is better for you. **Do not complete this schedule if you claim a credit for taxes paid to other jurisdictions.** Complete Schedule A.

1. **Property Tax.** Enter the property taxes you paid in 2002. Renters enter 18% of rent paid in 2002. **See instructions page 36.** 1. \_\_\_\_\_
2. **Property Tax Deduction.** Enter Line 1 or \$10,000, whichever is less. Also enter this amount on Line 4 below. **See instructions page 36.** 2. \_\_\_\_\_

	Column A		Column B
3. Taxable Income (Copy from Line 35 of your NJ-1040) .....	3.		3.
4. Property Tax Deduction (Copy from Line 2 of this schedule) .....	4.		4. <b>- 0 -</b>
5. Taxable Income After Property Tax Deduction (Subtract Line 4 from Line 3) .....	5.		5.
6. Tax you would pay on Line 5 amount (Go to Tax Tables or Tax Rate Schedules and enter amount) .....	6.		6.
7. Now, subtract Line 6, Column A from Line 6, Column B and enter the result here .....	7.		7.

8. **Is the Line 7 amount \$50 or more (\$25 if filing status is married, filing separate return and you maintain the same residence as your spouse)?**
  - Yes. You receive a greater tax benefit by taking the Property Tax Deduction. Enter the amount on Line 4, Column A of this schedule on Line 36 of Form NJ-1040. Make no entry on Line 44 of Form NJ-1040 and complete the balance of the return.
  - No. You receive a greater tax benefit from the Property Tax Credit. (**Part-year residents**, see instructions on page 14 before answering "No.") Enter \$50 on Line 44 of Form NJ-1040 (\$25 if filing status is married, filing separate return and you maintain the same residence as your spouse). Make no entry on Line 36 of Form NJ-1040 and complete the balance of the return. **See instructions page 36.**

*Property Tax Deduction/Credit (Lines 36 and 44) - continued*

- ◆ Your gross income on Line 29 is more than \$20,000 (\$10,000 if filing status is single or married, filing separate return), **or** you or your spouse were 65 years of age or older or blind or disabled at the end of the tax year.

Taxpayers who were not 65 years of age or older or blind or disabled on December 31, 2002, with gross income of \$20,000 or less (\$10,000 if filing status is single or married, filing separate return), are not eligible for a property tax credit.

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

**Homeowners.** You may claim a property tax deduction or credit 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 property tax deduction or credit 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 property tax deduction or credit.

**Continuing Care Communities.** As a resident in a continuing care retirement community, you may qualify for a property tax deduction or credit as a homeowner if the continuing care contract requires you to bear the proportionate share of property taxes attributable to your unit.

**Disabled Veterans.** Totally and permanently disabled veterans who have a 100% exemption from local prop-

erty taxes are **not** eligible for a property tax deduction or credit. If any portion of the dwelling is rented to a tenant and property taxes are paid by the disabled veteran owner on the rented portion, any tenant may be eligible for a property tax deduction or credit, but the property owner is not eligible.

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

**Tenants.** You may claim a property tax deduction or credit for a home or apartment you rented in New Jersey and lived in as your principal residence, provided that the building is subject to local property taxes and contains its own separate kitchen and bathroom. You do not qualify for a property tax deduction or credit 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 property tax deduction or credit as a tenant. For more information on mobile homes, contact the New Jersey Division of Taxation Customer Service Center.

**Tax-Exempt, Subsidized, and Campus Housing.** Tenants living in dwellings which are not subject to local property taxes are not eligible for a property tax deduction or credit. This includes tenants living in tax-exempt housing or other dwellings owned by the 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 enter a figure on Line 36 or Line 44 of the tax return. If you are not sure whether the dwelling you rent is subject to local property taxes, contact your municipal tax assessor for information. The Division of Taxation audits returns to ensure that**

**only qualified applicants claim the property tax deduction or the property tax credit.**

**Seniors or Blind/Disabled Persons.** If either you or your spouse were 65 years of age or older or blind or disabled at the end of the tax year, and your gross income on Line 29 is \$20,000 or less (\$10,000 if filing status is single or married, filing separate return), and you satisfy the eligibility requirements, you qualify for a property tax credit in the amount of \$50 (\$25 if filing status is married, filing separate return and you maintain the same residence as your spouse). File your completed Homestead Rebate Application, Form HR-1040, and your credit will automatically be sent to you with your homestead rebate. **Do not** complete Line 36 to claim a property tax deduction **or** Line 44 to claim a property tax credit.

### Line 36 - Property Tax Deduction

If you satisfied the eligibility requirements on page 34, you may deduct 100% of property taxes due and paid **or** \$10,000, whichever is less. For tenants, 18% of the rent paid during the year is considered property taxes paid.

**If you are eligible for a property tax benefit, and you:**

- ◆ **Are not** claiming credit for taxes paid to other jurisdictions, complete Schedule 1 on page 34 to determine the amount of your property tax deduction and whether you should elect to take the property tax credit on Line 44 instead of the deduction on Line 36.
- ◆ **Are** claiming credit for taxes paid to other jurisdictions, do not complete Schedule 1. Complete Schedule A and Worksheet F to determine whether you will receive a greater tax benefit by taking the property tax deduction or the property tax credit. See the instructions for Schedule A on page 40.

**If you are not eligible for a property tax benefit, make no entry on Lines 36 or 44 and continue completing the return with Line 37.**

## Line 1 - Property Tax/Rent

Enter on Line 1 your property taxes (or 18% of rent) due and paid during 2002 on your qualified residence.



### TAX TIP Property Tax Reimbursement Recipients.

If you did not receive a Property Tax Reimbursement for 2001, and you are eligible for a Property Tax Reimbursement for 2002, you must enter on Line 1 the amount of your **2001 property taxes** due and paid as reported on your 2002 Property Tax Reimbursement Application, Form PTR-1. (Mobile home owners enter 18% of 2001 site fees.) If you owned your home with someone other than your spouse or if your home consists of more than one dwelling unit, the amount of 2001 property taxes you report must reflect your percentage of ownership or the proportionate share of property taxes for the unit you occupy as your principal residence.

If you received a Property Tax Reimbursement for 2001 and you continued to meet the eligibility requirements through 2002, enter the amount of your base year property taxes or 18% of your base year site fees on Line 1. (The amount of your base year property taxes or site fees is shown on Line 11 of your New Jersey Property Tax Reimbursement Application, Form PTR-2.) If you owned your home with someone other than your spouse or if your home consists of more than one dwelling unit, the amount of base year property taxes you report must reflect your percentage of ownership or the proportionate share of property taxes for the unit you occupy as your principal residence.

For more information on the Property Tax Reimbursement Program, request our publication *Property Tax Reimbursement Frequently Asked Questions*.

**Married, Filing Separate Return.** If your filing status is married, filing separate return and you and your spouse maintain the same principal residence, enter on

Line 1 one-half of the property taxes (or 18% of rent) due and paid. Also see Note under Line 2.

**Multiple Residences, Owners, Dwelling Units, or Tenants.** Complete Schedule HR-A before completing Line 1, Schedule 1 if:

- ♦ You lived in more than one qualifying residence during 2002; or
- ♦ You shared ownership of a principal residence during the year with anyone other than your spouse; or
- ♦ Your principal residence during the year consisted of multiple dwelling units; or
- ♦ Anyone other than your spouse occupied and shared rent with you for an apartment or other rental dwelling unit.

If you were a homeowner, enter the amount from Line 6, Schedule HR-A on Line 1, Schedule 1. If you were a tenant, enter 18% of the amount from Line 12, Schedule HR-A on Line 1, Schedule 1. If you were both a homeowner and a tenant during the year, add the amount from Line 6, Schedule HR-A and 18% of the amount from Line 12, Schedule HR-A and enter the total on Line 1, Schedule 1.

**Part-Year Residents.** A part-year resident who meets the qualifications is eligible for a property tax deduction or credit. Complete Schedule 1 and enter on Line 1 the total amount of property taxes (or 18% of rent) due and paid during your period of residence (see page 14).

## Line 2 - Property Tax Deduction

Enter the amount on Line 1 or \$10,000, whichever is less. Also enter this amount on Line 4, Column A.

**NOTE:** If your filing status is married, filing separate return and you and your spouse maintain the same principal residence, and Line 1 is \$5,000 or more, enter \$5,000 on Line 2. If Line 1 is less than \$5,000 enter the amount from Line 1.

## Line 3 - Taxable Income

For each column, enter on Line 3, Schedule 1 the amount from Line 35, Form NJ-1040.

## Line 4 - Property Tax Deduction

Enter on Line 4, Column A the amount from Line 2, Schedule 1.

## Line 5 - Taxable Income After Property Tax Deduction

For each column, subtract Line 4 from Line 3 and enter the result on Line 5.

## Line 6 - Tax on Line 5

For each column, enter on Line 6 the amount of tax on the income shown on Line 5. Use the Tax Table on page 53 or the Tax Rate Schedules on page 62 to calculate the amount of tax.

## Lines 7 and 8 - Deduction/Credit Determination

To determine whether a property tax deduction or a property tax credit is more beneficial to you, subtract Line 6, Column A from Line 6, Column B and enter the result on Line 7. **Part-year residents see instructions on page 14 before continuing.** If Line 7 is \$50 or more (\$25 if filing status is married, filing separate return and you maintain the same residence as your spouse), you will receive a greater benefit by taking the property tax deduction. Enter the amount from Line 4, Column A on Line 36, Form NJ-1040 and make no entry on Line 44, Form NJ-1040. If Line 7 is less than \$50 (\$25 if filing status is married, filing separate return and you maintain the same residence as your spouse), you will receive a greater benefit by taking the property tax credit. Enter \$50 (\$25 if filing status is married, filing separate return and you maintain the same residence as your spouse) on Line 44, Form NJ-1040 and make no entry on Line 36, Form NJ-1040.

### Line 37 - New Jersey Taxable Income

Subtract Line 36 from Line 35. If zero or less, make no entry.

### Line 38 - Tax on Amount on Line 37

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 53 or the New Jersey Tax Rate Schedules on page 62 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 38.

**Tax Rate Schedules.** You must use the New Jersey Tax Rate Schedules on page 62 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 38.

### Line 39 - Credit for Income Taxes Paid to Other Jurisdictions

To determine the amount of your credit for taxes paid to other jurisdictions, complete Schedule A and, if necessary, Worksheet F. Enter on Line 39 the amount of credit allowed. If you are not eligible for a property tax benefit, enter the amount from Line 9, Column B, Schedule A(s). If you are claiming a property tax deduction or credit, follow the instructions on Worksheet F.

The credit on Line 39 may not exceed your tax on Line 38. Enclose Schedule A(s) with your return. See the instructions for Schedule A on page 40.

### Line 40 - Balance of Tax

Subtract Line 39 from Line 38 and enter the result on Line 40.

### Line 41 - Use Tax Due 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 photocopy 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.

If you owe use tax and are remitting it with Form NJ-1040, enter the amount on Line 41. If you owe no use tax, enter "0.00."

### Line 42 - Total Tax

Enter on Line 42 the total of Lines 40 and 41.

### Line 43 - Total New Jersey Income Tax Withheld

Enter on Line 43 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. See sample W-2 on page 24. 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 43 amounts withheld as New Jersey unemployment insurance/health care subsidy fund/workforce development partnership fund contributions (shown on the W-2 as UI/HC/WD, if combined, or UI, HC, and WD if stated

separately) or New Jersey disability insurance contributions (may be shown as DI). These are **not** New Jersey income tax withholdings and may not be used as credits on Line 43. See instructions for Lines 47 and 48 for more information on excess unemployment insurance/health care subsidy fund/workforce development partnership 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, 2003, or if the form you received is incorrect, contact your employer/payer immediately.

### Line 44 - Property Tax Credit

If you satisfied the eligibility requirements (see page 34) and you did not claim a property tax deduction on Line 36, you qualify for a property tax credit.

#### Do not complete Line 44 if:

- ♦ You claimed a property tax deduction on Line 36; or
- ♦ Your gross income on Line 29, Form NJ-1040 is \$20,000 or less (\$10,000 if filing status is single or married, filing separate return).

**NOTE:** If you are 65 years of age or older or blind or disabled, and you are not required to file Form NJ-1040 because your gross income on Line 29 is \$20,000 or less (\$10,000 if filing status is single or married, filing separate return), and you satisfy the eligibility requirements, you qualify for a property tax credit in the amount of \$50 (\$25 if filing status is married, filing separate return and you maintain the same residence as your spouse). Complete and file a Homestead Rebate Application, Form HR-1040, and your credit will automatically be paid with your homestead rebate. Do not claim the property tax deduction (Line 36) or the property tax credit (Line 44) on Form NJ-1040.

## Line 45 - New Jersey Estimated Payments/Credit From 2001 Tax Return

Enter on Line 45 the total of:

- ♦ Estimated tax payments made for 2002
- ♦ Credit applied from your 2001 tax return\*
- ♦ Amount, if any, paid to qualify for an extension of time to file


\*This is the amount of overpayment that you chose to carry forward on Line 52 of your 2001 NJ-1040 (or Line 1 of the "Deductions From Overpayment" section of your 2001 NJ-1040EZ) as a credit towards your income tax liability for 2002. If you received a refund check for 2001, do not enter the amount of that refund check on Line 45.

**Underpayment of Estimated Tax.** Fill in the oval below Line 45 if you are enclosing Form NJ-2210. See "Estimated Tax" on page 19.

**Payments Made Under Another Name or Social Security Number.** 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 2002 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.

## New Jersey Earned Income Tax Credit (Line 46)

**TAX TIP**  The New Jersey earned income tax credit is a credit for certain taxpayers who work and have earned income. The credit reduces the amount of tax you owe and may also give you a refund, even if you

have no tax liability to New Jersey. If you are eligible and file for a Federal earned income credit, you may also be eligible for a New Jersey earned income tax credit.

You must file a New Jersey resident income tax return to receive a New Jersey earned income tax credit, even if you are not required to file a return because your gross income is below the minimum income filing threshold.

**New for 2002**

For tax year 2002, you are allowed a credit in the amount of 17.5% of your Federal earned income credit if:

- ♦ The filing status on both your Federal return and your New Jersey return is married, filing joint return, head of household, or qualifying widow(er); and
- ♦ Your New Jersey gross income on Line 29, Form NJ-1040 is \$20,000 or less (part-year residents see below); and
- ♦ You have at least one "qualifying child" for purposes of the Federal earned income credit.

**NOTE:** If your filing status is single or married, filing separate return, you may not claim a New Jersey earned income tax credit.

**Part-Year Residents.** If you were a New Jersey resident for only part of the taxable year, and your gross income for the entire year from all sources was \$20,000 or less, you may qualify for a New Jersey earned income tax credit if you meet the other eligibility requirements. The amount of your credit 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.

## Line 46 - New Jersey Earned Income Tax Credit

If you satisfy the eligibility requirements above, complete the Earned Income Tax Credit Schedule on page 3 of Form NJ-1040 to calculate the amount of your New Jersey earned income tax credit.

### Completing the Earned Income Tax Credit Schedule

**Line 1.** If you filed a 2002 Federal Schedule EIC on which you listed at least one

"qualifying child," fill in the "Yes" oval. Otherwise, fill in "No." If you did not file a 2002 Federal Schedule EIC or if you did not have a qualifying child, you are not eligible for a New Jersey earned income tax credit.

**Line 2.** If you asked the Internal Revenue Service to calculate your Federal earned income credit, fill in the oval at Line 2. The IRS will provide information regarding Federal earned income credit recipients to the Division of Taxation in October 2003. Please allow at least 4–6 weeks for the Division to process the information and issue a check for your New Jersey earned income tax credit.

**Line 3.** Enter the amount of your Federal earned income credit from your 2002 Federal Form 1040 or Form 1040A.

**Line 4.** Enter 17.5% of your Federal earned income credit.

Federal Earned Income Credit x .175 = Line 4

Enter the amount from Line 4 of the Earned Income Tax Credit Schedule on Line 46, Form NJ-1040.

## UI/HC/WD; DI Credit (Lines 47 and 48)

You may take credit for excess unemployment insurance/health care subsidy fund/workforce development partnership fund contributions and/or disability insurance contributions withheld by two or more employers. For 2002, the maximum employee unemployment insurance/health care subsidy fund/workforce development partnership fund contribution was \$99.88, and the maximum employee disability insurance contribution was \$117.50. 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.

If any single employer withheld more than the maximum for either UI/HC/WD (\$99.88) or disability insurance (\$117.50) contributions, enter only the maximum amount for that category on Form NJ-2450. You must contact the employer who withheld contributions in excess of the legal maximum for a refund.

*continued*

UI/HC/WD; DI Credit (Lines 47 and 48) - continued

All information on Form NJ-2450 must be substantiated by W-2 statements or the claim will be denied. The amounts of unemployment insurance/health care subsidy fund/workforce development partnership fund contributions and disability insurance withheld must be reported separately on all W-2 statements. The employer's New Jersey Taxpayer Identification Number **or** approved private plan number must also be shown. See sample W-2 on page 24.

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, your income tax credit must be denied. 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 income tax credit for excess unemployment insurance/health care subsidy fund/workforce development partnership fund contributions and/or disability insurance contributions has been denied, it can **only** be claimed through the Department of Labor.

### Line 47 - Excess New Jersey UI/HC/WD Withheld

Enter on Line 47 the excess unemployment insurance/health care subsidy fund/workforce development partnership fund contributions withheld from Line 4 of Form NJ-2450. Enclose Form NJ-2450 with your return.

### Line 48 - Excess New Jersey Disability Insurance Withheld

Enter on Line 48 the excess disability insurance withheld from Line 5 of Form NJ-2450. Enclose Form NJ-2450 with your return.

### Line 49 - Total Payments and Credits

Add Lines 43 through 48 and enter the result on Line 49.

### Amount of Tax You Owe or Overpayment (Lines 50 and 51)

Compare Lines 42 and 49.

- ♦ If Line 42 is more than Line 49, you have a balance of tax due. Complete Line 50.
- ♦ If Line 42 is less than Line 49, you have overpaid your tax. Complete Line 51.

### Line 50 - Amount of Tax You Owe

Subtract Line 49 (Total Payments/Credits) from Line 42 (Total Tax) and enter the result on Line 50.

If you owe tax, you may make a donation on Lines 53, 54, 55, 56, 57, and/or 58 by adding the amount of your donation to your payment.

If you are enclosing Form NJ-2210, the amount of the payment should also include interest calculated for the underpayment of estimated tax. See "Estimated Tax" on page 19. Make your check or money order for the total amount payable to "State of New Jersey - TGI."

You may pay your 2002 New Jersey income taxes by electronic check (e-check) or credit card (Visa, American Express, MasterCard, or Discover/Novus). See "How to Pay" on page 17. Fill in the oval below Line 50 if you are paying by e-check or credit card. Do not send in the payment voucher if you pay your taxes by e-check or credit card.

**NOTE:** If the amount of tax you owe (Line 50) is more than \$400, you may want to increase your estimated payments or contact your employer for Form NJ-W4 to increase your withholdings to avoid future interest assessments.

### Line 51 - Amount of Overpayment

Subtract Line 42 (Total Tax) from Line 49 (Total Payments/Credits) and enter the result on Line 51.

### Line 52 - Credit to Your 2003 Tax

Enter on Line 52 the amount of your overpayment that you wish to credit to your 2003 tax liability.

### Contributions (Lines 53 - 58)

Whether you have an overpayment or a balance due, you may make a donation to any of the following funds:

- ♦ Endangered Wildlife Fund
- ♦ Children's Trust Fund
- ♦ Vietnam Veterans' Memorial Fund
- ♦ Breast Cancer Research Fund, or
- ♦ U.S.S. New Jersey Educational Museum Fund.

You may also make a donation to one of the following funds on Line 58:

- ♦ Drug Abuse Education Fund (01); or
- ♦ Korean Veterans' Memorial Fund (02); or
- ♦ Organ and Tissue Donor Awareness Education Fund (03); or

**New for 2002**

- ♦ NJ-AIDS Services Fund (04); or
- ♦ Literacy Volunteers of America - New Jersey Fund (05).

### Remember—

- ♦ If you are completing Schedules A, B, and C, see the following pages.
- ♦ If you are not required to file a New Jersey Resident Income Tax Return (Form NJ-1040) and you do not qualify for a New Jersey earned income tax credit, but you qualify for a homestead rebate and a property tax credit, only file the Homestead Rebate Application (Form HR-1040).
- ♦ If you are completing a 2002 Homestead Rebate Application, Form HR-1040, see page 46.
- ♦ **Do not staple, paper clip, or tape any documents to the tax return. Also do not staple or tape the return pages together.**
- ♦ **See Assembling Your Return on page 45.**

*Contributions (Lines 53 - 58) - continued*

For more information on the funds, see page 4.

Indicate the amount you want to contribute by checking the appropriate box(es) or enter any amount you wish to contribute.

If you are making a donation on Line 58, also enter the code number (01, 02, 03, 04, or 05) for the fund of your choice. For your convenience, "0" is already entered.

The amount you donate will reduce your refund or increase your balance due. Be

sure to enter an amount when making a contribution.

If you are making a donation on Line 53, 54, 55, 56, 57, and/or 58, and you have a balance due, increase the amount of your payment by the amount you wish to contribute. If you are paying your tax due by check and including a donation, your check or money order must be made out to "State of New Jersey - TGI," not to the charity or charities you selected. Your do-

nation will be deposited in the appropriate fund(s) when your return is processed.

### Line 59 - Total Deductions From Overpayment

Add any amounts on Lines 52, 53, 54, 55, 56, 57, and 58. Enter the result on Line 59.

### Line 60 - Refund

Subtract Line 59 from Line 51 (Overpayment). Enter the result on Line 60. This is the amount of your refund.

## 2002 Schedules A, B, and C

### Schedule A - Taxes Paid to Other Jurisdiction

Schedule A provides taxpayers who are eligible for a property tax benefit with a method for calculating the credit for taxes paid to another jurisdiction both with and without the property tax deduction. If you are eligible to receive a property tax deduction/credit you must complete Schedule A for each jurisdiction for which you are claiming a credit for taxes paid. Then you must complete Worksheet F on page 42 to determine whether you receive a greater benefit from claiming the property tax deduction or taking the property tax credit.

If you are claiming a credit for taxes paid to another jurisdiction but you are not eligible for a property tax benefit (see page 34 for eligibility requirements), only complete Column B of Schedule A. Enter the amount from Line 9, Column B on Line 39, Form NJ-1040. Make no entry on Lines 36 or 44, Form NJ-1040.

**Requirements.** As a New Jersey resident, you may be eligible for 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 for 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. **Pennsylvania residents see page 41.** Thus, no credit is permitted for taxes paid

to the U.S. Government, Canada, Puerto Rico, or any foreign country or territory.

To receive the credit for taxes paid to another jurisdiction you must:

1. Complete Schedule A in its entirety; and
2. Enclose Schedule A with your NJ-1040 income tax return. If you are claiming credit for income or wage taxes paid to more than one jurisdiction, you may have to complete and enclose a separate Schedule A for each jurisdiction (see "Income Taxed by More Than One Jurisdiction" on page 41).

You must complete Schedule A to calculate the credit. Then you should complete Worksheet F on page 42 to determine whether you will receive a greater tax

benefit by taking the Property Tax Deduction on Line 36 or the Property Tax Credit on Line 44.

### Line 1 - Income Actually Taxed by Other Jurisdiction

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 but before personal exemptions and standard and/or other itemized deductions are subtracted. Any income included on

**NOTE:** New Jersey no longer requires that a copy of the income tax return(s) filed with the other jurisdiction(s) be enclosed with Form NJ-1040. However, you should retain complete copies of any returns filed with other jurisdiction(s). If your return is audited, you will be asked to provide:

- a) A complete copy of the income tax return(s) filed with the other jurisdiction(s) — if one was filed or required to be filed. If you filed electronically in the other jurisdiction, a copy of the Electronic Filing Income Tax Return *along with* schedules, worksheets, etc. which establish the nature and source of the income being taxed by the other jurisdiction must be submitted.
- b) If you participated in a composite return filed in another jurisdiction, you must submit a statement, on the filing entity's letterhead, that lists the jurisdiction, your share of the gross income taxed by the other jurisdiction, and your share of the tax paid.
- c) If no return is required to be filed with the other jurisdiction, you must submit the following as applicable:
  - ◆ W-2 which lists the wage taxes paid and the name of the taxing jurisdiction.
  - ◆ A statement from the business entity which filed a tax return based on income that lists your share of the gross income taxed by the other jurisdiction, the name of the tax, and your share of the tax paid.

*Schedule A - continued*

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, gains on sale of securities, 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 are required to and 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. Items such as IRA and Keogh contributions, employee business expenses, moving expenses, and alimony, if allowed as adjustments to income, would have been deducted from gross income.
- ◆ Income subject to tax by any foreign country, U.S. possession, or territory.
- ◆ If you are required to file a resident return in the other jurisdiction, any amount of S corporation income allocated to New Jersey.

**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 is the same, complete only *one* Schedule A. When you pay tax to two ju-

risdictions on the same income and the amount of income taxed by each jurisdiction differs, you may be eligible to claim two credits. The first credit is based on the amount of income taxed by both jurisdictions, and the second credit is based only on the difference between the amounts taxed by the two jurisdictions.

For example, New Jersey taxed \$150,000 in business income of a business in city Y located in state Z. Both city Y and state Z taxed the business income. If state Z imposed \$8,200 tax on \$120,000 of income, and city Y imposed \$5,600 tax on \$140,000 of income, complete two Schedule As. Line 1, Schedule A of the first credit calculation will be \$120,000 (the amount of income taxed by both city Y and state Z). To determine the credit available on the \$120,000 which was jointly taxed, add together and enter in Box 9a, Line 9 the taxes paid to state Z (\$8,200) and the portion of the city Y tax on \$120,000 (\$4,800). (Do not use \$5,600 for the amount of city Y tax, since that is the tax paid on \$140,000 of income.) Compare the allowable credit calculated on Line 8, Schedule A to the amount in Box 9a (\$13,000). The credit allowed is the lesser of Line 8 or Box 9a. For the second Schedule A, the amount on Line 1 is \$20,000. This is the difference between the amount taxed by both city Y and state Z (\$120,000) on which a credit has already been calculated, and the amount taxed by city Y (\$140,000).

**NOTE:** When calculating the credit for income taxed by more than one jurisdiction and the actual tax paid to the other jurisdiction is less than the allowable credit, enter on Line 9, Box 9a of each Schedule A **only** the tax paid on the amount of income entered on Line 1. In the example above, Line 9, Box 9a of the second Schedule A would show \$800, the tax paid to city Y on \$20,000 of income, not \$5,600, the tax paid on \$140,000 of income.

**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 earned in New York due to the many allowable New York income tax adjustments. New York determines the rate

(% of tax) that will be imposed by including all the income earned as if the taxpayer was a resident. New York then computes the percentage of the New York source income by dividing the New York State income by the Federal income (worldwide income). The percentage is then multiplied by the total calculated tax liability, as if a resident, to determine the actual tax liability of the nonresident. 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 Schedule A calculations for taxes paid to New York State on first the ordinary income and second on 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 in Pennsylvania and Authorization to Withhold Other State's Income Tax (Pennsylvania Form REV-420) and give it to your employer. You may obtain Form REV-420 from the Pennsylvania Department of Revenue.



**Worksheet F  
Which Property Tax Benefit to Use**

		COLUMN A		COLUMN B																									
1.	Tax. Enter amounts from Line 7, Schedule A, Columns A and B here .....	1.		1.																									
2.	Credit for Taxes Paid to Other Jurisdictions. Enter amounts from Line 9, Schedule A, Columns A and B here. If you completed more than one Schedule A, enter the total of all Line 9 amounts (Columns A and B) in the corresponding column .....	2.		2.																									
3.	Balance of Tax Due. Subtract line 2 from line 1 in each column .....	3.		3.																									
4.	Subtract line 3, Column A from line 3, Column B and enter result here .....			4.																									
<p><b>5. Is the line 4 amount \$50 or more (\$25 if filing status is married, filing separate return and you maintain the same residence as your spouse)?</b></p> <p><input type="radio"/> Yes. You receive a greater tax benefit by taking the Property Tax Deduction. Make the following entries on Form NJ-1040.</p> <table border="0"> <tr> <td><i>Form NJ-1040</i></td> <td><i>Enter amount from:</i></td> </tr> <tr> <td>Line 36</td> <td>Line 5, Column A, Schedule A</td> </tr> <tr> <td>Line 37</td> <td>Line 6, Column A, Schedule A</td> </tr> <tr> <td>Line 38</td> <td>Line 7, Column A, Schedule A</td> </tr> <tr> <td>Line 39</td> <td>Line 2, Column A, Worksheet F</td> </tr> <tr> <td>Line 44</td> <td>Make no entry</td> </tr> </table> <p><input type="radio"/> No. You receive a greater tax benefit from the Property Tax Credit. (<b>Part-year residents</b>, see instructions on page 14 before answering "No.") Make the following entries on Form NJ-1040.</p> <table border="0"> <tr> <td><i>Form NJ-1040</i></td> <td><i>Enter amount from:</i></td> </tr> <tr> <td>Line 36</td> <td>Make no entry</td> </tr> <tr> <td>Line 37</td> <td>Line 6, Column B, Schedule A</td> </tr> <tr> <td>Line 38</td> <td>Line 7, Column B, Schedule A</td> </tr> <tr> <td>Line 39</td> <td>Line 2, Column B, Worksheet F</td> </tr> <tr> <td>Line 44</td> <td>\$50 (\$25 if filing status is married filing separate return and you maintain the same residence as your spouse). <b>Part-year residents</b>, see instructions on page 14.</td> </tr> </table>						<i>Form NJ-1040</i>	<i>Enter amount from:</i>	Line 36	Line 5, Column A, Schedule A	Line 37	Line 6, Column A, Schedule A	Line 38	Line 7, Column A, Schedule A	Line 39	Line 2, Column A, Worksheet F	Line 44	Make no entry	<i>Form NJ-1040</i>	<i>Enter amount from:</i>	Line 36	Make no entry	Line 37	Line 6, Column B, Schedule A	Line 38	Line 7, Column B, Schedule A	Line 39	Line 2, Column B, Worksheet F	Line 44	\$50 (\$25 if filing status is married filing separate return and you maintain the same residence as your spouse). <b>Part-year residents</b> , see instructions on page 14.
<i>Form NJ-1040</i>	<i>Enter amount from:</i>																												
Line 36	Line 5, Column A, Schedule A																												
Line 37	Line 6, Column A, Schedule A																												
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Line 39	Line 2, Column B, Worksheet F																												
Line 44	\$50 (\$25 if filing status is married filing separate return and you maintain the same residence as your spouse). <b>Part-year residents</b> , see instructions on page 14.																												

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 or Other Pennsylvania Municipalities.** 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.

The amount of income taxable to Philadelphia is sometimes different than the New Jersey State wages 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 di-

vide the wage tax deducted from your pay by the Philadelphia tax rate as follows:

$$\frac{\text{Philadelphia Wage Tax Paid}}{\text{Philadelphia Wage Tax Rate}} = \text{Line 1, Sched. A}$$

Do not report at Line 1 an amount that is more than the amount reported at Line 14, NJ-1040 as Philadelphia wages.

**Sole Proprietorship or Partnership Income From Philadelphia.** If you are a sole proprietor or partner in a partnership whose income is subject to Pennsylvania income tax and Philadelphia Business Privilege Tax and Net Profits Tax, you must consider the taxes paid (based on income) to all jurisdictions when calculating the credit. The Philadelphia Business Privilege Tax imposes two taxes, one based on income and one based on gross receipts. Only the tax imposed based on income qualifies for the credit calculation.

**S Corporation Income.** If you paid income taxes or wage taxes to another juris-

dition on your S corporation income and that income is also taxed in New Jersey, for the same tax year, you may be eligible for a credit. No credit is allowed, however, for tax imposed by another jurisdiction on S corporation income which is allocated to New Jersey. Nor is a credit allowed for the amount of any taxes paid or accrued on or measured by profits or income imposed on or paid on behalf of a person other than you, whether or not you may be held liable for the tax. In addition, you may not claim a credit against New Jersey tax attributable to distributions. Distributions that are taxable to you as dividends or gains from disposition of property are intangible income and not subject to tax in the other jurisdiction.

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

Enter on Line 2 the amount of income reported on Line 29, Form NJ-1040 (New Jersey Gross Income).

Schedule A - continued

### Line 3 - Maximum Allowable Credit Percentage

Divide Line 1 by Line 2 and enter the percentage on Line 3. Carry your results to seven (7) decimal places, rounding up if the seventh place is 5 or more (i.e., .2412378 becomes 24.1238%). Since Line 1 can never be more than Line 2, the result will be 100% or less.

If you are not eligible to claim a property tax deduction or credit, only complete Column B to determine your credit for taxes paid to other jurisdictions. Total the amounts from Line 9, Column B of all Schedule As completed and enter that amount on Line 39, Form NJ-1040. Make no entry on Lines 36 or 44, Form NJ-1040.

### Line 4 - Taxable Income

For each column, enter on Line 4 the amount of your taxable income from Line 35, Form NJ-1040.

### Line 5 - Property Tax and Deduction

If you were a qualified homeowner or tenant during the tax year, you may be eligible for a property tax deduction **or** property tax credit. See instructions on page 34 to determine if you qualify. If you qualify, enter in Box 5a your property taxes (or 18% of rent) due and paid during 2002 on your qualified residence. If the amount in Box 5a is \$10,000 or more, enter \$10,000 on Line 5. If the amount in Box 5a is less than \$10,000, enter that amount on Line 5.

**Married, Filing Separate Return.** If your filing status is married, filing separate return and you and your spouse maintain the same principal residence, enter in Box 5a one-half of the property taxes (or 18% of rent) due and paid. If the amount in Box 5a is \$5,000 or more, enter \$5,000 on Line 5. If the amount in Box 5a is less than \$5,000, enter that amount on Line 5.



**TAX TIP Property Tax Reimbursement Recipients.** If you did not receive a Property

Tax Reimbursement for 2001, and you are eligible for a Property Tax Reimbursement for 2002, you must enter in Box 5a the amount of your **2001 property taxes**

due and paid as reported on your 2002 Property Tax Reimbursement Application, Form PTR-1. (Mobile home owners enter 18% of 2001 site fees.) If you owned your home with someone other than your spouse or if your home consists of more than one dwelling unit, the amount of 2001 property taxes you report must reflect your percentage of ownership or the proportionate share of property taxes for the unit you occupy as your principal residence.

If you received a Property Tax Reimbursement for 2001 and you continued to meet the eligibility requirements through 2002, enter the amount of your base year property taxes or 18% of your base year site fees in Box 5a. (The amount of your base year property taxes or site fees is shown on Line 11 of your New Jersey Property Tax Reimbursement Application, Form PTR-2.) If you owned your home with someone other than your spouse or if your home consists of more than one dwelling unit, the amount of base year property taxes you report must reflect your percentage of ownership or the proportionate share of property taxes for the unit you occupy as your principal residence.

For more information on the Property Tax Reimbursement Program, request our publication *Property Tax Reimbursement Frequently Asked Questions*.

**Multiple Residences, Owners, Dwelling Units, or Tenants.** Complete Schedule HR-A before completing Box 5a, Line 5, Schedule A if:

- ♦ You lived in more than one qualifying residence during 2002; or
- ♦ You shared ownership of a principal residence during the year with anyone, other than your spouse; or
- ♦ Your principal residence during the year consisted of multiple dwelling units; or
- ♦ Anyone other than your spouse occupied and shared rent with you for an apartment or other rental dwelling unit.

If you were a homeowner, enter the amount from Line 6, Schedule HR-A in Box 5a, Line 5, Schedule A. If you were a tenant, enter 18% of the amount from

Line 12, Schedule HR-A in Box 5a, Line 5, Schedule A. If you were both a homeowner and a tenant during the year, add the amount from Line 6, Schedule HR-A and 18% of the amount from Line 12, Schedule HR-A and enter the total in Box 5a, Line 5, Schedule A.

**Part-Year Residents.** A part-year resident who meets the qualifications is eligible for a property tax deduction or credit. Enter in Box 5a, Line 5 the total amount of property taxes (or 18% of rent) due and paid during your period of residence.

### Line 6 - New Jersey Taxable Income

For each column, subtract Line 5 from Line 4 and enter the result on Line 6.

### Line 7 - Tax on Line 6 Amount

For each column, enter on Line 7 the amount of tax due on the income entered on Line 6. Use the Tax Table on page 53 or the Tax Rate Schedules on page 62 to calculate the amount of tax due.

If you are not eligible for a property tax benefit, and you are completing only Column B of Schedule A, the amount on Line 7, Column B should be the same as the amount you entered on Line 38, Form NJ-1040.

### Line 8 - Allowable Credit

For each column, multiply the amount on Line 7 by the percentage on Line 3 and enter the result on Line 8.

### Line 9 - Credit for Taxes Paid to Other Jurisdiction

Enter in Box 9a the total amount of income or wage tax paid to the other jurisdiction(s) on the amount of income shown on Line 1. 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, Box 9a of Schedule A may be the taxes withheld for the jurisdiction.

If you adjusted the income on Line 1 of this Schedule A because you had income taxed by more than one jurisdiction, enter only the tax paid on the adjusted amount

continued

*Schedule A - continued*

shown on this Schedule (see example on page 41).

For each column, enter on Line 9 the lesser of Line 8, Allowable Credit, or the amount in Box 9a, amount of income or wage tax paid to the other jurisdiction(s) on the income shown on Line 1, Schedule A.

If you are eligible for a property tax deduction or credit, complete Worksheet F on page 42. Part-year residents see instructions on page 14.

If you are not eligible for a property tax deduction or credit, enter the amount from Line 9, Column B, Schedule A on Line 39, Form NJ-1040 and make no entry on Lines 36 or 44, Form NJ-1040. If you completed more than one Schedule A, total the amounts from Line 9, Column B of all Schedule As and enter on Line 39.

For more information on claiming a credit for taxes paid to another jurisdiction, refer to Tax Topic Bulletins GIT-3W, *Credit for Taxes Paid to Other Jurisdictions (Wage Income)*, and GIT-3B, *Credit for Taxes Paid to Other Jurisdictions (Business/Nonwage Income)*.

## Schedule B - Disposition of Property

Your portion of the gain or loss derived from the disposition of property owned by a sole proprietorship, partnership, an estate or trust or, in general, an S corporation is reportable as net profits from business on Line 17, distributive share of partnership income on Line 20, income from estates and trusts on Line 25, or net pro rata share of S corporation income on Line 21. For information regarding grantor trusts, see the reporting instructions for Line 25 on page 31.

Use Schedule B to report all other 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 determined for Federal income tax purposes. If you sold an interest in a partnership, a sole proprietorship, or rental property, you may be required to use a New Jersey adjusted ba-

sis. If you sold shares in an S corporation, you **must** use your New Jersey adjusted basis. The gain or loss from your sale or liquidation of a sole proprietorship, a partnership interest, or shares of S corporation stock must be reported as net gains or income from disposition of property on Schedule B. For instructions on calculating your New Jersey adjusted basis and the New Jersey gain or loss on disposition of a partnership interest or S corporation shares, partners and shareholders should request Tax Topic Bulletin GIT-9P, *Income From Partnerships*, or GIT-9S, *Income From S Corporations*. 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.** If you sell your principal residence, you may qualify to exclude all or part of any gain from your income regardless of age. Capital gain and the exclusion of all or part of the gain 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 exclude any of the gain on the sale of your principal residence for Federal purposes, the same amount will be excluded for New Jersey purposes.

You can claim the exclusion if, during the 5-year period ending on the date of the sale, you have:

1. Owned the home for at least two years (the ownership test); **and**
2. Lived in the home as your principal residence for at least two years (the use test).

**NOTE:** If you owned and used the property as your principal residence for less than two years, and you qualify for a reduced exclusion for Federal purposes, you may claim a reduced exclusion for New Jersey purposes.

You can exclude up to \$250,000 (\$500,000 for certain married persons filing a joint return) of gain from the sale of

your principal residence if **both 1 and 2** below apply.

1. Neither you nor your spouse if filing a joint return is excluding gain from the sale of another home.
2. You or your spouse if filing a joint return owned and lived in the home for periods adding up to at least 2 years within the 5-year period ending on the date of sale.

If you are married, filing a joint return, **both** you and your spouse must meet the use test to qualify for the \$500,000 exclusion.

If only one spouse meets the ownership and use tests, the qualified spouse can exclude up to \$250,000 of the gain when filing either a joint return or a married, filing separate return.

You cannot exclude the gain on the sale of your principal residence if, during the 2-year period ending on the date of the sale, you sold another home at a gain and excluded all or part of that gain. If you cannot exclude the gain, you must include it in your income and complete Schedule B. Be sure the amount you report on Schedule B agrees with the amount shown on your Federal return. However, you can claim a reduced exclusion if you sold the home due to a change in health or place of employment and you qualify for a reduced exclusion for Federal purposes.

## Line 1 - List of 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.

Schedule B - continued

## 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 or gains from mutual funds to the extent attributable to Federal obligations. For more information on "New Jersey Qualified Investment Funds," see page 26.

## 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. Enter this amount on Line 18, Form NJ-1040. If the netted amount is a loss, enter zero here and make no entry on Line 18, Form NJ-1040.

## Schedule C - Rents, Royalties, Patents, and Copyrights

Your portion of net gains or losses derived from rents, royalties, patents, and copyrights from property owned by a sole proprietorship, partnership, an estate or trust or, in general, an S corporation is reportable as net profits from business on Line 17, distributive share of partnership income on Line 20, income from estates and trusts on Line 25, or net pro rata share of S corporation income on Line 21. For information regarding grantor trusts see the reporting instructions for Line 25 on page 31.

Use Schedule C to report all other 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 carry-forward 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 of 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. Enter this amount on Line 22, NJ-1040. If the netted amount is a loss, enter zero here and make no entry on Line 22, Form NJ-1040.

## Assembling Your Return

Be sure to check the following before mailing your completed return:

- **Check your math.**
- **Sign and date your return.** Both spouses must sign a joint return.
- **Homestead rebate application.** An incomplete application may delay your rebate.
- **Enclose** all supporting documents and schedules with the return including:
  - W-2(s) and 1099-R(s) that indicate NJ withholdings
  - If appropriate, New Jersey Form(s): HR-1040, 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, proof of age and/or disability the first time you claim the exemption(s) on your return and/or homestead rebate application
  - If appropriate, copy of Federal tax return to document income below the minimum filing threshold for the entire year for a part-year resident
  - If appropriate, copy of Federal Form(s):
 

Schedule B or Schedule 1 for interest over \$1,500	Form 3903 for moving expenses
Schedule C, C-EZ, or F for business income	Form 4868 for filing under a Federal extension
Schedule K-1 for fiduciary income	Form 8283 for Qualified Conservation Contributions
Form 2106 for employee business expenses	Form 8853 for Archer MSA contributions
- **Balance due.** Complete the Payment Voucher, Form NJ-1040-V, and return it with your payment if paying by check or money order. Write your social security number on your check or money order. If paying by e-check or credit card, do not include the payment voucher.
- **Use the large envelope** to mail Form NJ-1040 and/or HR-1040 with related enclosures, payment voucher, and check or money order. On the flap of the large envelope you will find three address labels. Choose the label that applies.
- **Keep a copy** of your return and all supporting documents or schedules.

**Rebate Calculations**

For tax year 2002, homestead rebates will be calculated as shown on the following chart.

**Taxpayers Age 65 or Over and/or Totally and Permanently Disabled**

		if your filing status is:		and your gross income is:		your rebate amount will be:
			<i>over</i>	<i>but not over</i>		
<b>Homeowners</b>	<i>Married, Filing Joint Return</i>		\$ 0	\$ 70,000	Equal to the amount that property tax paid exceeds 5% of gross income. Not less than \$150 or more than \$790.	
	<i>or</i>					
	<i>Head of Household</i>		70,000	100,000	\$ 100	
	<i>or</i>		100,000		0 (not eligible)	
	<i>Qualifying Widow(er)</i>		100,000			
	<i>Single</i>		\$ 0	\$ 35,000	Equal to the amount that property tax paid exceeds 5% of gross income. Not less than \$150 or more than \$790.	
	<i>or</i>					
			35,000	70,000	\$ 150	
	<i>Married, Filing Separate Return*</i>		70,000	100,000	100	
			100,000		0 (not eligible)	
	<i>Qualifying Widow(er)</i>					
<b>Tenants</b>	<i>Married, Filing Joint Return</i>		\$ 0	\$ 70,000	Equal to the amount that rent constituting property tax (18% of rent) exceeds 5% of gross income. Not less than \$100 or more than \$790.	
	<i>or</i>					
	<i>Head of Household</i>		70,000	100,000	\$ 100	
	<i>or</i>		100,000		0 (not eligible)	
	<i>Qualifying Widow(er)</i>		100,000			
	<i>Single</i>		\$ 0	\$ 35,000	Equal to the amount that rent constituting property tax (18% of rent) exceeds 5% of gross income. Not less than \$100 or more than \$790.	
	<i>or</i>					
			35,000	100,000	\$ 100	
	<i>Married, Filing Separate Return*</i>		100,000		0 (not eligible)	
	<i>Qualifying Widow(er)</i>					

**Taxpayers Under Age 65 and Not Totally and Permanently Disabled**

		if your gross income is:	your rebate amount will be:
<b>Homeowners</b>		\$ 40,000 or less	Maximum \$90*
<b>Tenants</b>		\$100,000 or less	Maximum \$100*

\*Taxpayers who are married filing separately and maintain the same residence must combine their incomes when calculating the rebate. Each spouse is then eligible to receive one-half the calculated rebate.


## Qualifications

To be eligible for a New Jersey homestead rebate:

- ◆ You must have been domiciled and maintained a principal residence as a homeowner or tenant in New Jersey during 2002; and
- ◆ Your gross income for the entire year must have been \$100,000 or less (see Note under Line 10, Total Gross Income, on page 49). If you were a homeowner under 65 and not blind or disabled, you are not eligible for a homestead rebate if your income is over \$40,000; 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 Rebate Application (Form HR-1040) **and** the NJ-1040 by **April 15, 2003**, 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 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, 2004, to file Form HR-1040.

**Part-Year Residents.** A part-year resident who meets the qualifications is eligible for a homestead rebate. Part-year residents must enter their full-year income from all sources on Line 8 of the HR-1040.

**TAX TIP**  **Married, Filing Separate Return.** If you file married, filing separate return

and maintain the same principal residence as your spouse, you must combine your gross income with your spouse's gross income. Neither you nor your spouse can receive more than one-half of the rebate that you would receive if you filed a joint return. Both you and your spouse must file Form HR-1040 to be eligible to receive up to one-half of the rebate.

**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

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 requires you to bear the proportionate share of property taxes attributable to your unit.

**Disabled Veterans.** Totally and permanently disabled veterans who have a 100% exemption from local property taxes are **not** eligible for a homestead rebate. If any portion of the dwelling is rented to a tenant and property taxes are paid by the disabled veteran owner on the rented portion, any tenant may be eligible for a homestead rebate, but the property owner is not eligible.

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

### Tenants

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 Division's Customer Service Center.

## Identification Section


### Name and Address

**Rebate Only Filers.** 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. **Do not use the label if any of the information is incorrect.** If your label contains inaccurate information or you do not have a 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.

If your address has changed, complete the address portion of the identification section.

### Social Security Number

**TAX TIP**  Your social security number(s) is not printed on your name and address label. **You must 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.

*continued*

Identification Section - continued

**County/Municipality Code**

Check the county/municipality code on your label (see example). **Do not use the label if any of the information is incorrect.** If your label contains inaccurate information or 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 51. **If your municipality is not listed, enter the code for the municipality where you pay your property taxes.** 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.

XXXXXXXXXXXXXXXXXXXXXXXXXXXX  
 SMIT 1111  
 SMITH JOHN & JANE  
 123 MAIN STREET  
 TRENTON, NJ 08611  
 County/Municipality Code  
 123123123900

**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. Indicate the appropriate filing status. Fill in only **one** oval.

**Residency Status (Line 6)**

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 02 and the numbers placed di-

**Tax-Exempt, Subsidized, and Campus Housing**

One of the qualifications for the New Jersey homestead 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 taxes 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 Rebate Application (Form HR-1040) if the dwelling you rent is not subject to local property taxes; you do not qualify for a rebate. If you are not sure whether the dwelling you rent is subject to local property taxes, contact your municipal tax assessor for information. The Division of Taxation audits returns to ensure that only qualified applicants receive rebates.**

rectly 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.

**Age 65 or Older, Blind, or Disabled (Line 7)**

If either you or your spouse were 65 years of age or older or blind or disabled at the end of the tax year, **fill in only one oval** at Line 7 as follows:

- ◆ If you (or your spouse) were 65 or older, fill in the oval to the left of "Age 65 or older."
- ◆ If you (or your spouse) were 65 or older and you (or your spouse) were also blind or disabled, fill in the oval to the left of "Age 65 or older."
- ◆ If you (and your spouse) were under 65, and you (or your spouse) were disabled, fill in the oval to the left of "Blind or disabled."
- ◆ If you (and your spouse) do not meet the age or disability qualifications, fill in the oval to the left of "Not 65 or blind or disabled."

Fill in the "Age 65 or older" oval, or the "Blind or disabled" oval **only** if you or your spouse meet the qualifications; they do not apply to your dependents.

**Proof of Age.** The first time you (or your spouse) file a homestead rebate application and indicate that you (or your

spouse) are 65 years of age or older *you must enclose proof of age such as a copy of a birth certificate, driver's license, or church records.*

**Proof of Disability.** Disabled means total and permanent inability to engage in any substantial gainful activity because of any physical or mental impairment, including blindness. The first time you (or your spouse) file a homestead rebate application and indicate that you (or your spouse) are blind or disabled *you must enclose a copy of the doctor's certificate or other medical records evidencing legal blindness or total and permanent disability.* This information need not be submitted each year providing there is no change in your condition.

**Application Section**

**Line 8 - Gross Income**

Enter on Line 8 the amount of income reported on Line 29 of your 2002 New Jersey income tax return, Form NJ-1040. If you did not complete Form NJ-1040, enter on Line 8 the same income as you would have reported on Line 29 if you had filed the tax return. Part-year residents must enter their income from all sources for the entire year.

**NOTE:** Social Security and Railroad Retirement benefits are exempt from New Jersey income tax and should not be reported as income on Line 8.

Application Section - continued

## Line 9 - Spouse's Gross Income

If the filing status on your 2002 New Jersey income tax return is married, filing separate return, and you and your spouse maintain the same principal residence, fill in the oval and enter on Line 9 the amount of income reported on Line 29 of your spouse's New Jersey income tax return, Form NJ-1040. If your spouse did not complete Form NJ-1040, enter on Line 9 the same income as your spouse would have reported on Line 29 if a tax return had been filed. Part-year residents must enter their spouse's income from all sources for the entire year.

## Line 10 - Total Gross Income

Add Lines 8 and 9 and enter the result on Line 10.

**NOTE:** If the amount on Line 10 is more than \$100,000, you are not eligible for a 2002 homestead rebate. If you were a homeowner under 65 and not blind or disabled, you are not eligible for a homestead rebate if your income is over \$40,000. Do not complete Form HR-1040.

## Line 11 - 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 Form NJ-1040. If you were not a resident on December 31, 2002, enter your last New Jersey address.

## Line 12 - Homeowner/Tenant Status

Fill in the oval to indicate whether you were a homeowner, a tenant, or both a homeowner and tenant during 2002. Fill in only one oval.

## Line 13 - Block and Lot Number

If you filled in "Homeowner" or "Both" on Line 12, enter the Block and Lot Number of your principal residence on December 31, 2002, or the last day that you were a resident homeowner in 2002. 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 2002, enter the Block and Lot Number of your most recent principal residence.

## Line 14a - 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 rebate application will not be processed.

### Line 14a - Multiple Residences

Fill in "Yes" only if you moved from one New Jersey residence to another New Jersey residence during the year. (For example, you moved from a house to an apartment, or moved from one house to another, etc.) If you were both a homeowner and a tenant at the same address during the year, fill in "Yes." If you occupied only one residence during the year, fill in "No."

### Line 14b - Multiple Owners

Fill in "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(s), fill in "No."

### Line 14c - Multi-Unit Properties

Fill in "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, fill in "No."

Residents of cooperative dwelling units and continuing care retirement facilities are **not** considered to be living in multi-unit dwellings and should fill in "No" at Line 14c.

#### NOTE:

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

## Line 14d - Multiple Tenants

Fill in "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), fill in "No."

## Homeowners (Lines 15 and 16)

### Line 15 - Property Tax

Enter on Line 15 the total amount of property taxes paid on your principal residence in New Jersey during the year. Report only the actual amount of property taxes that were due and paid to the local taxing authorities during 2002. If no property tax payments were made by December 31, 2002, you may not claim a homestead 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.

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

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

- ♦ Enter on Line 15 the amount from Line 6, Part I of Schedule HR-A;
- ♦ Continue with Lines 16a and b of Form HR-1040.



*Homeowners (Lines 15 and 16) - continued***Line 16a - Total Property Taxes Paid**

Do not complete Line 16a unless you are enclosing Schedule HR-A. If you completed Schedule HR-A, enter on Line 16a the total amount of property taxes paid from Schedule HR-A, Part I, Line 5.

**Line 16b - Number of Days as an Owner**

Do not complete Line 16b unless you are enclosing Schedule HR-A. If you completed Schedule HR-A, enter on Line 16b 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 17 and 18)****Line 17 - Rent**

Enter on Line 17 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 17 your share of total rent paid from Line 12, Part II of Schedule HR-A;
- ♦ Continue with Lines 18a and b of Form HR-1040.

**Line 18a - Total Rent Paid**

Do not complete Line 18a unless you are enclosing Schedule HR-A. If you completed Schedule HR-A, enter on Line 18a the total amount of rent paid by all tenants from Schedule HR-A, Part II, Line 11.

**Line 18b - Number of Days as a Tenant**

Do not complete Line 18b unless you are enclosing Schedule HR-A. If you completed Schedule HR-A, enter on Line 18b 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 2002, the total number of days on Line 16b and 18b 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.

For information about authorizing the Division of Taxation to discuss your return and enclosures with your paid preparer, see "Preparer Authorization" on page 20.

**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 14 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 2002 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
- ♦ Filled in the "Both" (homeowner and tenant) oval at Line 12.

If you lived for part of the year in a residence that did not meet the rebate eligibility qualifications on page 47, you are not eligible to receive a rebate for the period of time you resided in that residence. However, if you moved during the year and your new residence qualifies for a rebate, complete Schedule HR-A for the qualified residence only. Do not list any information pertaining to the nonqualified residence.

**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 large return envelope to file Form HR-1040. Use the return address label located on the envelope flap of the large envelope addressed to:

STATE OF NEW JERSEY  
DIVISION OF TAXATION  
REVENUE PROCESSING CENTER  
PO Box 197  
TRENTON NJ 08646-0197

**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 18.

**Seniors or Blind/Disabled Persons.** If either you or your spouse were 65 years of age or older or blind or disabled at the end of the tax year, and your gross income on Line 29 is \$20,000 or less (\$10,000 if filing status is single or married, filing separate return), and you are eligible for a property tax credit in the amount of \$50, (\$25 if filing status is married, filing separate return and you maintain the same residence as your spouse) this credit will automatically be sent to you with your homestead rebate. **Do not** complete Line 36 to claim a property tax deduction **or** Line 44 to claim a property tax credit.

**NOTE:** The Division of Taxation will calculate the amount of your rebate based on the information you provide. If you are also eligible for the NJ SAVER rebate, you will receive either a homestead rebate or the NJ SAVER rebate, whichever provides the higher benefit. Although the homestead rebate and NJ SAVER rebate have similar eligibility requirements, they have separate applications which must be filed for each program.

For more information on how the homestead rebate is calculated, request Tax Topic Bulletin HR-2, *Homestead Rebate Guidelines*. For more information on the NJ SAVER rebate, request our publication, *NJ SAVER Rebate Frequently Asked Questions*.

Enter the appropriate four-digit number in the boxes above Line 1 on Form NJ-1040 and Form HR-1040. The County/Municipality Codes reflected below are for the Division of Taxation purposes only.

Municipality	Code	Municipality	Code	Municipality	Code	Municipality	Code
<b>ATLANTIC COUNTY</b>							
Absecon City	0101	Ridgewood Village	0251	Gibbsboro Borough	0413	Nutley Township	0716
Atlantic City	0102	River Edge Borough	0252	Gloucester City	0414	Orange City Township	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 Township	0720
Corbin City	0106	Rutherford Borough	0256	Haddon Heights Borough	0418	West Caldwell Township	0721
Egg Harbor City	0107	Saddle Brook Township	0257	Hi Nella Borough	0419	West Orange Township	0722
Egg Harbor Township	0108	Saddle River Borough	0258	Laurel Springs Borough	0420		
Estell Manor City	0109	South Hackensack Twp.	0259	Lawnside Borough	0421	<b>GLOUCESTER COUNTY</b>	
Folsom Borough	0110	Teaneck Township	0260	Lindenwold Borough	0422	Clayton Borough	0801
Galloway Township	0111	Tenafly Borough	0261	Magnolia Borough	0423	Deptford Township	0802
Hamilton Township	0112	Teterboro Borough	0262	Merchantville Borough	0424	East Greenwich Township	0803
Hammonton Town	0113	Upper Saddle River Bor.	0263	Mount Ephraim Borough	0425	Elk Township	0804
Linwood City	0114	Waldwick Borough	0264	Oaklyn Borough	0426	Franklin Township	0805
Longport Borough	0115	Wallington Borough	0265	Pennsauken Township	0427	Glassboro Borough	0806
Margate City	0116	Washington Township	0266	Pine Hill Borough	0428	Greenwich Township	0807
Mullica Township	0117	Westwood Borough	0267	Pine Valley Borough	0429	Harrison Township	0808
Northfield City	0118	Woodcliff Lake Borough	0268	Runnemede Borough	0430	Logan Township	0809
Pleasantville City	0119	Wood Ridge Borough	0269	Somerdale Borough	0431	Mantua Township	0810
Port Republic City	0120	Wyckoff Township	0270	Stratford Borough	0432	Monroe Township	0811
Somers Point City	0121			Tavistock Borough	0433	National Park Borough	0812
Ventnor City	0122	<b>BURLINGTON COUNTY</b>		Voorhees Township	0434	Newfield Borough	0813
Weymouth Township	0123	Bass River Township	0301	Waterford Township	0435	Paulsboro Borough	0814
		Beverly City	0302	Winslow Township	0436	Pitman Borough	0815
		Bordentown City	0303	Woodlynne Borough	0437	South Harrison Township	0816
		Bordentown Township	0304			Swedesboro Borough	0817
		Burlington City	0305	<b>CAPE MAY COUNTY</b>			
		Burlington Township	0306	Avalon Borough	0501	Washington Township	0818
		Chesterfield Township	0307	Cape May City	0502	Wenonah Borough	0819
		Cinnaminson Township	0308	Cape May Point Borough	0503	West Deptford Township	0820
		Delanco Township	0309	Dennis Township	0504	Westville Borough	0821
		Delran Township	0310	Lower Township	0505	Woodbury City	0822
		Eastampton Township	0311	Middle Township	0506	Woodbury Heights Bor.	0823
		Edgewater Park Township	0312	North Wildwood City	0507	Woolwich Township	0824
		Evesham Township	0313	Ocean City	0508		
		Fieldsboro Borough	0314	Sea Isle City	0509	<b>HUDSON COUNTY</b>	
		Florence Township	0315	Stone Harbor Borough	0510	Bayonne City	0901
		Hainesport Township	0316	Upper Township	0511	East Newark Borough	0902
		Lumberton Township	0317	West Cape May Borough	0512	Guttenberg Town	0903
		Mansfield Township	0318	West Wildwood Borough	0513	Harrison Town	0904
		Maple Shade Township	0319	Wildwood City	0514	Hoboken City	0905
		Medford Township	0320	Wildwood Crest Borough	0515	Jersey City	0906
		Medford Lakes Borough	0321	Woodbine Borough	0516	Kearny Town	0907
		Moorestown Township	0322			North Bergen Township	0908
		Mount Holly Township	0323	<b>CUMBERLAND COUNTY</b>			
		Mount Laurel Township	0324	Bridgeton City	0601	Secaucus Town	0909
		New Hanover Township	0325	Commercial Township	0602	Union City	0910
		North Hanover Township	0326	Deerfield Township	0603	Weehawken Township	0911
		Palmyra Borough	0327	Downe Township	0604	West New York Town	0912
		Pemberton Borough	0328	Fairfield Township	0605		
		Pemberton Township	0329	Greenwich Township	0606	<b>HUNTERDON COUNTY</b>	
		Riverside Township	0330	Hopewell Township	0607	Alexandria Township	1001
		Riverton Borough	0331	Lawrence Township	0608	Bethlehem Township	1002
		Shamong Township	0332	Maurice River Township	0609	Bloomsbury Borough	1003
		Southampton Township	0333	Millville City	0610	Califon Borough	1004
		Springfield Township	0334	Shiloh Borough	0611	Clinton Town	1005
		Tabernacle Township	0335	Stow Creek Township	0612	Clinton Township	1006
		Washington Township	0336	Upper Deerfield Twp.	0613	Delaware Township	1007
		Westampton Township	0337	Vineland City	0614	East Amwell Township	1008
		Willingboro Township	0338			Flemington Borough	1009
		Woodland Township	0339	<b>ESSEX COUNTY</b>			
		Wrightstown Borough	0340	Belleville Township	0701	Franklin Township	1010
				Bloomfield Township	0702	Frenchtown Borough	1011
		<b>CAMDEN COUNTY</b>		Caldwell Borough Twp.	0703	Glen Gardner Borough	1012
		Audubon Borough	0401	Cedar Grove Township	0704	Hampton Borough	1013
		Audubon Park Borough	0402	East Orange City	0705	High Bridge Borough	1014
		Barrington Borough	0403	Essex Fells Twp.	0706	Holland Township	1015
		Bellmawr Borough	0404	Fairfield Township	0707	Kingwood Township	1016
		Berlin Borough	0405	Glen Ridge Twp.	0708	Lambertville City	1017
		Berlin Township	0406	Irvington Township	0709	Lebanon Borough	1018
		Brooklawn Borough	0407	Livingston Township	0710	Lebanon Township	1019
		Camden City	0408	Maplewood Township	0711	Milford Borough	1020
		Cherry Hill Township	0409	Millburn Township	0712	Raritan Township	1021
		Chesilhurst Borough	0410	Montclair Township	0713	Readington Township	1022
		Clementon Borough	0411	Newark City	0714	Stockton Borough	1023
		Collingswood Borough	0412	North Caldwell Twp.	0715	Tewksbury Township	1024
						Union Township	1025
						West Amwell Township	1026

Enter the appropriate four-digit number in the boxes above Line 1 on Form NJ-1040 and Form HR-1040. The County/Municipality Codes reflected below are for the 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 Boro	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 Township	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 Borough	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	Roxbury Township	1436	Bernardsville Borough	1803	Greenwich Township	2107
Holmdel Township	1320	Victory Gardens Borough	1437	Bound Brook Borough	1804	Hackettstown Town	2108
Howell Township	1321	Washington Township	1438	Branchburg Township	1805	Hardwick Township	2109
Interlaken Borough	1322	Wharton Borough	1439	Bridgewater Township	1806	Harmony Township	2110
Keansburg Borough	1323	<b>OCEAN COUNTY</b>		Far Hills Borough	1807	Hope Township	2111
Keyport Borough	1324	Barneget Township	1501	Franklin Township	1808	Independence Township	2112
Little Silver Borough	1325	Barneget Light Borough	1502	Green Brook Township	1809	Knowlton Township	2113
Loch Arbour Village	1326	Bay Head Borough	1503	Hillsborough Township	1810	Liberty Township	2114
Long Branch City	1327	Beach Haven Borough	1504	Manville Borough	1811	Lopatcong Township	2115
Manalapan Township	1328	Beachwood Borough	1505	Millstone Borough	1812	Mansfield Township	2116
Manasquan Borough	1329	Berkeley Township	1506	Montgomery Township	1813	Oxford Township	2117
Marlboro Township	1330	Brick Township	1507	North Plainfield Borough	1814	Phillipsburg Town	2119
Matawan Borough	1331	Dover Township	1508	Peapack-Gladstone Bor.	1815	Pohatcong Township	2120
Middletown Township	1332	Eagleswood Township	1509	Raritan Borough	1816	Washington Borough	2121
Millstone Township	1333	Harvey Cedars Borough	1510	Rocky Hill Borough	1817	Washington Township	2122
		Island Heights Borough	1511	Somerville Borough	1818	White Township	2123
		Jackson Township	1512	South Bound Brook Bor.	1819		
		Lacey Township	1513				

## 2002 New Jersey Tax Table

Use this table if your New Jersey taxable income on Line 37 is less than \$100,000. If your taxable income is \$100,000 or more, you must use the Tax Rate Schedule on page 62 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 37 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 \$628. This is the tax amount to be entered on Line 38 of Form NJ-1040.

If Line 37 (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	711	627
39,850	39,900	713	628
39,900	39,950	715	629
39,950	40,000	717	630

**\*Filing Status:**

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

**2002 NEW JERSEY TAX TABLE (NJ-1040)**

If Line 37 (New Jersey Taxable Income) Is —		And You Checked Filing Status Line —		If Line 37 (New Jersey Taxable Income) Is —		And You Checked Filing Status Line —		If Line 37 (New Jersey Taxable Income) Is —		And You Checked Filing Status Line —		If Line 37 (New Jersey Taxable Income) Is —		And You Checked Filing Status Line —	
At Least	But Less Than	1 or 3	2, 4 or 5	At Least	But Less Than	1 or 3	2, 4 or 5	At Least	But Less Than	1 or 3	2, 4 or 5	At Least	But Less Than	1 or 3	2, 4 or 5
		<b>Your Tax Is—</b>				<b>Your Tax Is—</b>				<b>Your Tax Is—</b>				<b>Your Tax Is—</b>	
				<b>1,000</b>				<b>2,000</b>				<b>3,000</b>			
0	50	0	0	1,000	1,050	14	14	2,000	2,050	28	28	3,000	3,050	42	42
50	100	1	1	1,050	1,100	15	15	2,050	2,100	29	29	3,050	3,100	43	43
100	150	2	2	1,100	1,150	16	16	2,100	2,150	30	30	3,100	3,150	44	44
150	200	2	2	1,150	1,200	16	16	2,150	2,200	30	30	3,150	3,200	44	44
200	250	3	3	1,200	1,250	17	17	2,200	2,250	31	31	3,200	3,250	45	45
250	300	4	4	1,250	1,300	18	18	2,250	2,300	32	32	3,250	3,300	46	46
300	350	5	5	1,300	1,350	19	19	2,300	2,350	33	33	3,300	3,350	47	47
350	400	5	5	1,350	1,400	19	19	2,350	2,400	33	33	3,350	3,400	47	47
400	450	6	6	1,400	1,450	20	20	2,400	2,450	34	34	3,400	3,450	48	48
450	500	7	7	1,450	1,500	21	21	2,450	2,500	35	35	3,450	3,500	49	49
500	550	7	7	1,500	1,550	21	21	2,500	2,550	35	35	3,500	3,550	49	49
550	600	8	8	1,550	1,600	22	22	2,550	2,600	36	36	3,550	3,600	50	50
600	650	9	9	1,600	1,650	23	23	2,600	2,650	37	37	3,600	3,650	51	51
650	700	9	9	1,650	1,700	23	23	2,650	2,700	37	37	3,650	3,700	51	51
700	750	10	10	1,700	1,750	24	24	2,700	2,750	38	38	3,700	3,750	52	52
750	800	11	11	1,750	1,800	25	25	2,750	2,800	39	39	3,750	3,800	53	53
800	850	12	12	1,800	1,850	26	26	2,800	2,850	40	40	3,800	3,850	54	54
850	900	12	12	1,850	1,900	26	26	2,850	2,900	40	40	3,850	3,900	54	54
900	950	13	13	1,900	1,950	27	27	2,900	2,950	41	41	3,900	3,950	55	55
950	1,000	14	14	1,950	2,000	28	28	2,950	3,000	42	42	3,950	4,000	56	56

2002 NEW JERSEY TAX TABLE (NJ-1040) – Continued

If Line 37 (New Jersey Taxable Income) Is —		And You Checked Filing Status Line —		If Line 37 (New Jersey Taxable Income) Is —		And You Checked Filing Status Line —		If Line 37 (New Jersey Taxable Income) Is —		And You Checked Filing Status Line —		If Line 37 (New Jersey Taxable Income) Is —		And You Checked Filing Status Line —	
At Least	But Less Than	1 or 3	2, 4 or 5	At Least	But Less Than	1 or 3	2, 4 or 5	At Least	But Less Than	1 or 3	2, 4 or 5	At Least	But Less Than	1 or 3	2, 4 or 5
		Your Tax Is—				Your Tax Is—				Your Tax Is—				Your Tax Is—	
<b>4,000</b>				<b>7,000</b>				<b>10,000</b>				<b>13,000</b>			
4,000	4,050	56	56	7,000	7,050	98	98	10,000	10,050	140	140	13,000	13,050	182	182
4,050	4,100	57	57	7,050	7,100	99	99	10,050	10,100	141	141	13,050	13,100	183	183
4,100	4,150	58	58	7,100	7,150	100	100	10,100	10,150	142	142	13,100	13,150	184	184
4,150	4,200	58	58	7,150	7,200	100	100	10,150	10,200	142	142	13,150	13,200	184	184
4,200	4,250	59	59	7,200	7,250	101	101	10,200	10,250	143	143	13,200	13,250	185	185
4,250	4,300	60	60	7,250	7,300	102	102	10,250	10,300	144	144	13,250	13,300	186	186
4,300	4,350	61	61	7,300	7,350	103	103	10,300	10,350	145	145	13,300	13,350	187	187
4,350	4,400	61	61	7,350	7,400	103	103	10,350	10,400	145	145	13,350	13,400	187	187
4,400	4,450	62	62	7,400	7,450	104	104	10,400	10,450	146	146	13,400	13,450	188	188
4,450	4,500	63	63	7,450	7,500	105	105	10,450	10,500	147	147	13,450	13,500	189	189
4,500	4,550	63	63	7,500	7,550	105	105	10,500	10,550	147	147	13,500	13,550	189	189
4,550	4,600	64	64	7,550	7,600	106	106	10,550	10,600	148	148	13,550	13,600	190	190
4,600	4,650	65	65	7,600	7,650	107	107	10,600	10,650	149	149	13,600	13,650	191	191
4,650	4,700	65	65	7,650	7,700	107	107	10,650	10,700	149	149	13,650	13,700	191	191
4,700	4,750	66	66	7,700	7,750	108	108	10,700	10,750	150	150	13,700	13,750	192	192
4,750	4,800	67	67	7,750	7,800	109	109	10,750	10,800	151	151	13,750	13,800	193	193
4,800	4,850	68	68	7,800	7,850	110	110	10,800	10,850	152	152	13,800	13,850	194	194
4,850	4,900	68	68	7,850	7,900	110	110	10,850	10,900	152	152	13,850	13,900	194	194
4,900	4,950	69	69	7,900	7,950	111	111	10,900	10,950	153	153	13,900	13,950	195	195
4,950	5,000	70	70	7,950	8,000	112	112	10,950	11,000	154	154	13,950	14,000	196	196
<b>5,000</b>				<b>8,000</b>				<b>11,000</b>				<b>14,000</b>			
5,000	5,050	70	70	8,000	8,050	112	112	11,000	11,050	154	154	14,000	14,050	196	196
5,050	5,100	71	71	8,050	8,100	113	113	11,050	11,100	155	155	14,050	14,100	197	197
5,100	5,150	72	72	8,100	8,150	114	114	11,100	11,150	156	156	14,100	14,150	198	198
5,150	5,200	72	72	8,150	8,200	114	114	11,150	11,200	156	156	14,150	14,200	198	198
5,200	5,250	73	73	8,200	8,250	115	115	11,200	11,250	157	157	14,200	14,250	199	199
5,250	5,300	74	74	8,250	8,300	116	116	11,250	11,300	158	158	14,250	14,300	200	200
5,300	5,350	75	75	8,300	8,350	117	117	11,300	11,350	159	159	14,300	14,350	201	201
5,350	5,400	75	75	8,350	8,400	117	117	11,350	11,400	159	159	14,350	14,400	201	201
5,400	5,450	76	76	8,400	8,450	118	118	11,400	11,450	160	160	14,400	14,450	202	202
5,450	5,500	77	77	8,450	8,500	119	119	11,450	11,500	161	161	14,450	14,500	203	203
5,500	5,550	77	77	8,500	8,550	119	119	11,500	11,550	161	161	14,500	14,550	203	203
5,550	5,600	78	78	8,550	8,600	120	120	11,550	11,600	162	162	14,550	14,600	204	204
5,600	5,650	79	79	8,600	8,650	121	121	11,600	11,650	163	163	14,600	14,650	205	205
5,650	5,700	79	79	8,650	8,700	121	121	11,650	11,700	163	163	14,650	14,700	205	205
5,700	5,750	80	80	8,700	8,750	122	122	11,700	11,750	164	164	14,700	14,750	206	206
5,750	5,800	81	81	8,750	8,800	123	123	11,750	11,800	165	165	14,750	14,800	207	207
5,800	5,850	82	82	8,800	8,850	124	124	11,800	11,850	166	166	14,800	14,850	208	208
5,850	5,900	82	82	8,850	8,900	124	124	11,850	11,900	166	166	14,850	14,900	208	208
5,900	5,950	83	83	8,900	8,950	125	125	11,900	11,950	167	167	14,900	14,950	209	209
5,950	6,000	84	84	8,950	9,000	126	126	11,950	12,000	168	168	14,950	15,000	210	210
<b>6,000</b>				<b>9,000</b>				<b>12,000</b>				<b>15,000</b>			
6,000	6,050	84	84	9,000	9,050	126	126	12,000	12,050	168	168	15,000	15,050	210	210
6,050	6,100	85	85	9,050	9,100	127	127	12,050	12,100	169	169	15,050	15,100	211	211
6,100	6,150	86	86	9,100	9,150	128	128	12,100	12,150	170	170	15,100	15,150	212	212
6,150	6,200	86	86	9,150	9,200	128	128	12,150	12,200	170	170	15,150	15,200	212	212
6,200	6,250	87	87	9,200	9,250	129	129	12,200	12,250	171	171	15,200	15,250	213	213
6,250	6,300	88	88	9,250	9,300	130	130	12,250	12,300	172	172	15,250	15,300	214	214
6,300	6,350	89	89	9,300	9,350	131	131	12,300	12,350	173	173	15,300	15,350	215	215
6,350	6,400	89	89	9,350	9,400	131	131	12,350	12,400	173	173	15,350	15,400	215	215
6,400	6,450	90	90	9,400	9,450	132	132	12,400	12,450	174	174	15,400	15,450	216	216
6,450	6,500	91	91	9,450	9,500	133	133	12,450	12,500	175	175	15,450	15,500	217	217
6,500	6,550	91	91	9,500	9,550	133	133	12,500	12,550	175	175	15,500	15,550	217	217
6,550	6,600	92	92	9,550	9,600	134	134	12,550	12,600	176	176	15,550	15,600	218	218
6,600	6,650	93	93	9,600	9,650	135	135	12,600	12,650	177	177	15,600	15,650	219	219
6,650	6,700	93	93	9,650	9,700	135	135	12,650	12,700	177	177	15,650	15,700	219	219
6,700	6,750	94	94	9,700	9,750	136	136	12,700	12,750	178	178	15,700	15,750	220	220
6,750	6,800	95	95	9,750	9,800	137	137	12,750	12,800	179	179	15,750	15,800	221	221
6,800	6,850	96	96	9,800	9,850	138	138	12,800	12,850	180	180	15,800	15,850	222	222
6,850	6,900	96	96	9,850	9,900	138	138	12,850	12,900	180	180	15,850	15,900	222	222
6,900	6,950	97	97	9,900	9,950	139	139	12,900	12,950	181	181	15,900	15,950	223	223
6,950	7,000	98	98	9,950	10,000	140	140	12,950	13,000	182	182	15,950	16,000	224	224

2002 NEW JERSEY TAX TABLE (NJ-1040) – Continued

If Line 37 (New Jersey Taxable Income) Is —		And You Checked Filing Status Line —		If Line 37 (New Jersey Taxable Income) Is —		And You Checked Filing Status Line —		If Line 37 (New Jersey Taxable Income) Is —		And You Checked Filing Status Line —		If Line 37 (New Jersey Taxable Income) Is —		And You Checked Filing Status Line —	
At Least	But Less Than	1 or 3	2, 4 or 5	At Least	But Less Than	1 or 3	2, 4 or 5	At Least	But Less Than	1 or 3	2, 4 or 5	At Least	But Less Than	1 or 3	2, 4 or 5
		Your Tax Is—				Your Tax Is—				Your Tax Is—				Your Tax Is—	
<b>16,000</b>				<b>19,000</b>				<b>22,000</b>				<b>25,000</b>			
16,000	16,050	224	224	19,000	19,050	266	266	22,000	22,050	315	315	25,000	25,050	368	368
16,050	16,100	225	225	19,050	19,100	267	267	22,050	22,100	316	316	25,050	25,100	369	369
16,100	16,150	226	226	19,100	19,150	268	268	22,100	22,150	317	317	25,100	25,150	370	370
16,150	16,200	226	226	19,150	19,200	268	268	22,150	22,200	318	318	25,150	25,200	371	371
16,200	16,250	227	227	19,200	19,250	269	269	22,200	22,250	319	319	25,200	25,250	371	371
16,250	16,300	228	228	19,250	19,300	270	270	22,250	22,300	320	320	25,250	25,300	372	372
16,300	16,350	229	229	19,300	19,350	271	271	22,300	22,350	321	321	25,300	25,350	373	373
16,350	16,400	229	229	19,350	19,400	271	271	22,350	22,400	322	322	25,350	25,400	374	374
16,400	16,450	230	230	19,400	19,450	272	272	22,400	22,450	322	322	25,400	25,450	375	375
16,450	16,500	231	231	19,450	19,500	273	273	22,450	22,500	323	323	25,450	25,500	376	376
16,500	16,550	231	231	19,500	19,550	273	273	22,500	22,550	324	324	25,500	25,550	377	377
16,550	16,600	232	232	19,550	19,600	274	274	22,550	22,600	325	325	25,550	25,600	378	378
16,600	16,650	233	233	19,600	19,650	275	275	22,600	22,650	326	326	25,600	25,650	378	378
16,650	16,700	233	233	19,650	19,700	275	275	22,650	22,700	327	327	25,650	25,700	379	379
16,700	16,750	234	234	19,700	19,750	276	276	22,700	22,750	328	328	25,700	25,750	380	380
16,750	16,800	235	235	19,750	19,800	277	277	22,750	22,800	329	329	25,750	25,800	381	381
16,800	16,850	236	236	19,800	19,850	278	278	22,800	22,850	329	329	25,800	25,850	382	382
16,850	16,900	236	236	19,850	19,900	278	278	22,850	22,900	330	330	25,850	25,900	383	383
16,900	16,950	237	237	19,900	19,950	279	279	22,900	22,950	331	331	25,900	25,950	384	384
16,950	17,000	238	238	19,950	20,000	280	280	22,950	23,000	332	332	25,950	26,000	385	385
<b>17,000</b>				<b>20,000</b>				<b>23,000</b>				<b>26,000</b>			
17,000	17,050	238	238	20,000	20,050	280	280	23,000	23,050	333	333	26,000	26,050	385	385
17,050	17,100	239	239	20,050	20,100	281	281	23,050	23,100	334	334	26,050	26,100	386	386
17,100	17,150	240	240	20,100	20,150	282	282	23,100	23,150	335	335	26,100	26,150	387	387
17,150	17,200	240	240	20,150	20,200	283	283	23,150	23,200	336	336	26,150	26,200	388	388
17,200	17,250	241	241	20,200	20,250	284	284	23,200	23,250	336	336	26,200	26,250	389	389
17,250	17,300	242	242	20,250	20,300	285	285	23,250	23,300	337	337	26,250	26,300	390	390
17,300	17,350	243	243	20,300	20,350	286	286	23,300	23,350	338	338	26,300	26,350	391	391
17,350	17,400	243	243	20,350	20,400	287	287	23,350	23,400	339	339	26,350	26,400	392	392
17,400	17,450	244	244	20,400	20,450	287	287	23,400	23,450	340	340	26,400	26,450	392	392
17,450	17,500	245	245	20,450	20,500	288	288	23,450	23,500	341	341	26,450	26,500	393	393
17,500	17,550	245	245	20,500	20,550	289	289	23,500	23,550	342	342	26,500	26,550	394	394
17,550	17,600	246	246	20,550	20,600	290	290	23,550	23,600	343	343	26,550	26,600	395	395
17,600	17,650	247	247	20,600	20,650	291	291	23,600	23,650	343	343	26,600	26,650	396	396
17,650	17,700	247	247	20,650	20,700	292	292	23,650	23,700	344	344	26,650	26,700	397	397
17,700	17,750	248	248	20,700	20,750	293	293	23,700	23,750	345	345	26,700	26,750	398	398
17,750	17,800	249	249	20,750	20,800	294	294	23,750	23,800	346	346	26,750	26,800	399	399
17,800	17,850	250	250	20,800	20,850	294	294	23,800	23,850	347	347	26,800	26,850	399	399
17,850	17,900	250	250	20,850	20,900	295	295	23,850	23,900	348	348	26,850	26,900	400	400
17,900	17,950	251	251	20,900	20,950	296	296	23,900	23,950	349	349	26,900	26,950	401	401
17,950	18,000	252	252	20,950	21,000	297	297	23,950	24,000	350	350	26,950	27,000	402	402
<b>18,000</b>				<b>21,000</b>				<b>24,000</b>				<b>27,000</b>			
18,000	18,050	252	252	21,000	21,050	298	298	24,000	24,050	350	350	27,000	27,050	403	403
18,050	18,100	253	253	21,050	21,100	299	299	24,050	24,100	351	351	27,050	27,100	404	404
18,100	18,150	254	254	21,100	21,150	300	300	24,100	24,150	352	352	27,100	27,150	405	405
18,150	18,200	254	254	21,150	21,200	301	301	24,150	24,200	353	353	27,150	27,200	406	406
18,200	18,250	255	255	21,200	21,250	301	301	24,200	24,250	354	354	27,200	27,250	406	406
18,250	18,300	256	256	21,250	21,300	302	302	24,250	24,300	355	355	27,250	27,300	407	407
18,300	18,350	257	257	21,300	21,350	303	303	24,300	24,350	356	356	27,300	27,350	408	408
18,350	18,400	257	257	21,350	21,400	304	304	24,350	24,400	357	357	27,350	27,400	409	409
18,400	18,450	258	258	21,400	21,450	305	305	24,400	24,450	357	357	27,400	27,450	410	410
18,450	18,500	259	259	21,450	21,500	306	306	24,450	24,500	358	358	27,450	27,500	411	411
18,500	18,550	259	259	21,500	21,550	307	307	24,500	24,550	359	359	27,500	27,550	412	412
18,550	18,600	260	260	21,550	21,600	308	308	24,550	24,600	360	360	27,550	27,600	413	413
18,600	18,650	261	261	21,600	21,650	308	308	24,600	24,650	361	361	27,600	27,650	413	413
18,650	18,700	261	261	21,650	21,700	309	309	24,650	24,700	362	362	27,650	27,700	414	414
18,700	18,750	262	262	21,700	21,750	310	310	24,700	24,750	363	363	27,700	27,750	415	415
18,750	18,800	263	263	21,750	21,800	311	311	24,750	24,800	364	364	27,750	27,800	416	416
18,800	18,850	264	264	21,800	21,850	312	312	24,800	24,850	364	364	27,800	27,850	417	417
18,850	18,900	264	264	21,850	21,900	313	313	24,850	24,900	365	365	27,850	27,900	418	418
18,900	18,950	265	265	21,900	21,950	314	314	24,900	24,950	366	366	27,900	27,950	419	419
18,950	19,000	266	266	21,950	22,000	315	315	24,950	25,000	367	367	27,950	28,000	420	420

2002 NEW JERSEY TAX TABLE (NJ-1040) – Continued

If Line 37 (New Jersey Taxable Income) Is —		And You Checked Filing Status Line —		If Line 37 (New Jersey Taxable Income) Is —		And You Checked Filing Status Line —		If Line 37 (New Jersey Taxable Income) Is —		And You Checked Filing Status Line —		If Line 37 (New Jersey Taxable Income) Is —		And You Checked Filing Status Line —	
At Least	But Less Than	1 or 3	2, 4 or 5	At Least	But Less Than	1 or 3	2, 4 or 5	At Least	But Less Than	1 or 3	2, 4 or 5	At Least	But Less Than	1 or 3	2, 4 or 5
		Your Tax Is—				Your Tax Is—				Your Tax Is—				Your Tax Is—	
<b>28,000</b>				<b>31,000</b>				<b>34,000</b>				<b>37,000</b>			
28,000	28,050	420	420	31,000	31,050	473	473	34,000	34,050	525	525	37,000	37,050	613	578
28,050	28,100	421	421	31,050	31,100	474	474	34,050	34,100	526	526	37,050	37,100	615	579
28,100	28,150	422	422	31,100	31,150	475	475	34,100	34,150	527	527	37,100	37,150	617	580
28,150	28,200	423	423	31,150	31,200	476	476	34,150	34,200	528	528	37,150	37,200	619	581
28,200	28,250	424	424	31,200	31,250	476	476	34,200	34,250	529	529	37,200	37,250	620	581
28,250	28,300	425	425	31,250	31,300	477	477	34,250	34,300	530	530	37,250	37,300	622	582
28,300	28,350	426	426	31,300	31,350	478	478	34,300	34,350	531	531	37,300	37,350	624	583
28,350	28,400	427	427	31,350	31,400	479	479	34,350	34,400	532	532	37,350	37,400	626	584
28,400	28,450	427	427	31,400	31,450	480	480	34,400	34,450	532	532	37,400	37,450	627	585
28,450	28,500	428	428	31,450	31,500	481	481	34,450	34,500	533	533	37,450	37,500	629	586
28,500	28,550	429	429	31,500	31,550	482	482	34,500	34,550	534	534	37,500	37,550	631	587
28,550	28,600	430	430	31,550	31,600	483	483	34,550	34,600	535	535	37,550	37,600	633	588
28,600	28,650	431	431	31,600	31,650	483	483	34,600	34,650	536	536	37,600	37,650	634	588
28,650	28,700	432	432	31,650	31,700	484	484	34,650	34,700	537	537	37,650	37,700	636	589
28,700	28,750	433	433	31,700	31,750	485	485	34,700	34,750	538	538	37,700	37,750	638	590
28,750	28,800	434	434	31,750	31,800	486	486	34,750	34,800	539	539	37,750	37,800	640	591
28,800	28,850	434	434	31,800	31,850	487	487	34,800	34,850	539	539	37,800	37,850	641	592
28,850	28,900	435	435	31,850	31,900	488	488	34,850	34,900	540	540	37,850	37,900	643	593
28,900	28,950	436	436	31,900	31,950	489	489	34,900	34,950	541	541	37,900	37,950	645	594
28,950	29,000	437	437	31,950	32,000	490	490	34,950	35,000	542	542	37,950	38,000	647	595
<b>29,000</b>				<b>32,000</b>				<b>35,000</b>				<b>38,000</b>			
29,000	29,050	438	438	32,000	32,050	490	490	35,000	35,050	543	543	38,000	38,050	648	595
29,050	29,100	439	439	32,050	32,100	491	491	35,050	35,100	545	544	38,050	38,100	650	596
29,100	29,150	440	440	32,100	32,150	492	492	35,100	35,150	547	545	38,100	38,150	652	597
29,150	29,200	441	441	32,150	32,200	493	493	35,150	35,200	549	546	38,150	38,200	654	598
29,200	29,250	441	441	32,200	32,250	494	494	35,200	35,250	550	546	38,200	38,250	655	599
29,250	29,300	442	442	32,250	32,300	495	495	35,250	35,300	552	547	38,250	38,300	657	600
29,300	29,350	443	443	32,300	32,350	496	496	35,300	35,350	554	548	38,300	38,350	659	601
29,350	29,400	444	444	32,350	32,400	497	497	35,350	35,400	556	549	38,350	38,400	661	602
29,400	29,450	445	445	32,400	32,450	497	497	35,400	35,450	557	550	38,400	38,450	662	602
29,450	29,500	446	446	32,450	32,500	498	498	35,450	35,500	559	551	38,450	38,500	664	603
29,500	29,550	447	447	32,500	32,550	499	499	35,500	35,550	561	552	38,500	38,550	666	604
29,550	29,600	448	448	32,550	32,600	500	500	35,550	35,600	563	553	38,550	38,600	668	605
29,600	29,650	448	448	32,600	32,650	501	501	35,600	35,650	564	553	38,600	38,650	669	606
29,650	29,700	449	449	32,650	32,700	502	502	35,650	35,700	566	554	38,650	38,700	671	607
29,700	29,750	450	450	32,700	32,750	503	503	35,700	35,750	568	555	38,700	38,750	673	608
29,750	29,800	451	451	32,750	32,800	504	504	35,750	35,800	570	556	38,750	38,800	675	609
29,800	29,850	452	452	32,800	32,850	504	504	35,800	35,850	571	557	38,800	38,850	676	609
29,850	29,900	453	453	32,850	32,900	505	505	35,850	35,900	573	558	38,850	38,900	678	610
29,900	29,950	454	454	32,900	32,950	506	506	35,900	35,950	575	559	38,900	38,950	680	611
29,950	30,000	455	455	32,950	33,000	507	507	35,950	36,000	577	560	38,950	39,000	682	612
<b>30,000</b>				<b>33,000</b>				<b>36,000</b>				<b>39,000</b>			
30,000	30,050	455	455	33,000	33,050	508	508	36,000	36,050	578	560	39,000	39,050	683	613
30,050	30,100	456	456	33,050	33,100	509	509	36,050	36,100	580	561	39,050	39,100	685	614
30,100	30,150	457	457	33,100	33,150	510	510	36,100	36,150	582	562	39,100	39,150	687	615
30,150	30,200	458	458	33,150	33,200	511	511	36,150	36,200	584	563	39,150	39,200	689	616
30,200	30,250	459	459	33,200	33,250	511	511	36,200	36,250	585	564	39,200	39,250	690	616
30,250	30,300	460	460	33,250	33,300	512	512	36,250	36,300	587	565	39,250	39,300	692	617
30,300	30,350	461	461	33,300	33,350	513	513	36,300	36,350	589	566	39,300	39,350	694	618
30,350	30,400	462	462	33,350	33,400	514	514	36,350	36,400	591	567	39,350	39,400	696	619
30,400	30,450	462	462	33,400	33,450	515	515	36,400	36,450	592	567	39,400	39,450	697	620
30,450	30,500	463	463	33,450	33,500	516	516	36,450	36,500	594	568	39,450	39,500	699	621
30,500	30,550	464	464	33,500	33,550	517	517	36,500	36,550	596	569	39,500	39,550	701	622
30,550	30,600	465	465	33,550	33,600	518	518	36,550	36,600	598	570	39,550	39,600	703	623
30,600	30,650	466	466	33,600	33,650	518	518	36,600	36,650	599	571	39,600	39,650	704	623
30,650	30,700	467	467	33,650	33,700	519	519	36,650	36,700	601	572	39,650	39,700	706	624
30,700	30,750	468	468	33,700	33,750	520	520	36,700	36,750	603	573	39,700	39,750	708	625
30,750	30,800	469	469	33,750	33,800	521	521	36,750	36,800	605	574	39,750	39,800	710	626
30,800	30,850	469	469	33,800	33,850	522	522	36,800	36,850	606	574	39,800	39,850	711	627
30,850	30,900	470	470	33,850	33,900	523	523	36,850	36,900	608	575	39,850	39,900	713	628
30,900	30,950	471	471	33,900	33,950	524	524	36,900	36,950	610	576	39,900	39,950	715	629
30,950	31,000	472	472	33,950	34,000	525	525	36,950	37,000	612	577	39,950	40,000	717	630

2002 NEW JERSEY TAX TABLE (NJ-1040) – Continued

If Line 37 (New Jersey Taxable Income) Is —		And You Checked Filing Status Line —		If Line 37 (New Jersey Taxable Income) Is —		And You Checked Filing Status Line —		If Line 37 (New Jersey Taxable Income) Is —		And You Checked Filing Status Line —		If Line 37 (New Jersey Taxable Income) Is —		And You Checked Filing Status Line —	
At Least	But Less Than	1 or 3	2, 4 or 5	At Least	But Less Than	1 or 3	2, 4 or 5	At Least	But Less Than	1 or 3	2, 4 or 5	At Least	But Less Than	1 or 3	2, 4 or 5
		Your Tax Is—				Your Tax Is—				Your Tax Is—				Your Tax Is—	
<b>40,000</b>				<b>43,000</b>				<b>46,000</b>				<b>49,000</b>			
40,000	40,050	719	630	43,000	43,050	885	683	46,000	46,050	1,050	735	49,000	49,050	1,216	788
40,050	40,100	722	631	43,050	43,100	887	684	46,050	46,100	1,053	736	49,050	49,100	1,219	789
40,100	40,150	724	632	43,100	43,150	890	685	46,100	46,150	1,056	737	49,100	49,150	1,222	790
40,150	40,200	727	633	43,150	43,200	893	686	46,150	46,200	1,059	738	49,150	49,200	1,224	791
40,200	40,250	730	634	43,200	43,250	896	686	46,200	46,250	1,061	739	49,200	49,250	1,227	791
40,250	40,300	733	635	43,250	43,300	898	687	46,250	46,300	1,064	740	49,250	49,300	1,230	792
40,300	40,350	735	636	43,300	43,350	901	688	46,300	46,350	1,067	741	49,300	49,350	1,233	793
40,350	40,400	738	637	43,350	43,400	904	689	46,350	46,400	1,070	742	49,350	49,400	1,235	794
40,400	40,450	741	637	43,400	43,450	907	690	46,400	46,450	1,072	742	49,400	49,450	1,238	795
40,450	40,500	744	638	43,450	43,500	909	691	46,450	46,500	1,075	743	49,450	49,500	1,241	796
40,500	40,550	747	639	43,500	43,550	912	692	46,500	46,550	1,078	744	49,500	49,550	1,244	797
40,550	40,600	749	640	43,550	43,600	915	693	46,550	46,600	1,081	745	49,550	49,600	1,247	798
40,600	40,650	752	641	43,600	43,650	918	693	46,600	46,650	1,084	746	49,600	49,650	1,249	798
40,650	40,700	755	642	43,650	43,700	921	694	46,650	46,700	1,086	747	49,650	49,700	1,252	799
40,700	40,750	758	643	43,700	43,750	923	695	46,700	46,750	1,089	748	49,700	49,750	1,255	800
40,750	40,800	760	644	43,750	43,800	926	696	46,750	46,800	1,092	749	49,750	49,800	1,258	801
40,800	40,850	763	644	43,800	43,850	929	697	46,800	46,850	1,095	749	49,800	49,850	1,260	802
40,850	40,900	766	645	43,850	43,900	932	698	46,850	46,900	1,097	750	49,850	49,900	1,263	803
40,900	40,950	769	646	43,900	43,950	934	699	46,900	46,950	1,100	751	49,900	49,950	1,266	804
40,950	41,000	771	647	43,950	44,000	937	700	46,950	47,000	1,103	752	49,950	50,000	1,269	805
<b>41,000</b>				<b>44,000</b>				<b>47,000</b>				<b>50,000</b>			
41,000	41,050	774	648	44,000	44,050	940	700	47,000	47,050	1,106	753	50,000	50,050	1,271	806
41,050	41,100	777	649	44,050	44,100	943	701	47,050	47,100	1,108	754	50,050	50,100	1,274	807
41,100	41,150	780	650	44,100	44,150	945	702	47,100	47,150	1,111	755	50,100	50,150	1,277	808
41,150	41,200	782	651	44,150	44,200	948	703	47,150	47,200	1,114	756	50,150	50,200	1,280	809
41,200	41,250	785	651	44,200	44,250	951	704	47,200	47,250	1,117	756	50,200	50,250	1,282	811
41,250	41,300	788	652	44,250	44,300	954	705	47,250	47,300	1,119	757	50,250	50,300	1,285	812
41,300	41,350	791	653	44,300	44,350	956	706	47,300	47,350	1,122	758	50,300	50,350	1,288	813
41,350	41,400	793	654	44,350	44,400	959	707	47,350	47,400	1,125	759	50,350	50,400	1,291	814
41,400	41,450	796	655	44,400	44,450	962	707	47,400	47,450	1,128	760	50,400	50,450	1,293	815
41,450	41,500	799	656	44,450	44,500	965	708	47,450	47,500	1,130	761	50,450	50,500	1,296	817
41,500	41,550	802	657	44,500	44,550	968	709	47,500	47,550	1,133	762	50,500	50,550	1,299	818
41,550	41,600	805	658	44,550	44,600	970	710	47,550	47,600	1,136	763	50,550	50,600	1,302	819
41,600	41,650	807	658	44,600	44,650	973	711	47,600	47,650	1,139	763	50,600	50,650	1,305	820
41,650	41,700	810	659	44,650	44,700	976	712	47,650	47,700	1,142	764	50,650	50,700	1,307	822
41,700	41,750	813	660	44,700	44,750	979	713	47,700	47,750	1,144	765	50,700	50,750	1,310	823
41,750	41,800	816	661	44,750	44,800	981	714	47,750	47,800	1,147	766	50,750	50,800	1,313	824
41,800	41,850	818	662	44,800	44,850	984	714	47,800	47,850	1,150	767	50,800	50,850	1,316	825
41,850	41,900	821	663	44,850	44,900	987	715	47,850	47,900	1,153	768	50,850	50,900	1,318	826
41,900	41,950	824	664	44,900	44,950	990	716	47,900	47,950	1,155	769	50,900	50,950	1,321	828
41,950	42,000	827	665	44,950	45,000	992	717	47,950	48,000	1,158	770	50,950	51,000	1,324	829
<b>42,000</b>				<b>45,000</b>				<b>48,000</b>				<b>51,000</b>			
42,000	42,050	829	665	45,000	45,050	995	718	48,000	48,050	1,161	770	51,000	51,050	1,327	830
42,050	42,100	832	666	45,050	45,100	998	719	48,050	48,100	1,164	771	51,050	51,100	1,329	831
42,100	42,150	835	667	45,100	45,150	1,001	720	48,100	48,150	1,166	772	51,100	51,150	1,332	833
42,150	42,200	838	668	45,150	45,200	1,003	721	48,150	48,200	1,169	773	51,150	51,200	1,335	834
42,200	42,250	840	669	45,200	45,250	1,006	721	48,200	48,250	1,172	774	51,200	51,250	1,338	835
42,250	42,300	843	670	45,250	45,300	1,009	722	48,250	48,300	1,175	775	51,250	51,300	1,340	836
42,300	42,350	846	671	45,300	45,350	1,012	723	48,300	48,350	1,177	776	51,300	51,350	1,343	837
42,350	42,400	849	672	45,350	45,400	1,014	724	48,350	48,400	1,180	777	51,350	51,400	1,346	839
42,400	42,450	851	672	45,400	45,450	1,017	725	48,400	48,450	1,183	777	51,400	51,450	1,349	840
42,450	42,500	854	673	45,450	45,500	1,020	726	48,450	48,500	1,186	778	51,450	51,500	1,351	841
42,500	42,550	857	674	45,500	45,550	1,023	727	48,500	48,550	1,189	779	51,500	51,550	1,354	842
42,550	42,600	860	675	45,550	45,600	1,026	728	48,550	48,600	1,191	780	51,550	51,600	1,357	844
42,600	42,650	863	676	45,600	45,650	1,028	728	48,600	48,650	1,194	781	51,600	51,650	1,360	845
42,650	42,700	865	677	45,650	45,700	1,031	729	48,650	48,700	1,197	782	51,650	51,700	1,363	846
42,700	42,750	868	678	45,700	45,750	1,034	730	48,700	48,750	1,200	783	51,700	51,750	1,365	847
42,750	42,800	871	679	45,750	45,800	1,037	731	48,750	48,800	1,202	784	51,750	51,800	1,368	848
42,800	42,850	874	679	45,800	45,850	1,039	732	48,800	48,850	1,205	784	51,800	51,850	1,371	850
42,850	42,900	876	680	45,850	45,900	1,042	733	48,850	48,900	1,208	785	51,850	51,900	1,374	851
42,900	42,950	879	681	45,900	45,950	1,045	734	48,900	48,950	1,211	786	51,900	51,950	1,376	852
42,950	43,000	882	682	45,950	46,000	1,048	735	48,950	49,000	1,213	787	51,950	52,000	1,379	853









2002 NEW JERSEY TAX TABLE (NJ-1040) – Continued

Table with columns for tax status (At Least, But Less Than), filing status (1 or 3, 2, 4 or 5), and tax amounts. It lists various tax brackets (e.g., 88,000, 91,000, 94,000) and corresponding tax values for different filing categories.

# New Jersey Tax Rate Schedules 2002

<b>FILING STATUS:</b>		<b>Table A</b>			
Single					
Married, filing separate return					
		<b>STEP 1</b>	<b>STEP 2</b>	<b>STEP 3</b>	
<b>If Taxable Income (Line 37) is:</b>		<b>Enter Line 37</b>	<b>Multiply Line 37 by:</b>	<b>Subtract</b>	<b>Your Tax</b>
<b>Over</b>	<b>But not over</b>				
\$ 0	\$20,000	_____	× .014 = _____	– \$ 0 = _____	
\$20,000	\$35,000	_____	× .0175 = _____	– \$ 70.00 = _____	
\$35,000	\$40,000	_____	× .035 = _____	– \$ 682.50 = _____	
\$40,000	\$75,000	_____	× .05525 = _____	– \$1,492.50 = _____	
\$75,000	and over	_____	× .0637 = _____	– \$2,126.25 = _____	

<b>FILING STATUS:</b>		<b>Table B</b>			
Married, filing joint return					
Head of household					
Qualifying widow(er)					
		<b>STEP 1</b>	<b>STEP 2</b>	<b>STEP 3</b>	
<b>If Taxable Income (Line 37) is:</b>		<b>Enter Line 37</b>	<b>Multiply Line 37 by:</b>	<b>Subtract</b>	<b>Your Tax</b>
<b>Over</b>	<b>But not over</b>				
\$ 0	\$ 20,000	_____	× .014 = _____	– \$ 0 = _____	
\$ 20,000	\$ 50,000	_____	× .0175 = _____	– \$ 70.00 = _____	
\$ 50,000	\$ 70,000	_____	× .0245 = _____	– \$ 420.00 = _____	
\$ 70,000	\$ 80,000	_____	× .035 = _____	– \$1,154.50 = _____	
\$ 80,000	\$150,000	_____	× .05525 = _____	– \$2,775.00 = _____	
\$150,000	and over	_____	× .0637 = _____	– \$4,042.50 = _____	

## When You Need Information...

### by Phone...

#### Call our Automated Tax Information System

**1-800-323-4400** — (Touch-tone phones within NJ, NY, PA, DE, and MD) or **609-826-4400** (Touch-tone phones anywhere).

- ◆ Listen to recorded tax information on many topics.
- ◆ Order forms and publications through our message system.
- ◆ Get information on 2002 refunds from ARIS, our Automated Refund Inquiry System, 7 days a week (hours may vary).

#### Contact our Customer Service Center

**609-292-6400** — Speak directly to a Division of Taxation representative for tax information and assistance, 8:30 a.m. to 4:30 p.m., Monday through Friday (except holidays).

#### TTY Equipment Users Only

Call **1-800-286-6613** (toll-free within NJ, NY, PA, DE, and MD) or **609-984-7300** (anywhere) to ask questions or to order forms and publications.

### on the World Wide Web...

#### Visit the New Jersey Division of Taxation Home Page

Many State tax forms and publications are now available on the World Wide Web. Access the Division's home page at:

<http://www.state.nj.us/treasury/taxation/>

You may also reach us by e-mail at:

[taxation@tax.state.nj.us](mailto:taxation@tax.state.nj.us)

### in Person...

#### Visit a New Jersey Division of Taxation Regional Office

Regional offices provide individual assistance at various locations throughout the State. Call the Automated Tax Information System or visit our home page for the address of the regional office nearest you.

## To Get Forms...

- ◆ Call New Jersey's Forms Request System at 1-800-323-4400 (Touch-tone phones within NJ, NY, PA, DE, and MD) or 609-826-4400 (Touch-tone phones anywhere).
- ◆ Visit a New Jersey public library.
- ◆ Dial NJ TaxFax at 609-826-4500 from your fax machine's phone.
- ◆ Write to: NJ Division of Taxation  
Taxpayer Forms Services  
PO Box 269  
Trenton, NJ 08695-0269

**IMPORTANT NOTE:** Copies of Forms NJ-1040, NJ-1040EZ, and HR-1040 are available on NJ TaxFax and on the Division's Web site for reference only and cannot be used for filing since they must be filed on original forms.

## Who Can Help...

Trained volunteers in the VITA (Volunteer Income Tax Assistance) and TCE (Tax Counseling for the Elderly) Programs are available to help prepare both Federal and State returns at over 350 locations throughout New Jersey.

For the location nearest you, contact the Division's Customer Service Center at 609-292-6400 or the Internal Revenue Service.

## New Jersey Earned Income Tax Credit...

#### Call the New Jersey Earned Income Tax Credit Hotline

**1-888-895-9179** — For information, 8:30 a.m. to 4:30 p.m., Monday through Friday (except holidays).

## NJ TaxTalk

TaxTalk is the portion of the Automated Tax Information System (ATIS) that provides recorded information to callers on a variety of New Jersey tax topics and affords them the opportunity to request written information on certain topics.

TaxTalk is available 24 hours a day, 7 days a week. Select the 3-digit topic number you want to hear. Then call the Automated Tax Information System from a Touch-tone phone at 1-800-323-4400 within New Jersey, New York, Pennsylvania, Delaware, and Maryland or 609-826-4400 anywhere. Additional topics may become available after the printing of this booklet.

### TaxTalk — Topic Codes

#### NJ INCOME TAX INFORMATION FOR INDIVIDUALS

##### Filing Your New Jersey Return

- 100 Who Must File
- 102 How and When to File an Extension
- 104 How and When to Amend
- 106 Penalties and Interest on Filing
- 108 Who is Required to Make Estimated Tax Payments
- 110 Penalties and Interest on Underpayment of Estimated Tax Payments

- 112 Pennsylvania Residents Working in New Jersey/New Jersey Residents Working in Pennsylvania
- 114 Nonresidents
- 116 Mailing Your Return With No Balance Due
- 118 Mailing Your Return With Tax Due
- 120 How to Pay

##### Completing Your New Jersey Return

- 122 Filing Status
- 124 Part-Year Residents
- 126 Military Personnel

- 128 Deceased Taxpayers
- 130 Personal Exemptions
- 132 Dependent Exemptions
- 134 New Jersey Earned Income Tax Credit
- 136 Deductions
- 138 Reporting Wages
- 140 Nontaxable Income
- 142 Reporting Capital Gain Income
- 144 Reporting a Gain From the Sale of a Principal Residence
- 146 Reporting Business Income
- 148 Withholdings and Payments

- 150 Claiming Credit for Income or Wage Tax Paid to Other Jurisdictions
- 152 Claiming Excess Unemployment and Disability
- 224 General Information on the Property Tax Deduction or Credit
- 226 Property Tax Deduction and Credit Frequently Asked Questions

**Pension and IRA Information**

- 154 Pension Income
- 156 Pension Exclusion
- 158 IRA Distributions
- 160 Establishing Your Roth IRA
- 162 Qualified Distributions From a Roth IRA
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- 200 General Information on New Jersey SAVER Rebate
- 202 New Jersey SAVER Frequently Asked Questions
- 204 2001 New Jersey SAVER Paper Application

**Homestead Rebate**

- 206 General Information on the Homestead Rebate
- 208 Eligibility Requirements
- 210 Determining the Homestead Rebate Amount
- 212 Amending the Homestead Rebate Application
- 214 Available Homestead Rebate Publications

**Property Tax Reimbursement Program**

- 216 General Information on the Property Tax Reimbursement Program
- 218 Eligibility Requirements
- 220 How to Claim a Property Tax Reimbursement
- 222 Property Tax Reimbursement Frequently Asked Questions

**Property Tax Deduction or Credit**

- 224 General Information on the Property Tax Deduction or Credit
- 226 Property Tax Deduction and Credit Frequently Asked Questions

**PAPERLESS FILING PROGRAMS****New Jersey WebFile**

- 300 NJ WebFile

**New Jersey TeleFile Program**

- 302 NJ TeleFile Program

**(ELF) Electronic Filing**

- 304 (ELF) Electronic Filing

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- 400 Registering a Business in New Jersey
- 402 Small Business Workshop
- 404 Electing S Corporation Status
- 406 New York and New Jersey Sales Tax Agreement
- 408 Alcoholic Beverage Retail Licenses
- 410 Ending Your New Jersey Business

**Income Tax Withholding Information for Businesses**

- 412 Remitting Tax Withheld
- 414 Reconciling Tax Withheld
- 416 Forms W-4 and NJ-W-4
- 418 Who Is an Employer
- 420 Withholding New Jersey Income Taxes
- 422 Filing Informal Employer Returns of Income Tax Withheld

**Sales and Use Tax Information for Businesses**

- 424 General Information for Sales and Use Tax for Businesses
- 426 Use Tax
- 428 Annual Use Tax
- 430 Filing Sales and Use Tax Returns
- 432 Filing Informal Sales and Use Tax Returns
- 434 Penalties and Interest
- 436 Contractors
- 438 Mail Order and Internet Business
- 440 Taxability of Medicines and Medical Items
- 442 Urban Enterprise Zone

**Lease and Rental Information for Businesses**

- 444 Lease Transactions in New Jersey
- 446 Rental Transactions in New Jersey
- 448 Domestic Security Fee

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- 502 Filing Responsibilities
- 504 Tax Rates and Accounting Periods
- 506 S Corporation Status

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- 508 Partnership Information

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- 600 General Information on Sales and Use Tax for Individuals

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**Mail Orders and Internet Purchases**

- 604 Mail Orders and Internet Purchases

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- 606 Home Improvements

**Taxability of Leases and Rentals**

- 608 Taxability of Leases and Rentals

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- 700 Asbury Park Office
- 702 Camden Office
- 704 Fair Lawn Office
- 706 Newark Office
- 708 Northfield Office
- 710 Somerville Office
- 712 Trenton Office

**Other Ways to Contact the Division**

- 714 Other Ways to Contact the Division

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- 716 Order Forms Through New Jersey TaxFax

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- 718 Taxpayers' Bill of Rights

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