

Line 13 - Dependents' Information - continued

Fill in the oval for each dependent who does *not* have health insurance coverage (including NJ FamilyCare/Medicaid, Medicare, private, or other health insurance) on the date you file the return. **Do not fill in the oval for any dependent who has health insurance.** This information will be sent to the New Jersey Department of Human Services to identify and reach out to residents who are uninsured to make them aware of the health care coverage available under the Medicaid and NJ FamilyCare Programs.

If you have more than four dependents, enter the information for your first four dependents on Lines 13a - d. Enclose a statement with the return listing the information for your additional dependents.

The dependents you list must also qualify as your dependent children or other dependents for Federal tax purposes. Enter the same Social Security Number, individual taxpayer identification number (ITIN), or adoption taxpayer identification number (ATIN) for each dependent that you entered on your Federal return. If you do not provide a valid Social Security Number, ITIN, or ATIN for a dependent claimed on Lines 9 and/or 10, the exemption will be denied.

To get an ATIN, file Form W-7A, Application for Taxpayer Identification Number for Pending U.S. Adoptions, with the Internal Revenue Service. See page 15 for information on getting a Social Security Number or ITIN.

NOTE: If you qualify for the New Jersey earned income tax credit (see the instructions for Line 51) and you listed a “qualifying child” on your Federal Schedule EIC who is not claimed as your dependent for New Jersey purposes, you must enter the child’s name, Social Security Number, and birth year on Line 13.

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 in 70 candidacies, allowing 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 1-888-313-ELEC (toll-free within New Jersey) or 609-292-8700 or write to:

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

Lists of contributors to gubernatorial candidates and copies of reports filed by gubernatorial candidates are available on the Election Law Enforcement Commission website at: 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.**

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. New Jersey residents must report taxable income from everywhere, whether from inside or outside the State.

Reporting Losses. If you have a net loss in any category of income, follow these

principles when completing Lines 14 – 25 of your NJ-1040:

- ♦ You cannot report a loss as such (e.g., in parentheses or as a negative number) on your NJ-1040.
- ♦ You may apply a loss in one category against other income in the same category. For example, you may subtract gambling losses from gambling winnings during the taxable year.
- ♦ You cannot apply a net loss in one category of income against income or gains in a different category on your NJ-1040. For example, you cannot subtract a net loss from the sale of property from net income in any other categories (wages, partnership income, etc.).
- ♦ If you have a net loss in any income category, make no entry on that line of your NJ-1040. Do not enter zero. Do not enter the amount of the loss in parentheses or as a negative number.
- ♦ No carryback or carryover of losses is allowed when reporting income on your NJ-1040.

Income Taxed by Another Jurisdiction.

If you have income that is taxed both by New Jersey and another jurisdiction outside New Jersey, you may be eligible for a credit against your New Jersey 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 wages, salaries, tips, fees, commissions, bonuses, and other payments you received for services performed as an employee. Include all payments, whether in cash, benefits, or property.

Enter the total of State wages, salaries, tips, etc. from **all** employment both inside and outside New Jersey.



TAX TIP Take the amount from the “State wages” box on your W-2s. (See sample W-2 on page 20.)

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

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

You must enclose all W-2s with your tax return. **Do not** staple them to your return. If you paid taxes to another jurisdiction on wages entered on this line, see page 40 for more information.

Do not include pension and annuity income or early retirement benefits on Line 14. Report this income on Lines 19a and 19b.

Retirement Plans. Under New Jersey law, contributions to retirement plans (other than 401(k) Plans) are included in State wages on the W-2 in the year the wages are earned. This may cause your State wages (Box 16) to be higher than your Federal wages (Box 1).

Meals and/or Lodging. You may exclude meals and/or lodging reported as wages on your W-2 if:

1. The meals and/or lodging were provided on the business premises of your employer; and
2. The meals and/or lodging were provided 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 met these conditions. If you do not enclose the statement, your wages will be changed back to the full amount shown on your W-2.

New Jersey State Police officers **cannot** exclude food and maintenance payments received as part of their union contract. These payments do not meet the criteria above.

Employee Business Expenses. Employee business expenses are **not** deductible for New Jersey tax purposes. However, you may exclude reimbursements for employee business expenses reported as wages on your W-2 if:

1. The reimbursements are for 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 received excludable reimbursements for employee business expenses that were included in wages on your W-2, enclose a statement explaining the amount you are excluding and your reasons. Also enclose a copy of your Federal Form 2106.

Federal Statutory Employees. If you are considered a "statutory employee" for Federal 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 tax purposes. Business expenses may only be deducted from the business income of a self-employed individual. See the instructions for Schedule NJ-BUS-1, Part I (Net Profits From Business) on page 45.

Moving Expenses. Moving expenses are **not** deductible for New Jersey tax purposes. However, you may exclude reimbursements for the following moving expenses if you met the Federal requirements to claim moving expenses, **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.

Gross Income includes the following:

- ♦ Wages and other compensation
- ♦ Interest and dividends
- ♦ Earnings on nonqualified distributions from (1) qualified state tuition program accounts, including the New Jersey Better Educational Savings Trust Program (NJBEST) accounts, or (2) qualified state 529A Achieving a Better Life Experience Program (ABLE) 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, including New Jersey Lottery winnings from prize amounts over \$10,000
- ♦ 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 25)
- ♦ Value of residence provided by employer
- ♦ Fees for services rendered, including jury duty

New Jersey gross income also **includes** the following that 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

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

Exempt (Nontaxable) Income

Do not include the following income when determining if you must file a return. These items should **not** appear anywhere on your form except for tax-exempt interest, which you report 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
- ◆ Workers' Compensation
- ◆ Gifts and inheritances
- ◆ Qualifying scholarships or fellowship grants
- ◆ New Jersey Lottery winnings from prizes in the amount of \$10,000 or less
- ◆ Unemployment Compensation received from the state (but not supplemental unemployment benefit payments)
- ◆ Family Leave Insurance (FLI) benefits
- ◆ 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 distributions from (1) qualified state tuition program accounts, including the New Jersey Better Educational Savings Trust Program (NJBEST) accounts, or (2) qualified state 529A Achieving a Better Life Experience Program (ABLE) 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). See Technical Bulletin TB-39.
- ◆ Benefits received from certain employer-provided commuter transportation benefit plans (but not salary reduction plans). See Technical Bulletin TB-24R.
- ◆ 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 benefits, FAIR rebates, and NJ SAVER rebates
- ◆ Property tax reimbursements (benefits received under Senior Freeze Program)
- ◆ 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
- ◆ Cancellation of debt
- ◆ Amounts received as damages for wrongful imprisonment

2. The actual expenses you incurred for traveling, meals, and lodging when moving yourself and your family from your old home to your new home.

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

If you received excludable reimbursements for moving expenses that were included in wages on your W-2, enclose a statement explaining the amount you are excluding and your reasons. 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 such amounts included as wages on your W-2 if:

1. The payments were compensation for wage loss that resulted from absence due to your injury or sickness; and
2. The payments were due and payable under an enforceable contractual obligation under the plan; and
3. The payments were not related to sick leave wage continuation, which is largely discretionary and payments are made regardless of the reason for absence from work.

If such payments are included in wages on your W-2, enclose Form NJ-2440.

Line 15a - Taxable Interest Income

Enter all of your taxable interest from sources both inside and outside New Jersey. New Jersey taxable interest income includes interest from the following:

- ◆ Banks
- ◆ Savings and loan associations
- ◆ Credit unions
- ◆ Savings accounts
- ◆ Earnings on nonqualified distributions from qualified state tuition program accounts, including the New Jersey Better Educational Savings Trust Program (NJBEST) accounts
- ◆ Earnings on nonqualified distributions from qualified state 529A Achieving

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