


Line 1 - Property Tax/Rent

Enter on Line 1 your property taxes (or 18% of rent) due and paid during 2005 on your qualified residence.

TAX TIP  **Property Tax Reimbursement (Senior Freeze) Applicants.** If you are eligible for a property tax reimbursement for 2005 and file your application on Form PTR-1, enter on Line 1 the amount of your **2004 property taxes** as reported on Line 14 of your 2005 Property Tax Reimbursement Application, Form PTR-1. (For mobile home owners this is 18% of 2004 site fees.)

If you are eligible for a property tax reimbursement for 2005 and file your application on Form PTR-2, enter on Line 1 the amount of your base year property taxes as reported on Line 11 of your 2005 Property Tax Reimbursement Application, Form PTR-2. (For mobile home owners this is 18% of base year site fees.)

NOTE: If you owned your home with someone other than your spouse or if your home consists of more than one unit, the amount of 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.

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, Units, or Tenants. Complete Schedule 1-A before completing Line 1, Schedule 1 if:

- ♦ You lived in more than one qualifying New Jersey residence during 2005; or
- ♦ You shared ownership of a principal residence during the year with anyone other than your spouse; or

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 and Worksheet F.

1. **Property Tax.** Enter the property taxes you paid in 2005. Renters enter 18% of rent paid in 2005. **See instructions above.** (Complete Schedule 1-A on page 43 before entering an amount here if you had more than one New Jersey residence during the year or if your principal residence(s) had multiple owners, multiple units, or multiple tenants.) 1. _____
2. **Property Tax Deduction.** Enter the amount from Line 1 or \$10,000, whichever is less. Also enter this amount on Line 4, Column A below. **See instructions page 42.** 2. _____

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

	Column A	Column B
3.		3.
4.		4. - 0 -
5.		5.
6.		6.
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. Make the following entries on Form NJ-1040.

<i>Form NJ-1040</i>	<i>Enter amount from:</i>
Line 36	Line 4, Column A
Line 37	Line 5, Column A
Line 38	Line 6, Column A
Line 46	Make no entry

No. You receive a greater tax benefit from the Property Tax Credit. (**Part-year residents**, see instructions on page 17 before answering “No.”) Make the following entries on Form NJ-1040.

<i>Form NJ-1040</i>	<i>Enter amount from:</i>
Line 36	Make no entry
Line 37	Line 5, Column B
Line 38	Line 6, Column B
Line 46	\$50 (\$25 if filing status is married, filing separate return and you maintain the same residence as your spouse). Part-year residents , see instructions on page 17.

Schedule 1 - continued

- ♦ A principal residence you owned during the year consisted of multiple units; or
- ♦ Anyone other than your spouse occupied and shared rent with you for an apartment or other rental dwelling unit; or
- ♦ You were both a homeowner and a tenant during the year.

If you were a homeowner, enter the amount from Line 4, Schedule 1-A on Line 1, Schedule 1. If you were a tenant, enter 18% of the amount from Line 8, Schedule 1-A on Line 1, Schedule 1. If you were both a homeowner and a tenant during the year, add the amount from Line 4, Schedule 1-A and 18% of the amount from Line 8, Schedule 1-A and enter the total on Line 1, Schedule 1.

If you lived for part of the year in a residence that did not meet the eligibility qualifications on page 39, you are not eligible to receive a property tax deduction or a property tax credit for the period of time you lived in that residence. However, if you moved during the year and lived for part of the year in a residence that qualifies, complete Schedule 1-A for the qualified residence only. Do not list any information pertaining to the nonqualified residence.

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 17).

NOTE: Part-year residents must complete Schedule 1-A **only** if one or more of the conditions on page 41 apply.

Line 2 - Property Tax Deduction

Enter the amount from 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 61 or the Tax Rate Schedules on page 70 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 17 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. 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. Follow the instructions on Schedule 1 for completing Lines 36, 37, 38, and 46, Form NJ-1040.

Schedule 1-A

PART I: HOMEOWNERS

Principal residences you owned in New Jersey during 2005

Address	(1) Number of days in 2005 in this residence as an owner	(2) Share of property owned by you (and your spouse)	(3) Share of property used as your principal residence	(4) Total property taxes paid on this property for this period	(5) Your share of property taxes paid on this property for this period
1.					
2.					
3.					
4. Your share of total property taxes paid in 2005 for your principal residences (total of Column 5) Use this amount to complete either Line 1, Schedule 1 or Box 5a, Line 5, Schedule A.					

PART II: TENANTS

Principal residences you rented in New Jersey during 2005

Address	(1) Number of days in 2005 in this residence as a tenant	(2) Total number of tenants who shared the rent	(3) Total rent paid by all people living in this residence during this period	(4) Total rent paid by you (and your spouse) for this residence during this period
5.				
6.				
7.				
8. Your share of total rent paid in 2005 for your principal residences (total of Column 4) Use 18% of this amount to complete either Line 1, Schedule 1 or Box 5a, Line 5, Schedule A.				

Part I - Homeowners

Principal Residences Owned in New Jersey (Lines 1-3)

List the address of each New Jersey residence you owned and occupied as your principal residence during 2005. Complete Column 1 through Column 5 for each address.

If you were **both** an owner and a tenant at the same address, enter the required information in **both** Part I and Part II.

Column 1

Enter the number of days you owned and occupied this home as your principal residence in 2005. If this was your residence for all of 2005, enter 365. The total number of days in Part I and Part II may not exceed 365.

Column 2

Enter the share (percentage) of this residence you (and your spouse) own(ed). Enter this figure as a decimal (e.g., if the share is 50%, enter 0.50). If you (and your spouse) were the sole owner(s), enter 1.00.

Column 3

If this property consists of more than one unit, indicate the share (percentage) of the property used as your principal residence. Enter this figure as a decimal (e.g., enter 25% as 0.25).

Column 4

Enter the total property taxes paid on this property during 2005 for the period indicated in Column 1.

Column 5

Multiply the decimal in Column 3 by the property tax amount in Column 4. If there is no figure in Column 3, use the decimal in Column 2. Enter the result in Column 5.

For example, total property taxes paid were \$2,000, Column 2 is 1.00, and Column 3 is 0.50. The calculation for Column 5 is $0.50 \times \$2,000 = \$1,000$.

Line 4 - Property Taxes

Add your share of property taxes paid in Column 5, Lines 1 through 3, and enter the total on Line 4.

Part II - Tenants

Principal Residences Rented in New Jersey (Lines 5-7)

List the address of each New Jersey residence you rented and occupied as your principal residence during 2005. Complete Column 1 through Column 4 for each address.

If you were **both** an owner and a tenant at the same address, enter the required information in **both** Part I and Part II.

Column 1

Enter the number of days you rented and occupied this home as your principal residence in 2005. If this was your residence for all of 2005, enter 365. The total number of days in Part I and Part II may not exceed 365.

Column 2

If you lived with someone (other than your spouse) and shared the rent with them, enter the total number of tenants who shared the rent (including yourself). For this purpose you and your spouse are considered one tenant.

Column 3

Enter the total amount of rent paid by all tenants (including yourself) during 2005 for the period indicated in Column 1.

Column 4

Divide the amount in Column 3 by the number in Column 2, and enter the result in Column 4.

Line 8 - Rent

Add your share of rent paid in Column 4, Lines 5 through 7, and enter the total on Line 8.

All property tax relief program information is subject to change

2005 Form NJ-1040 Line-by-Line Instructions

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 61 or the New Jersey Tax Rate Schedules on page 70 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 70 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 48.

Line 40 - Balance of Tax

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

Line 41 - Balance of Tax

Enter on Line 41 the balance of tax from Line 40, page 2.

Line 42 - 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 sales tax has not been paid. If sales tax has been collected out of State, use tax is only due if the tax was paid at a rate less than 6%, based on the difference.

For example:

- ◆ You purchased a computer over the Internet for \$1,500 from a seller located outside of New Jersey and no sales tax was collected. Your use tax liability to New Jersey on this item is \$90 ($\$1,500 \times .06 = \90).
- ◆ On a trip to Maine you purchased an antique desk for \$4,000 and paid Maine sales tax at the rate of 5%. The difference, \$40 (1% of the purchase price), is due to New Jersey as use tax.

Individual taxpayers report and remit use tax by either completing and filing the Use Tax Return (Form ST-18) within 20 days after property is brought into New Jersey or by reporting any use tax due on Line 42 of their resident income tax return, Form NJ-1040.