

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

continued

Line 15a - Taxable Interest Income - continued

- a Better Life Experience Program (ABLE) 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

If the amount on Line 15a is more than \$1,500, enclose a copy of Schedule B, Federal Form 1040 or 1040A.

**Interest to be Reported on Other Lines.**

If you received interest that was earned and paid to a sole proprietorship, a partnership, an S corporation, or an estate or trust, do not include the interest on Line 15a. Your portion of the interest from these sources will be included as follows:

- *Sole proprietorship:* Schedule NJ-BUS-1, Part I
- *Partnership:* Schedule NJ-BUS-1, Part II
- *S Corporation:* Schedule NJ-BUS-1, Part III
- *Estate or Trust:* Form NJ-1040, Line 25 (Grantor Trusts, see the instructions for Line 25)

**NOTE:** If you received a Form 1099 from a partnership or an S corporation for interest paid or deemed to have been paid to you, you must include that interest on Line 15a.

For more information on reporting partnership or S corporation income, see Tax

Topic Bulletins GIT-9P, *Income From Partnerships*, or GIT-9S, *Income From S Corporations*.

**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.

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

Enter all of your tax-exempt interest, including exempt interest dividends from a New Jersey Qualified Investment Fund. **If Line 15b is more than \$10,000, you must enclose a listing of the amount received from each source.**

**Do not include interest earned on your IRA(s) on Line 15b.** If you made a withdrawal from your IRA, see the instructions for Line 19a and Line 19b.

New Jersey tax-exempt interest income includes interest from:

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

22222		Void <input type="checkbox"/>	a Employee's social security number		For Official Use Only ▶ OMB No. 1545-0008	
b Employer identification number (EIN)			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	
d Control Number			5 Medical insurance and tips		6 Medicare tax withheld	
e Employee's name and address (Last name, first name, middle initial, street address, city, state, ZIP code)			7 Social security tips		8 Allocated employer's share of state and local income taxes	
f Employee's address and ZIP code			9 Other compensation		10 Dependent care benefits	
15 State Employer's state ID number NJ 234-567-890/000			11 Non-qualified plans		12a See instructions for box 12	
16 State wages, tips, etc. 42,250.00			13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>		12b	
17 State income tax 525.00			14 Other UI/WF/SWF - \$138.56 DI - \$65.20 DI P.P. #(Private Plan No.)		12c	
18 Local wages, tips, etc.			19 Local income tax		20 Locality name	
FLI P.P. # (Private Plan No.)			26.08 - FLI			
<b>Form W-2 Wage and Tax Statement</b>			<b>2016</b>		Department of the Treasury—Internal Revenue Service For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.	