

Line 31 - Alimony and Separate Maintenance Payments

Enter the alimony and separate maintenance payments you made that were required under a decree of divorce/dissolution or separate maintenance. Do not include payments for child support.

Line 32 - Qualified Conservation Contributions

Enter any contribution you made for conservation purposes of a qualified real property interest in property located in New Jersey. The deduction is the amount of the contribution allowed as a deduction in calculating your taxable income for Federal purposes. If you file Federal Form 8283, enclose a copy.

Line 33 - Health Enterprise Zone Deduction

If you provide primary care services in a qualified medical or dental practice you own that is located in or within five miles of a designated Health Enterprise Zone (HEZ), you may be able to deduct a percentage of the net income from that practice on Line 33. See Technical Bulletin TB-56 for eligibility requirements and instructions for calculating the HEZ deduction.

If you are a partner in a qualified practice, enter on Line 33 the HEZ deduction from

Part III of the Schedule NJK-1, Form NJ-1065, you received from the practice. If you are an S corporation shareholder in a qualified practice, enter the HEZ deduction from Part V of the Schedule NJ-K-1, Form CBT-100S, you received from the practice.

If you are a sole proprietor who owns a qualified practice, you must determine your allowable HEZ deduction each year. Enclose a schedule with your return showing how you calculated the HEZ deduction.

NOTE: Do not claim nonreimbursed medical expenses, health insurance premiums, or other personal or business expenses as a deduction on this line.

Line 34 - Alternative Business Calculation Adjustment

If you completed Schedule NJ-BUS-1 and had a loss on Line 4 of either Part I, II, III, or IV, you may be eligible for an income adjustment. You may also be eligible if you had a loss carryforward on Schedule NJ-BUS-2 from a prior year. Complete Schedule NJ-BUS-2, Alternative Business Calculation Adjustment. Enter on Line 34 the amount from Schedule NJ-BUS-2, Line 11. If zero, make no entry.

Enclose Schedule NJ-BUS-2 with your return, and keep a copy for your records.

You may need the information from this schedule to complete future returns.

Line 35 - Total Exemptions and Deductions

Add Lines 29 through 34 and enter the total on Line 35.

Line 36 - Taxable Income

Subtract Line 35 from Line 28 and enter the result on Line 36. If Line 36 is zero or less, make no entry.

Property Tax Deduction/Credit (Lines 37a - c, 38, and 49)

Homeowners and tenants who paid property taxes, either directly or through rent, on a principal residence in New Jersey may qualify for either a deduction or a refundable credit.

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

The **property tax credit** reduces your tax due because it is subtracted directly from your tax liability.

If you met the eligibility requirements below, complete Lines 37a - 37c, Line 38, or Line 49. If you are not eligible, leave Lines 37a - c, 38, and 49 blank, and continue with Line 39.

Eligibility Requirements

You are eligible for a deduction or credit only if:

- ♦ You were domiciled and maintained a principal residence as a homeowner or tenant in New Jersey during 2016.
- ♦ Your principal residence, whether owned or rented, was subject to property taxes that were paid either as actual property taxes or through rent.
- ♦ If you rented your principal residence, it had its own separate kitchen and bathroom that you did not share with

**Worksheet E
Deduction for Medical Expenses**

1. Total nonreimbursed medical expenses 1. _____
2. Enter Line 28, Form 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. **Total Deduction for Medical Expenses.** Add lines 3, 4, and 5. Enter the result here and on Line 30, Form NJ-1040. If zero, enter zero here and make no entry on Line 30, Form NJ-1040 6. _____

(Keep for your records)

occupants of other units in the building, if there were other units.

- ♦ If your principal residence was a unit in a multiunit property you owned, the property had no more than four units and no more than one of those was a commercial unit.
- ♦ Your income on Line 28 is more than the filing threshold amount for your filing status (see chart on page 6). However, if you (and/or your spouse if filing jointly) were 65 or older or blind or disabled on the last day of the tax year and you were not required to file a return because of the amount of your income, see “Seniors or Blind/Disabled Persons Not Required to File Form NJ-1040” in the box below.

The Division of Taxation audits returns to make sure homeowners and tenants meet these eligibility requirements.

NOTE: You are *not eligible* for a deduction or credit unless your principal residence, whether owned or rented, is subject to property taxes. Contact your building manager or the municipal tax collector if you are not sure whether the place you live is subject to property taxes.

Principal Residence. A principal residence is a home you own or rent and actually occupy as your permanent residence. It does *not* include a vacation home, a “second home,” or property you own and rent to someone else.

Multiunit Properties. If you *owned* a multiunit property and one of the units was your principal residence, you are eligible for a deduction or credit only if the property:

- ♦ Contained four units or less, and
- ♦ No more than one of those units was a commercial unit.

Disabled Veterans. Totally and permanently disabled veterans who had a 100% exemption from property taxes on their principal residence are *not eligible* for a deduction or credit. If any part of the property was rented to a tenant, and property taxes were paid on the rented portion, the tenant may be eligible for

the deduction or credit, but the property owner is not.

P.I.L.O.T. Payments. Homeowners who made P.I.L.O.T. (Payments-in-Lieu-of-Tax) payments to the municipality are *not eligible* for a deduction or credit. These payments are not property taxes.

Tax-Exempt, Subsidized, and Campus Housing. Certain properties are not subject to property taxes. Tenants living in these properties are *not eligible* for a deduction or credit. This includes:

- ♦ Tax-exempt housing or other residences owned by the State, County, Municipal, or Federal government;
- ♦ On-campus apartments at State colleges and universities;
- ♦ Residences owned by religious, charitable, or other nonprofit organizations (including on-campus apartments at private nonprofit colleges and universities), if the property was exempt from property taxes; and
- ♦ Residences on which P.I.L.O.T. (Payments-in-Lieu-of-Tax) payments were made.

Line 37a - Total Property Taxes (18% of Rent) Paid

If you met the eligibility requirements for the property tax deduction/credit on page 29, read *all* the instructions below.

Property Taxes Paid Means...

Tenants: 18% of the rent paid during the year on your principal residence.

Homeowners: The amount of property taxes due and paid to your municipality on your principal residence for 2016.

Homestead Benefit Recipients. If you received a homestead benefit as a credit on your May 2016 property tax bill (not as a check), calculate your property taxes paid as follows:

$$\begin{array}{r} \text{property taxes paid} \\ \text{on your principal} \\ \text{residence for 2016} \end{array} + \begin{array}{r} \text{your homestead} \\ \text{benefit credit} \end{array}$$

If you received a homestead benefit as a check, use the amount of property taxes paid on your principal residence for 2016.

If you need information on your homestead benefit payment, visit the Division’s website (see page 62) or call 1-888-238-1233.

Homeowner or Tenant?

Continuing Care Communities. You are considered a *homeowner* if your continuing care contract requires you to pay the proportionate share of property taxes attributable to your unit.

Mobile Homes. You are considered a *tenant* if you owned a mobile home that was located in a mobile home park. For more information on mobile homes, contact the

Seniors or Blind/Disabled Persons Not Required to File Form NJ-1040

If you (or your spouse if filing jointly) were 65 or older or blind or disabled on the last day of the tax year, and your income on Line 28 is \$20,000 or less (\$10,000 if filing status is single or married/CU partner, filing separate return), and you met the eligibility requirements, you qualify for a property tax credit.

If you are eligible for a property tax credit as either a homeowner or tenant, and you:

- ♦ **Are eligible and file for a 2016 homestead benefit because you were a New Jersey homeowner on October 1, 2016,** your credit will automatically be included with your homestead benefit. If you are filing Form NJ-1040, **do not** complete Line 38 or Line 49. Information on the homestead benefit is available on the Division’s website (www.njtaxation.org).
- ♦ **Are not eligible for a 2016 homestead benefit** because you were not a homeowner on October 1, 2016, you can claim the property tax credit on Form NJ-1040 **or** you can file the property tax credit application, Form NJ-1040-H only (see page 48). **Do not file both Form NJ-1040 and Form NJ-1040-H.**

Line 37a - Total Property Taxes (18% of Rent) Paid - continued

Division's Customer Service Center (see page 62).

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

Multiple Owners

If you owned your principal residence with someone who was not your spouse, *you can use only the amount of property taxes paid that reflects your percentage of ownership in the property.* This is true even if only one of the owners occupies the property and pays all the taxes.

Multiunit Properties

If your principal residence was a unit in a multiunit property that you owned, *you can use only the property taxes paid for the percentage of the property you occupied.*

“Unit of residential property” means a single, separate dwelling unit that must include complete, independent living facilities for one or more persons. This unit must contain permanent provisions for living, sleeping, eating, cooking, and sanitation along with separate kitchen and bathroom facilities.

Condominiums and Co-ops. A condominium unit or a unit in a cooperative housing complex or mutual housing corporation is considered a single-family home.

Determining the Amount to Enter on Line 37a

Complete Worksheet F above.

Worksheet F		
	Yes	No
1. Did you have more than one principal residence in New Jersey during 2016?.....	<input type="radio"/>	<input type="radio"/>
2. Did you share ownership of your principal residence with someone who was not your spouse?.....	<input type="radio"/>	<input type="radio"/>
3. Was your principal residence a unit in a multiunit property that you owned?.....	<input type="radio"/>	<input type="radio"/>
4. Did you occupy and share rent for your principal residence (apartment/rental unit) with someone who was not your spouse during the year?.....	<input type="radio"/>	<input type="radio"/>
5. Were you both a homeowner and a tenant in New Jersey during 2016?.....	<input type="radio"/>	<input type="radio"/>

If you answered “Yes” to any of the questions above, you **MUST** complete Worksheet G-1 on page 32. If you answered “No” to all of the questions, continue with the instructions for Line 37a.

If you answered “No” to all the questions on Worksheet F, enter on Line 37a the amount of property taxes (18% of rent) due and paid on your principal residence in New Jersey. If you received a homestead benefit, see “Homestead Benefit Recipients” on page 30.

Spouses Filing Separate Returns, but Maintaining Same Principal Residence. If you and your spouse file separate returns but maintained the same principal residence, enter on Line 37a one-half of the property taxes (or one-half of 18% of rent) due and paid.

Part-Year Residents. If you were either a qualified homeowner or tenant during the part of the year you lived here, enter on Line 37a only the amount of property

taxes (or 18% of rent) due and paid while you were a New Jersey resident (see page 7).

If you answered “Yes” to any of the questions on Worksheet F, **you must complete Worksheet G-1 on page 32.** Enter the information from Worksheet G-1 on Line 37a as follows:

- ♦ *Homeowner Only:* Enter the amount from line 4.
- ♦ *Tenant Only:* Enter the amount from line 9.
- ♦ *Both Homeowner and Tenant:* Add the amounts from line 4 and line 9, and enter the total.

Worksheet G-1

PART I: HOMEOWNERS

Principal residences you owned in New Jersey during 2016

Address	(1) Number of days in 2016 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 2016 for your principal residences (total of column 5) Use this amount to complete Line 37a*, and fill in the oval at Line 37c.					

PART II: TENANTS

Principal residences you rented in New Jersey during 2016

Address	(1) Number of days in 2016 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 2016 for your principal residences (total of column 4).....				
9. Rent constituting property taxes (line 8 × 0.18) Use this amount to complete Line 37a*, and fill in the oval at Line 37c.				

* If your filing status is married/CU partner, filing separate return and both you and your spouse maintained the same principal residence, use one-half of this amount when completing Line 37a.

(Keep for your records)

Part I - Homeowners

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

List the address of each qualified New Jersey residence you owned and occupied as your principal residence during 2016. Complete columns 1 through 5 for each address. If you lived for part of the year in a residence that was not a qualified residence, do not include any information for that residence. For example, you owned a five-unit property and used one of the units as your principal residence.

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 2016. If this was your residence all year, enter 366. The total number of days in Part I and Part II cannot be more than 366.

Column 2

Enter the share (percentage) of this property you (and your spouse) owned. Enter the figure as a decimal. If you (and your spouse) were the sole owner(s), enter 1.00 for 100%. If you owned 50% of the property with someone who was not your spouse, you would enter 0.50. You must enter your percentage of ownership even if there are multiple owners and you were

the only one who occupied the property and you paid all the taxes.

Example: You and your wife owned a single-family home with your sister. You lived in the home with your wife. Your sister did not live with you, and you and your wife paid all the property taxes. You must enter 0.50 because you and your wife owned only one-half (50%) of the property.

Column 3

If this property consisted of more than one unit, enter the share (percentage) of the property you (and your spouse) used as your principal residence. Enter the figure as a decimal. For example, enter 25% as 0.25. The units in a multiunit property

Worksheet G-1 - continued

are considered equal in size unless the local tax assessor has determined they are not equal.

Example: You owned a four-unit property. The units were equal in size, and one of the units was your principal residence. You must enter 0.25 because you occupied one-fourth (25%) of the property as your principal residence.

Column 4

Enter the total property taxes paid on this property during 2016 for the period indicated in column 1. If you received a homestead benefit, see “Homestead Benefit Recipients” on page 30.

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.

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 qualified New Jersey residence you rented and occupied as your principal residence during 2016. Complete columns 1 through 4 for each address. If you lived for part of the year in a residence that was not a qualified residence, do not include any information for that residence. For example, you rented an apartment in a building that is exempt from property taxes.

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 2016. If this was your residence all year, enter 366. The total number of

days in Part I and Part II cannot be more than 366.

Column 2

If you lived with someone who was not your spouse and shared the rent with them, enter the total number of tenants who shared the rent, including yourself. For this purpose, spouses are considered one tenant.

Column 3

Enter the total amount of rent paid by all tenants, including yourself, during 2016 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.

Line 9 - Rent Constituting Property Taxes

Multiply the amount on line 8 by 18% (0.18) and enter the result on line 9.

2016 Form NJ-1040 Line-by-Line Instructions

Line 37b - Block/Lot/Qualifier

If you were a homeowner during 2016, enter the Block and Lot Numbers of the property that you owned and occupied as your principal residence on December 31, 2016, provided property taxes were paid on that home. If you were not a homeowner on December 31, enter the information for the last home you owned and occupied in New Jersey during the year. Include qualifier, if applicable (condominiums only). You can get this information from your property tax bill or from your local tax collector. If you were a tenant, make no entry.

Enter the Block and Lot Numbers in the boxes like this:

Example: Block 3105.62 Lot 14.3

Block

	3	1	0	5
--	---	---	---	---

 .

6	2		
---	---	--	--

Lot

		1	4
--	--	---	---

 .

3			
---	--	--	--

Line 37c - County/Municipality Code

If you completed Line 37b, enter the four-digit code for that residence (see table on page 50). If you were a tenant, make no entry.

If you were a homeowner, and you completed Worksheet G-1, fill in the oval on this line.

Line 38 - Property Tax Deduction

If you met the eligibility requirements on page 29, you can take *either* a property tax deduction or a property tax credit.

There are two ways to determine whether you will get a greater benefit by taking a deduction on Line 38 or a credit on Line 49. If you:

- ♦ **Are not** claiming a credit for taxes paid to other jurisdictions, complete Worksheet G on page 34.
- ♦ **Are** claiming a credit for taxes paid to other jurisdictions, first complete lines 1 and 2 of Worksheet G. Then complete Schedule A and Worksheet J. (See the instructions for Schedule A on page 40.)

If you will receive a greater benefit by taking the deduction, enter on Line 38 the amount of the property tax deduction from Worksheet G or Schedule A, and make no entry on Line 49.