

2006 Homestead Property Tax Credit/Rebate

Frequently Asked Questions

1. Q. What property tax relief can New Jersey residents expect to receive in 2007?

- A.** The New Jersey Homestead Property Tax Credit Act, which was signed into law on April 3, 2007, provides benefits for both homeowners and tenants. Homeowners who owned and occupied their principal residence in New Jersey on October 1, 2006, and had New Jersey gross income for 2006 of \$250,000 or less will be eligible for a 2006 homestead property tax credit/rebate provided that the 2006 property taxes on that home were paid in full. Tenants who had New Jersey gross income for 2006 of \$100,000 or less will be eligible if they rented and occupied an apartment or other rental dwelling in New Jersey that was their principal residence on October 1, 2006, their principal residence was subject to property taxes and the property taxes were paid through the rent.

See the answer to Question 8 for the definition of New Jersey gross income.

2. Q. When will I see a reduction in my property taxes? Will I also get a rebate check?

- A.** The new Homestead Credit/Rebate Program provides a reduction in property taxes by providing eligible homeowners with *either* a homestead rebate check *or* a credit on their property tax bill. Concerns about privacy and logistics could not be resolved quickly enough to make issuing credits feasible this year. Therefore, checks will be issued to all eligible homeowners who apply for the 2006 homestead rebate. The Department of the Treasury will continue discussions with banks, mortgage lenders, and municipalities in an effort to address the implementation issues relating to the credit.

Rebate checks were mailed during the first week of August to all eligible tenants as well as to all eligible senior and disabled homeowners who filed their applications by June 1, 2007. Rebates for tenants and senior or disabled homeowners who file their applications after June 1 will be issued as quickly as possible. Rebate checks for nonsenior, nondisabled homeowners who filed their applications by August 15 were mailed on September 15, 2007. Checks for nonsenior, nondisabled homeowners who filed their applications between August 15 and October 31 will be issued as quickly as possible.

3. Q. How much will homeowners receive?

- A.** The amount you receive is based on your income and the amount of property taxes paid on the home which was your principal residence on October 1, 2006. Eligible homeowners with incomes of \$250,000 or less will receive a percentage of the first \$10,000 of property taxes. Those with incomes of \$100,000 or less will receive 20% (maximum \$2,000). Homeowners whose incomes are between \$100,001 and

\$150,000 will receive 15% (maximum \$1,500), and those with incomes between \$150,001 and \$250,000, 10% (maximum \$1,000). Homeowners with gross income exceeding \$250,000 are not eligible.

If you were age 65 or older or disabled on December 31, 2006, and had 2006 gross income of \$200,000 or less, you will receive the larger of either the percentage-of-property-taxes amount (as discussed above) or the amount calculated under last year's rules using this year's (2006) income and property taxes. For most homeowners, this means that they will receive at least as much as they did last year. However, in some cases, such as an increase in income or a change in property taxes (perhaps due to having moved to a new home) the 2006 amount may be less than the 2005 amount. View [amounts](#).

- 4. Q. How is this new property tax credit/rebate different from the FAIR rebate and the NJ SAVER rebate I received as a homeowner? Does this mean I will now get a credit on my property tax bill in addition to my FAIR rebate check?**

A. The new Homestead Property Tax Credit/Rebate Program replaces the FAIR Rebate Program. The NJ SAVER Rebate Program was replaced by the FAIR Rebate program in 2004.
- 5. Q. Will this new credit/rebate affect the benefits residents can receive from New Jersey's other property tax relief programs such as the Senior Freeze (Property Tax Reimbursement), the property tax deductions for senior citizens and veterans, or the property tax deduction/credit on the State income tax return?**

A. No. The homestead property tax credit/rebate is in addition to the State's other property tax relief programs. You can still apply for and receive benefits under those programs if you qualify.
- 6. Q. I own two homes in New Jersey. One is my principal residence and the other is a vacation home at the Jersey shore. Can I apply for a credit/rebate for both properties? Will the property taxes I paid on both houses be combined to determine the amount of my credit/rebate?**

A. No. You can apply for and receive a homestead property tax credit/rebate only for the property that was your principal residence on October 1. You cannot apply for benefits for a vacation home, a "second home," or a property that you own but rent to someone else.
- 7. Q. Will the benefits paid to tenants change this year?**

A. Yes. **For tenants 65 or older and/or disabled** with gross income of \$70,000 or less (\$35,000 or less if single or married, filing separately maintaining separate residence), the rebate amount will be equal to property taxes paid (18% of rent) minus 5% of gross income, plus \$50, up to a maximum of \$860. Applicants do not automatically receive the maximum amount — income and filing status are taken into account when

calculating the rebate. For senior or disabled tenants with gross income between \$70,001 and \$100,000, the maximum benefit is \$160. **For tenants who were under age 65 and not disabled** with gross income of \$100,000 or less rebate amounts will range from \$80 up to a maximum of \$350. The maximum rebate amount will be apportioned for tenants who share rent with someone who is not their spouse and for spouses who file separate tax returns but maintain the same principal residence.

View [amounts](#).

8. Q. What is New Jersey gross income?

- A.** For purposes of the New Jersey Homestead Property Tax Credit Act, gross income is defined as all income required to be reported under the New Jersey Gross Income Tax Act, after taking any allowable pension and other retirement income exclusions, but before subtracting any personal exemptions and other deductions and credits. Items such as Social Security, Railroad Retirement benefits, tax-exempt interest, excludable pension income, and unemployment compensation, which are not subject to New Jersey gross income tax, should not be included.

If your filing status is married, filing separate return and you and your spouse maintain the same principal residence, you must report your combined income on your rebate application.

9. Q. How do I apply for the property tax credit/rebate?

- A.** You must file an application each year that you qualify to receive benefits. If you are a homeowner, you will receive your application by mail and apply for benefits either online or by phone the same way you applied for the homeowner (FAIR) rebate last year. If you are a tenant, you will find the tenant rebate application (Form TR-1040) in the New Jersey income tax return packet and must file it at the same time you file your tax return.

10. Q. When will homeowners receive their homestead credit/rebate applications?

- A.** Applications for the 2006 rebate/credit were mailed to senior and disabled homeowners at the beginning of May. Applications were mailed to all other homeowners beginning at the end of June (view [Mailing Schedule](#)).

11. Q. What is the deadline for filing homestead property tax credit/rebate applications?

- A.** Senior and disabled homeowners must file their applications on or before the extended due date of October 31, 2007. The original due date was June 1, 2007. Nonsenior and nondisabled homeowners also have until the extended due date of October 31, 2007, to file.

Tenant rebate applications for 2006 are due at the same time as the 2006 New Jersey

income tax return (April 17, 2007). However, if a tenant requests an extension of time to file their tax return, the filing deadline for the rebate application is also extended. Tenants who have already filed their 2006 New Jersey income tax return but did not complete the tenant rebate application even though they are eligible, have until October 31, 2007, to file the application. Low-income tenants who are not required to file income tax returns have until October 31, 2007, to file their 2006 rebate applications.

12. Q. Where can I get help?

- A.**
- **Online:** Information about New Jersey's property tax relief programs, including the homestead property tax credit/rebate program, is available on our [Web site](#).
 - **Call:** 1-888-238-1233 (Homeowners) or 609-292-6400 (Tenants) to speak to a Division of Taxation representative.
 - **E-mail** us.
 - **Visit** a Division of Taxation [Regional Office](#).