



Non-Resident Inheritance Tax Frequently Asked Questions

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General Information

1. Where should I send my completed forms?

Forms should be sent to:

New Jersey Division of Taxation
Inheritance and Estate Tax Branch
PO Box 249
Trenton, New Jersey 08695-0249

2. I need to overnight my documents. What is the street address?

Overnight mail should be sent to:

New Jersey Division of Taxation
Inheritance and Estate Tax Branch
3 John Fitch Way, 6th Fl
Trenton, New Jersey 08695

3. I sent a non-resident return. Why did I not receive acknowledgement of receipt?

The Inheritance Tax Branch does not send out receipts or return acknowledgements. The time frame for processing returns and auditing returns varies.

4. How do I make a payment on account?

Payments on account can be made with [Form IT-EP](#).

5. How do I apply for an extension?

Extensions should be requested with [Form IT-EXT](#).

6. How much needs to be escrowed at closing for the sale of the decedent's New Jersey real estate?

The Branch does not determine the amount of funds held in escrow. Either the title company or the attorneys involved in the sale of the real estate would make that determination.

7. We closed on a sale of the decedent's New Jersey real estate. Why was New Jersey non-resident Gross Withholding Tax withheld?

A non-resident taxpayer is required to pay the Gross Income Tax liability on the capital gain upon the sale of real estate within this state. When a non-resident taxpayer sells New Jersey real estate, an amount equal to 2% of the sale price is withheld as an estimated payment of the tax and submitted to the New Jersey Division of Taxation. Call 609-292-6400 for more information regarding this issue. This specific tax is not administered by the Inheritance Tax Branch.

Filing non-resident returns

8. What is the purpose of the Non-Resident Inheritance Tax Return ([Form IT-NR](#))?

Form IT-NR is used when a non-resident of New Jersey dies owning New Jersey real estate or tangible personal property (automobile, boat, furniture, jewelry, etc.) located in New Jersey.

9. Can I file Form L-9 NR?

Form L-9 NR can be used if all beneficiaries of the decedent's entire estate, both in and outside of New Jersey, are Class A or Class E. For a description of Class A & E beneficiaries, please see IT-NR Table of Contents. [Form IT-NR](#) must be used if all beneficiaries of the decedent's estate (both in and outside New Jersey) are **not** Class A.

10. If the decedent was a non-resident, do I need to file a New Jersey Estate Tax Return?

No. There is no New Jersey Estate Tax for estates of non-resident decedents. Non-residents decedents are subject to only the New Jersey Inheritance Tax.

11. The decedent's estate is greater than \$675,000. Can I file Form L-9 NR?

Yes, there is no dollar limit for using L-9 NR.

12. The decedent's estate passes to a trust. Can I file Form L-9 NR?

Yes, if all the beneficiaries of the trust are Class A.

13. Do I file both Form L9-NR and Form IT-NR for a non-resident?

Only one form is needed depending on the circumstance (see [NR Flowchart](#)).

14. When is Form IT-NR or Form L9-NR due?

The IT-NR is due eight (8) months after the decedent's date of death. The L-9 NR has no due date.

15. The decedent held a partnership interest that owned New Jersey real estate. Do I need to file?

If the partnership is a bona fide partnership, you are not required to file. Partnership interest is considered intangible personal property, which is not subject to tax or waiver requirements for non-resident decedents.

16. The decedent held stock in a corporation which owns New Jersey real estate. Do I need to file?

No. Stock in a corporation is considered intangible personal property. The property is an asset of the corporation.

17. What attachments should be included with the return?

If you are submitting Form IT-NR, refer to page 7 of the return, which lists items to submit with the return. If you are submitting Form L9-NR, refer to page 2 of the return, which lists necessary attachments.

18. The New Jersey real estate is held as tenancy by the entirety by the decedent and his/her surviving spouse or civil union partner. Do I need to file a return?

No. Real estate held as tenancy by the entirety is not taxable. No tax waiver is required or will be issued.

19. What happened to the Flat Tax Method of filing?

The flat tax method has been replaced by Method 3 – Ratio Tax using Gross Estate. A separate "Flat Tax Affidavit" is not required.

20. The beneficiaries of an estate are not New Jersey residents. Do we need to file a non-resident return?

The filing of any Inheritance Tax return is not based on the beneficiary's residence. It is based on the decedent's residence.

21. How do I amend a return originally submitted?

Any assets and/or liabilities not originally disclosed in the original return may be reported by letter or on an amended return. Verification should be provided as to the value of any additional assets or amounts of additional deductions.

Valuation

22. My return is late. How is the interest calculated?

Interest is calculated on any portion of the tax **not paid within eight (8) months** of the decedent's death at a rate of 10% per annum. See IT-NR page 2 for examples of interest computations.

23. How should I value the New Jersey real estate or tangible personal property?

Property on the IT-NR or L9-NR is valued at its fair market value on the decedent's date of death. The assessed value of the New Jersey real estate also must be set forth on the form.

24. I'm preparing a Federal estate tax return. Can I use the alternate values to complete the Non-Resident Inheritance Tax Return?

No. You must use the date of death values.

25. What does the branch allow for executor commissions?

Executor commissions are allowed as follows:

First	\$ 200,000	@ 5%
Next	\$ 800,000	@ 3 ½%
Excess over	\$ 1,000,000	@ 2%

Important: Read Question 26 before calculating commissions.

26. What items are excluded from computing executor commission?

1. Assets held by the decedent and another as joint tenants with right of survivorship.
2. Assets held as trustee for or payable on death to, another.
3. Assets which had been transferred prior to death, or to take effect in possession or enjoyment at or after death.
4. Items reported in Schedule E (Transfers, etc.).
5. Real estate **not** actually sold by the executor or administrator or,
6. Real estate which was **not** expressly directed to be sold by the terms of the decedent's will. *

** Note: Real estate must be sold by the estate representative, not the beneficiary, to be included.*

27. If there is more than one executor, is each entitled to additional commissions?

If more than one executor or administrator has been appointed, each additional executor or administrator may take an additional 1% of the property held by the estate excluding items listed in Question 26 provided that no one executor shall be entitled to any greater commission than that which would be allowed if there were but one executor or administrator.

Waivers

28. If a non-resident decedent held a bank account at a New Jersey bank, what do I need to do?

A waiver is not required for non-New Jersey residents owning intangible personal property (bank accounts, stocks, etc.). However, the estate representatives are required to file an affidavit with the financial institution involved establishing the facts of the decedent's domicile with that financial institution. The affidavit should include the following:

1. Place of residence
2. Voting district
3. Social and business affiliations
4. Where the last five income tax returns were filed prior to death.
5. Date of commencement and length of actual residence in place claimed as legal domicile.
6. Whether the decedent formally resided in New Jersey

7. If the decedent used to live in New Jersey, what facts are relied upon to establish abandonment of New Jersey and intention not to return?

If the financial institution, upon receipt of the affidavit, is convinced the decedent was legally domiciled outside of New Jersey, the property in question may be transferred without the written consent of the Director, Division of Taxation.

29. How do I obtain a tax waiver for real estate?

A waiver can be obtained by filing the appropriate non-resident form (IT-NR or L9-NR).

30. The decedent owned a membership certificate or stock in a cooperative housing corporation. Do I need to file a Non-Resident Inheritance Tax Return?

No. A waiver is not required. The decedent's interest is deemed to be intangible personal property.

31. Is a waiver required if the decedent has interest in a partnership or corporation that owns New Jersey real estate?

No, a waiver is not required. The decedent's interest is deemed to be intangible personal property.

32. The New Jersey real estate is held as tenancy by the entirety by the decedent and his/her surviving spouse or civil union partner. Do I need a tax waiver?

No. Tax waivers are not required for real estate owned by a husband and wife/civil union couple as "tenancy by the entirety" in the estate of the first spouse or civil union partner to die.