The Gross Income Tax Act does not distinguish between active and passive losses, nor does it authorize carryback or carryforward of such losses. You may deduct Federal passive losses in full in the year incurred against any gain within the same category of income, but only in the year that it occurred.

**Line 2 - Capital Gains Distributions**
Enter on Line 2 the total amount of all capital gains distributions from your Form 1099-DIV(s) or similar statement(s). Do not include capital gains from a “New Jersey Qualified Investment Fund” which are attributable to qualified exempt obligations. For more information on “New Jersey Qualified Investment Funds,” see page 21.

**Line 3 - Other Net Gains**
Enter on Line 3 the total amount of net gains or income less net losses from disposition of property not included on Lines 1 or 2 of Schedule B.

**Line 4 - Net Gains**
Enter on Line 4 the total of the amounts listed on Line 1, Column F and Lines 2 and 3, netting gains with losses. Enter this amount on Line 18, Form NJ-1040. If the netted amount is a loss, enter zero here and make no entry on Line 18, Form NJ-1040.

**Schedule C - Net Gain or Income from Rents, Royalties, Patents and Copyrights**
Use Schedule C to report net gain or income less net losses from rents, royalties, patents and copyrights. The Gross Income Tax Act does not distinguish between active and passive losses, nor does it authorize carryback or carryforward of such losses. Thus, you may deduct Federal passive losses in full in the year incurred against any gain within the same category of income.

If the spaces provided are not sufficient, enclose a statement with the return listing any additional property and income along with Schedule C.

**Line 1 - List Property and Income**
List at Line 1, Schedule C, the kind of property and the net income or loss from each property. For rentals, list the income or loss for each rental property as determined on your Federal Schedule E.

**Line 2 - Totals**
Add the amounts in each column and enter the totals on Line 2.

**Line 3 - Net Income**
Add the amounts listed on Line 2 in columns b, c, d and e. Enter the total on Line 3, netting gains with losses. Enter this amount on Line 22, NJ-1040. If the netted amount is a loss, enter zero here and make no entry on Line 22, Form NJ-1040.

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**Homestead Property Tax Rebate Application**

**Qualifications**
To be eligible for a New Jersey Homestead Property Tax Rebate:

- You must have been domiciled and maintained a principal residence as a homeowner or tenant in New Jersey during 1997; and
- Your gross income for the entire year must have been $100,000 or less (see Note on page 39); and
- Your principal residence, whether owned or rented, must be subject to local property taxes, and property taxes must have been paid on that residence either as actual property taxes or through rent; and
- Your rented dwelling must have its own separate kitchen and bath facilities; and
- If you are filing Form NJ-1040, you must file the Homestead Property Tax Rebate Application (Form HR-1040) and the NJ-1040 by April 15, 1998, or if you are filing the NJ-1040 under an extension, by the extended due date. If you are filing only Form HR-1040, see “Rebate Only Filers” below.

**Rebate Only Filers.** A resident who is not required to file a New Jersey income tax return (because of income below the minimum filing threshold) and meets the qualifications for a Homestead Property Tax Rebate may file only the HR-1040 to claim a rebate. It is not necessary to file the NJ-1040 along with the homestead rebate application. These residents have until January 15, 1999 to file Form HR-1040.

**Part-year Residents.** A part-year resident who meets the qualifications is eligible for a Homestead Property Tax Rebate. Part-year residents must enter their full year income from all sources on Line 8 of the HR-1040.

Principal Residence. A principal residence means a homestead, either owned or rented, actually and continually occupied as your permanent residence. No rebate will be granted for a vacation home, a “second home,” or property which the owner rents to someone else.

**Homeowners**
Under the Homestead Property Tax Rebate Act of 1990, you may claim a rebate for the home in New Jersey that you owned and lived in as your principal residence provided it was subject to local property taxes. Both single family homes and certain multi-family homes qualify.

**Multi-Unit Properties.** As a homeowner, you may claim a rebate on your property only if it contains four units or less. Of these four units, only one may be used for commercial purposes.

**Condominiums and Co-ops.** A condominium unit or a unit in a cooperative housing complex or mutual housing corporation is considered a single family dwelling for purposes of the rebate.

**Continuing Care Communities.** As a resident in a continuing care retirement community, you may qualify for a rebate as a homeowner if the continuing care...
contract for your unit separately states your share of the property taxes.

**Disabled Veterans.** Totally and permanently disabled veterans who have a 100% exemption from local property tax are not eligible for a homestead rebate. If any portion of the dwelling is rented to a tenant and property tax is paid by the disabled veteran owner on the rented portion, any tenant may be eligible for a homestead rebate, but the property owner is not eligible.

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

**Mobile Homes.** If you own a mobile home which is located in a mobile home park, you qualify for a rebate as a tenant. For more information on mobile homes, contact the New Jersey Tax Hotline.

**Identification Section**

**Name and Address**

**TAX TIP** Rebate Filers Only. If you are filing only the homestead rebate application, place the peel-off label from the front of this booklet in the name and address section at the top of the application. Correct the label where errors occur. If you have no label, print or type your name (last name first), complete address and zip code in the spaces provided. Also include your spouse’s name if filing jointly.

**Income Tax with Rebate Filers.** If you are filing Form HR-1040 with your Form NJ-1040, it is necessary to complete only the name and social security number portion of the identification section of Form HR-1040 unless your address has changed.

If your address has changed, complete the address portion of the identification section and fill in the oval at the top of the HR-1040.

**Social Security Number**

Be sure to check the accuracy of the social security number(s) printed on the label. To correct an error, draw a line through the incorrect number and write the correct number above it.

If you do not have a label or you used the label on your tax return, enter your social security number(s) in the boxes provided, one digit in each box. If your filing status is married, filing joint return, remember to report both spouses’ numbers in the order in which the names are listed on the return.

**County/Municipality Code**

Check the county/municipality code on your label (see example). Make corrections to the code on the label. If you do not have a label, or you used the label on your tax return, enter your four-digit code, one digit in each box, from the table on page 41. This code identifies the county and municipality of your current residence. The county and municipality codes in these instructions are for Division of Taxation purposes only.

**Filing Status (Lines 1 - 5)**

You must use the same filing status on your homestead rebate application as you do for your New Jersey Resident Income Tax Return (Form NJ-1040). If you do not file Form NJ-1040, use the same filing status as you would have used if you had filed the tax return. Indicate the appropriate filing status. Fill in only one oval.

**Residency Status (Line 6)**

If you were a New Jersey resident for only part of the taxable year, list the month, day and year your residency began and the month, day and year it ended. All months should be listed as two digit numbers with the digits 01 for January, 02 for February, 03 for March, etc. Place the correct number for the beginning and ending months directly in the boxes containing the red letter “M,” one digit in each box.

The days of the months should be listed as two digit numbers beginning with the digits 01 for the first day of the month and ending with the digits 31 for the last day of the month. Place the correct number for the beginning and ending dates directly in the boxes containing the red letter “D,” one digit in each box.

For calendar year filers the year should be entered as 97 and the numbers placed directly in the boxes containing the red letter “Y,” one digit in each box. Fiscal year filers should enter the appropriate year in the “Y” boxes.

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**Tax-exempt, Subsidized and Campus Housing**

One of the qualifications for the New Jersey Homestead Property Tax Rebate is that property taxes be paid on the applicant’s principal residence, either directly or through rent. Thus, tenants living in dwellings which are not subject to local property tax are not eligible for the rebate. This includes tenants living in tax-exempt housing or other dwellings owned by State, County, Municipal or Federal government; students living in on-campus apartments at State colleges and universities; and tenants living in dwellings owned by religious, charitable or other nonprofit organizations (including on-campus apartments at private nonprofit colleges and universities), if the property is exempt from local property taxes.

**Do not complete the Homestead Property Tax Rebate Application (Form HR-1040) if the dwelling you rent is not subject to local property tax; you do not qualify for a rebate. If you are not sure whether the dwelling you rent is subject to local property tax, contact your municipal tax assessor for information. The Division of Taxation audits returns to insure that only qualified applicants receive rebates.**
Age 65 or Older, Blind or Disabled (Line 7)
If either you or your spouse were 65 years of age or older or blind or disabled at the end of the tax year, fill in the “yes” oval. “Disabled” means total and permanent inability to engage in any substantial gainful activity because of any physical or mental impairment, including blindness. Enclose a copy of the doctor’s certificate or other medical records with your return the first time you claim the exemption. This information need not be submitted each year providing there is no change in your condition. You may only fill in the “yes” oval if you or your spouse meet the qualifications; they do not apply to your dependents. If you do not meet the age or disability qualifications, fill in the “no” oval.

NOTE: If the amount on Line 10 is more than $100,000, you are not eligible for a 1997 Homestead Property Tax Rebate. Do not complete the HR-1040.

Line 11 - Address
Complete the street address and municipality of the New Jersey residence for which the rebate is claimed if different from the address on the front of the application. If you were not a resident on December 31, 1997, enter your last New Jersey address.

Line 12 - Homeowner/Tenant Status
Fill in the oval to indicate whether you were a homeowner, a tenant or both a homeowner and tenant during 1997. Fill in only one oval.

Line 13 - Block and Lot Number
If you filled in “Homeowner” or “Both” on Line 12, enter the Block and Lot Number of your principal residence on December 31, 1997, or the last day that you were a resident homeowner in 1997. Include qualifier if applicable. (Only condominiums may have qualifiers assigned to them.) You may obtain this information from your current property tax bill or from your local tax assessor. If you owned more than one principal residence in New Jersey during 1997, enter the Block and Lot Number of your most recent principal residence.

Line 14a - d
You must answer “Yes” or “No” to each question in this section. If you answer “Yes” to any of these questions, you must complete Schedule HR-A. If Schedule HR-A is not completed and enclosed with Form HR-1040, when required, your Homestead Property Tax Rebate Application will not be processed.

Line 14a - Multiple Residences
Fill in “Yes” only if you moved from one New Jersey residence to another New Jersey residence during the year. (For example, you move from a house to an apartment, or move from one house to another, etc.) If you were both a homeowner and a tenant at the same address during the year, fill in “Yes.” If you occupied only one residence during the year, fill in “No.”

Line 14b - Multiple Owners
Fill in “Yes” only if you own your principal residence with someone else (other than your spouse). (For example, you and your sister own the home you live in.) If you (and your spouse) are the sole owner, fill in “No.”

Line 14c - Multi-Unit Properties
Fill in “Yes” if your principal residence consists of more than one dwelling unit. (For example, you own a property which consists of four residential units and you occupy one of the units as your principal residence.) Otherwise, fill in “No.” Residents of cooperative dwelling units and continuing care retirement facilities are not considered to be living in multi-unit dwellings and should fill in “No” at Line 14c.

NOTE:
(1) If the property consists of more than four units, the owner of the property does not qualify for the rebate.
(2) If the property contains more than one commercial unit, the owner of the property does not qualify for the rebate.
(3) Tenants living in multi-unit properties, regardless of the number of units, do qualify for the rebate if they meet the other qualifications.

Line 14d - Multiple Tenants
Fill in “Yes” only if you lived with someone (other than your spouse) and shared the rent with them. (For example, you and your daughter live together and share the rent for your apartment.) If you (and your spouse) are the sole tenant(s), fill in “No.”

Homeowners (Lines 15 and 16)

Line 15 - Property Tax
Enter on Line 15 the total amount of property taxes paid on your principal residence in New Jersey during the year. Report only the actual amount of property tax that was due and paid to the

continued
local taxing authorities during 1997. If no property tax payments were made by December 31, 1997, you may not claim a Homestead Property Tax Rebate. If your filing status is married, filing separate return, report the full amount of property taxes paid, unless you do not own the principal residence.

Residents of cooperative dwelling units must obtain from their cooperative’s management their share of property taxes for the residential unit they occupy.

Residents of continuing care retirement facilities may not include charges for anything other than their share of property taxes which are specified in their continuing care contract.

For Schedule HR-A filers only:
- Enter on Line 15 the amount from Line 6, Part I of Schedule HR-A;
- Continue with Lines 16a and b of the HR-1040.

Line 16a - Total Property Taxes Paid
Do not complete Line 16a unless you are filing Schedule HR-A. If you completed Schedule HR-A, enter on Line 16a the total amount of property taxes paid from Schedule HR-A, Part I, Line 5.

Line 16b - Number of Days as an Owner
Do not complete Line 16b unless you are filing Schedule HR-A. If you completed Schedule HR-A, enter on Line 16b the total number of days you were a homeowner from Schedule HR-A, Part I, Line 4. The number of days may not exceed 365.

Tenants (Lines 17 and 18)

Line 17 - Rent
Enter on Line 17 the total amount of rent paid on your principal residence in New Jersey during the year.

For Schedule HR-A filers only:
- Enter on Line 17 your share of total rent paid from Line 12, Part II of Schedule HR-A;
- Continue with Lines 18a and b of Form HR-1040.

Line 18a - Total Rent Paid
Do not complete Line 18a unless you are enclosing Schedule HR-A. If you completed Schedule HR-A, enter on Line 18a the total amount of rent paid by all tenants from Schedule HR-A, Part II, Line 11.

Line 18b - Number of Days as a Tenant
Do not complete Line 18b unless you are enclosing Schedule HR-A. If you completed Schedule HR-A, enter on Line 18b the total number of days you were a tenant from Schedule HR-A, Part II, Line 10. The number of days may not exceed 365.

If you were both a homeowner and a tenant during 1997, the total number of days on Line 16b and 18b may not exceed 365.

Signatures

TAX TIP Rebate Only Filers. Sign and date your homestead rebate application in ink. Both husband and wife must sign a joint application. The signature(s) on the form you file must be original; photocopied signatures are not acceptable. An application without the proper signatures cannot be processed and will be returned to you. This may result in a delay in payment of your homestead rebate.

Schedule HR-A
Complete this Schedule and enclose it with your HR-1040 only if you answered “Yes” to one or more of the questions at Line 14 of Form HR-1040. Be sure to complete all the columns for each address listed. See additional instructions on the form.

You must complete Schedule HR-A if in 1997 you had:
- More than one New Jersey residence during the year; or
- A residence with more than one eligible dwelling unit; or
- A residence with multiple owners; or
- A residence with multiple tenants; or
- Filled in the “Both” (homeowner and tenant) oval at Line 12.

NOTE: Part-year residents must complete Schedule HR-A only if one or more of the conditions above apply.

Where to Send Your Application

TAX TIP Rebate Only Filers. If you are filing only the homestead rebate application, use the large return envelope to file Form HR-1040. Use the return address label located on the envelope flap of the large envelope addressed to:

STATE OF NEW JERSEY
DIVISION OF TAXATION
PO Box 197
TRENTON NJ 08646-0197

Income Tax with Rebate Filers. If you are filing both Form NJ-1040 and Form HR-1040, mail your homestead rebate application in the same envelope together with your income tax return. See “Where to Send Your Return” on page 15.

Seniors or Blind/Disabled Persons. If either you or your spouse were 65 years of age or older or blind or disabled at the end of the tax year, and your gross income on Line 29 is $7,500 or less ($3,750 for married persons filing separately), and you are entitled to a property tax credit in the amount of $37.50, this credit will automatically be sent to you with your homestead rebate. Do not complete Line 35 to claim a property tax deduction or Line 43 to claim a property tax credit.

NOTE: The Division of Taxation will calculate the amount of your rebate based on the information you provide. Rebate amounts and qualifications for eligibility are subject to change due to budgetary restrictions. For 1996, eligible taxpayers who were under age 65 and were not blind or disabled received rebates if their gross income was $40,000 or less. For 1997, these restrictions may or may not apply.

For more information on how the rebate is calculated, request Tax Topic Bulletin HR-2, Homestead Property Tax Rebate Guidelines.