SCHEDULE G - New Jersey Income of Nonresident Estates and Trusts

The New Jersey income tax liability of a nonresident estate or trust is based on the percentage of its total income which comes from New Jersey sources. Tax is computed on income from all sources, and then prorated according to the ratio that New Jersey income bears to income from both inside and outside New Jersey.

Nonresident estates must report their income from all sources (both inside and outside New Jersey) on Lines 6–13 of Form NJ-1041 and their income from New Jersey sources on Lines 1–8 of Schedule G. These figures cannot be copied from figures reported on the Federal return.

Complete Schedule G before completing Line 16a of Form NJ-1041. If you complete Schedule G, be sure to attach it to your completed Form NJ-1041.

Lines 1–8. For each of the various categories of income, enter the portion of the estate’s or trust’s income received during the taxable year that comes from New Jersey sources.

Important: For every entry on Lines 6–13 of Form NJ-1041, there should be an entry on the corresponding line on Schedule G. If none of the income in a particular category is from New Jersey sources, enter “0” on the appropriate line on Schedule G.

Income or losses which a nonresident estate or trust receives from a business entity (i.e., sole proprietorship, partnership, LLP or LLC) located in New Jersey will not be deemed to be derived from New Jersey sources if the business entity’s sole activity is the purchase, holding or sale of intangible personal property, such as commodities or securities, and such intangible personal property is not held for sale to customers. You must however, include such income on the appropriate line of Form NJ-1041.

A nonresident estate or trust which carries on business both inside and outside New Jersey must allocate business income to determine the amount of income from New Jersey sources. Complete and attach a separate Business Allocation Schedule (Form NJ-NR-A) for each business required to allocate. Also complete Schedule F on Page 2 of Form NJ-1041.

Line 9. Enter on Line 9 the total of Lines 1–8.

Line 10. Enter on Line 10 the amount from Schedule D, Line 41B - total New Jersey source income distributed to beneficiaries.

Line 11. Subtract Line 10 from Line 9. Enter the result here and on Page 1, Line 16a

Form NJ-NR-A

If business activities are carried on both inside and outside New Jersey, business income may be allocated to determine the amount of income from New Jersey sources. Carrying on business activities outside New Jersey means maintaining, operating or occupying a regular place of business outside New Jersey, such as an office, shop, store, warehouse, factory, agency or other place where the business’s affairs are systematically and regularly conducted.

The business may not allocate income if it has only an occasional or isolated business transaction outside the State. Likewise, if the business has no regular place of business outside New Jersey, it may not allocate income, even though its representatives travel outside the State for the purposes of performing duties connected with the trade or business, and make sales or perform services for persons or corporations located outside the State.

Be sure that Form NJ-NR-A is firmly attached to Form NJ-1040NR, NJ-1041, or NJ-1065, and that the name and address on the Business Allocation Schedule agree exactly with the name and address on the return to which it is attached.

Section 2 - Average Values

Use Section 2 to determine the average values of your business assets. The average value of property owned is determined by adding (1) the book value of the property at the beginning of the taxable year and (2) the book value of the property at the end of the taxable year and dividing the sum by two.

The average value of property rented or leased is valued at eight times the annual rent. Rent includes any amounts paid in addition to, or accrued in lieu of rent for the period covered by the return (such as interest, taxes, insurance and repairs).

Line 1 - Real Property Owned

Enter on Line 1, Column A, the average value of the real property listed in Section 1 that was owned for the period covered by the return. Include property located both inside and outside New Jersey.