

# New Jersey State Tax News

## Fall 1996

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### New Property Tax Deduction/Credit

New legislation, approved July 9, 1996, provides a deduction on the State income tax return for homeowners and tenants who pay property taxes, either directly or through rent, on their principal residence in New Jersey. This benefit is in addition to the existing Homestead Property Tax Rebate which continues to be available to many New Jersey residents. Eligible residents may claim either a deduction from income or a refundable credit.

Benefits will be phased in over a three year period. For the 1996 tax year, eligible residents may deduct 50% of their first \$5,000 of property taxes paid or \$2,500, whichever is less. For tenants, 18% of the rent paid during the year is considered property taxes paid. As a minimum benefit to taxpayers, the law provides for a refundable credit of \$25.

For 1997, the deduction will be the lesser of 75% of the first \$7,500 of property taxes paid (for tenants, 18% of rent) or \$5,625; the minimum benefit will be \$37.50. For 1998 and thereafter, the deduction will be the lesser of total property taxes paid (for tenants, 18% of rent) or \$10,000; the minimum benefit will be \$50.

For taxpayers not required to file an income tax return, who are 65 years of age or older, or blind/disabled, the law provides a refundable credit of \$25 for 1996,

\$37.50 for 1997 and \$50 for 1998 and thereafter.

Further details on calculating the deduction and credit will appear in the next issue of the *New Jersey State Tax News*. □

### Amnesty Generates \$359 Million

New Jersey's recently concluded Tax Amnesty program has generated a total of \$359 million, an amount that will offset the unexpected shortfall from Corporation Business Tax revenue, State Treasurer Brian W. Clymer

*continued on page 2*

### important Phone numbers

Tax Hotline.....	609-588-2200
Automated Tax Info.....	800-323-4400
Speaker Programs.....	609-984-4101
NJ TaxFax.....	609-588-4500
Alcoholic Bev. Tax.....	609-984-4121
Corp. Liens, Mergers, Withdrawals & Dissolutions.....	609-292-5323
Director's Office.....	609-292-5185
Inheritance Tax.....	609-292-5033
Local Property Tax.....	609-292-7221
Motor Fuels Tax Refunds.....	609-292-7018
Public Utility Tax.....	609-633-2576
Tax. Registration.....	609-292-1730

<http://www.state.nj.us/treasury/taxation/>

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announced. Clymer said the program was one of the most effective state tax amnesty efforts of its kind and cited four main reasons for its success:

“We had a good ‘carrot’ in the form of a waiver of interest and penalties, and a good ‘stick’ in the form of an additional, unabatable five percent penalty for people who chose not to participate. Second, I think the Division’s reputation for having one of the best and most comprehensive enforcement programs in the nation forced people to take us seriously when we talked about the consequences of not paying.

“Third, we had an exceptional public awareness program, highlighted by our very memorable advertising campaign and our effective outreach and public relations efforts. And finally, through our simplified filing process, we made it very easy for people to take advantage of the Amnesty opportunity,” he said.

Clymer said the standard method of measuring the success of state Amnesty programs is to take the amount of revenue raised and divide it by the state’s total population. “Before New Jersey’s 1996 Amnesty, the most successful state effort was the one undertaken by the state of New York in 1986 that netted \$401.3 million or \$22.80 per capita. Our per capita figure is \$45.30, far outpacing any other program,” he said.

“Now that Amnesty is over, tens of thousands of people and companies have cleared up their obligations, new taxpayers have come on the rolls and we’ve resolved many of our backlogged cases. We will be able to turn our

Division’s attention — and considerable audit and compliance efforts — to catching the truly hard core tax cheats,” said Clymer.

Division of Taxation Director Richard D. Gardiner noted that the Division had maintained its usually stringent enforcement efforts throughout the campaign. Among the cases he cited were: the seizure of two truckloads of furniture from North Carolina that was being sold on the roadside in Ocean County by people who were not registered to do business in New Jersey; a sweep of merchants in Union City’s Urban Enterprise Zone that found that 73 of the 387 merchants were unregistered; and ongoing sweeps of flea markets and auctions that resulted in the registration of more than 2,000 new taxpayers during a three-month period.

“Our revenue agents are out there every day, everywhere. So if you think you can continue to avoid paying taxes, you should know we are — as the slogan said — ‘going to get you’.”

Gardiner said considerable attention will continue to be focused on cash businesses by audit and compliance activities. “Cash businesses are still the major culprits when it comes to failing to remit sales tax to the Division,” he said, adding that the Division expects to add 50 new employees to its audit activities to focus exclusively on businesses, such as restaurants, liquor stores and auto shops, that the Division believes are under-reporting the taxes they collect.

More than 63,000 individuals and 48,000 companies took advantage of Amnesty. The average payment for businesses was about \$5,300, and the average payment for individuals was approximately

\$1,100. Gardiner said the Division received 48 checks for more than \$500,000 in back tax payments. He said the smallest check was for 1 cent, “which was clearly from someone with a very active conscience.”

Almost 193,000 people called the Amnesty hotline seeking information on the program. In addition, nearly 7,000 people visited

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## *New Jersey State Tax* **news**

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Trenton, NJ 08646-0281**

**Division of Taxation Director:**  
Richard D. Gardiner

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*amnesty - from page 2*

the Division's regional offices on Amnesty-related matters (almost 2,000 of them on June 1, the last day of the program) and more than 8,700 people accessed the Amnesty home page on the Internet. More than \$700,000 was collected through credit card transactions which was made available as a payment method during the last month of the program.

Gardiner said that while the Legislature had appropriated \$10 million to the Division to run the Amnesty program, the total cost of advertising and administration for the program is not expected to reach that amount. He added that any funds not used for the program will be returned to the State's General Fund.

"Even if you assumed that we would spend the entire \$10 million, that would be a 35-1 return for the State," said Gardiner. "Anyone in the collection business will tell you that is a phenomenal ratio."

Treasurer Clymer cited the commitment of Taxation staff and recognized them for their success with the Tax Amnesty Program.

"I'd like to commend the staff of the Division of Taxation for their outstanding efforts on this project," Clymer said. "Designing and implementing a huge program like Tax Amnesty, especially one that generates the public response that this one did, places a tremendous burden on any staff, and everyone at the Division rose to the occasion and performed superbly." □

## **Rebate Checks Issued July 31**

Governor Christie Whitman stressed her commitment to returning more money to the hands of the taxpayers on July 23 when she toured the Division of Taxation facilities where homestead rebate checks were being processed for distribution at the end of July.

"This administration has made a basic commitment not to take more money from taxpayers than necessary, and further not to hold on to money taxpayers are entitled to receive," said Governor Whitman. "Previously homestead rebates were not distributed until October. Now, thanks in part to improved computer technology, we are delivering rebates to the State's taxpayers in the summer. Qualified citizens will now be able to save, spend or invest their checks sooner than ever."

Approximately 1.2 million New Jersey residents received homestead rebates averaging \$220 soon after the end of July. State-of-the-art computer imaging and processing systems at the Department of Treasury enabled the State to process the checks much earlier than the traditional October mailing.

Eligible recipients include senior citizens who are 65 years of age or older, residents who are blind or disabled; and those under age 65 who earn less than \$40,000. The rebate checks issued total approximately \$264 million.

Senior citizens over age 65 and those who are blind or disabled with gross incomes of \$70,000 and under are eligible for rebates of up to \$500 if they are homeowners or tenants. Residents in this category making between \$70,000 and

\$100,000 would receive up to \$100 if they are homeowners and \$35 if they are tenants. Residents making more than \$100,000 are not eligible for rebates.

Taxpayers who are under 65 with gross income up to \$40,000 are eligible for rebates of \$90 if they are homeowners; \$30 if they are tenants.

New Jersey taxpayers who are eligible to receive homestead rebates, and have not received them, can call the State's automated Homestead Rebate InfoLine at 1-800-323-4400 to check on the status of their rebate applications. Callers must have a copy of their rebate application to use this information line. □

## **Division on the World Wide Web**

You can find the New Jersey Division of Taxation on the Internet by accessing our home page at the following address:

**<http://www.state.nj.us/treasury/taxation/>**

Since February 28, 1996 the Division's home page has been accessed over 13,000 times. E-mail inquiries and form order requests have been received world wide from places as distant as Europe and Japan. The Division's home page contains a wealth of information. Some of the areas that can be visited include:

- Frequently Asked Questions
- Helpful Publications
- Important Tax Notices
- Obtaining Tax Forms
- Enforcement Activity News

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*world wide web - from page 3*

- Listing of Taxes Administered by the Division of Taxation
- Organization of the Division including key names and phone numbers

The World Wide Web has provided the Division of Taxation with a new avenue to inform, educate and support New Jersey taxpayers and practitioners. New Jersey taxpayers and practitioners can use the home page to communicate with the Division. Additionally, the home page has links with other helpful home pages such as the New Jersey

Legislature, the Federation of Tax Administrators and the Internal Revenue Service. The Federation of Tax Administrators link allows access to every state revenue collection agency having a home page.

The Division's home page is a continuously evolving and growing communications medium. The home page proved to be a valuable asset during the recently concluded Tax Amnesty Program. Taxpayers accessed the Amnesty section of the home page to request forms and have questions answered.

Visit our home page and send us an e-mail telling us what you would like to see included on our home page. The Division's e-mail address is:

[nj.taxation@treas.state.nj.us](mailto:nj.taxation@treas.state.nj.us) □

### ***ELF Program to Expand in '96***

This tax year, New Jersey's Electronic Filing (ELF) Program was very successful. It allowed for the filing of refund and zero balance returns for full time residents whose returns did not require the attachment of additional forms and schedules. By April 15 the Division had received and accepted over 65,000 electronic returns. In many cases, the Division was able to generate refund checks for these taxpayers in ten days. The Division will continue to participate in Federal/State ELF and for Tax Year 1996 the program will be expanded to allow for many additional categories of returns to be filed. More complex returns, those requiring

the attachment of additional forms and schedules, may be filed this coming season.

Tax preparers are reminded that all participants in the New Jersey program must register each year. The Division will be sending 1996 registration forms, for renewal, to those that participated last year. If you have never participated or you do not have a blank copy of last year's form, you may contact the Division at (609) 588-2200 and request a copy or write to the following address:

NEW JERSEY DIVISION OF TAXATION  
CN 191 — ELF  
TRENTON NJ 08646-0191

While last year's overall rejection rate was only 4%, the majority of these were because either transmitters or EROs had failed to register with New Jersey. It is important to remember that registering with the IRS does not constitute registration with New Jersey. If you have never participated in this program, you should also contact the IRS coordinator at the Newark District Office, as this program includes both the Federal and State returns.

The Division continues to use the IRS Bulletin Board (BBS) to post copies of manuals and to disseminate information regarding the program. Interested parties may call the BBS at (606) 292-0137 for the latest information regarding ELF. In conjunction with New Jersey, the IRS conducts workshops which you may wish to attend. For additional information you may contact the IRS in Newark at (201) 645-6690.

### ***Interest 11.75% for Third Quarter***

The interest rate assessed on amounts due for the third quarter of 1996 is 11.75%.

The assessed interest rate history for the last eight quarters is listed below.

<b>Effective Date</b>	<b>Interest Rate</b>
10/1/94	9%
1/1/95	11.5%
4/1/95	11.5%
7/1/95	11.5%
10/1/95	11.5%
1/1/96	11.75%
4/1/96	11.75%
7/1/96	11.75%

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*elf program - from page 4*

General information about New Jersey's electronic filing program is available on the Internet by accessing the Division's home page at:

<http://www.state.nj.us/treasury/taxation/>

New Jersey's Electronic Filing Handbook for tax year 1996 will be posted on our home page when it becomes available. □

## **CORPORATION TAX** ***Nexus Schedule***

A new Corporation Business Tax schedule, Schedule N, Nexus-Immune Activity Declaration, is now available. Any foreign corporation claiming immunity from tax based upon income pursuant to the Federal Interstate Income Act, Public Law 86-272, 15 U.S.C. 381, should annually complete and file Schedule N along with only page 1 of the Corporation Business Tax Return (Form CBT-100 or 100S) and remit the minimum tax prescribed by N.J.S.A. 54:10-5(e).

Foreign corporations that meet the criteria for immunity from State taxation based on income under Public Law 86-272 would qualify to file Schedule N. If the in-State activities of the foreign corporation go beyond the protected activities under Public Law 86-272, as interpreted by the applicable Federal and State case law and New Jersey Corporation Business Tax regulation N.J.A.C. 18:7-1.9, the foreign corporation must file a complete Corporation Business Tax Return and pay the appropriate tax on the allocated

income as prescribed by the three factor business allocation formula.

Schedule N is not part of the Corporation Business Tax Return packet. The schedule may be obtained by calling the Division's Automated Tax Information System at 1-800-323-4400. Any questions regarding Schedule N can be referred to the Division's Nexus Audit Group at (609) 984-5749 or write to:

NEW JERSEY DIVISION OF TAXATION  
NEXUS AUDIT GROUP  
CN 264  
TRENTON NJ 08646-0264 □

## **CORPORATION TAX** ***Section 8 Credit***

Where the Business Allocation Factor computed on the basis of property, receipts and payroll under Section 6 of the Act (N.J.S.A. 54:10A-6) is 100% and the taxpayer in fact paid a tax based on or measured by income to a foreign state resulting in a duplication of income being taxed, it may, under Section 8 of the Act (N.J.S.A. 54:10A-8), apply for a reduction in the amount of its tax paid to New Jersey. The reduction is available only where the taxpayer in its own right acquired a taxable status in a foreign state by reference to at least one of the criteria described at N.J.A.C. 18:7-1.6 as if the New Jersey Corporation Business Tax Act were the law of the foreign state. It should be noted that the credit for taxes paid on duplicated income is only on tax based on or measured by income to a foreign state and not to a city or other municipality or the District of Columbia.

An eligible taxpayer computes its reduction on a rider attached to its return. For purposes of calculating the reduction:

1. The reduction may be based upon only so much of adjusted entire net income appearing on its Corporation Business Tax Return as is reported to a foreign state;
2. The apportionment formula used in the foreign state may not exceed the Business Allocation Factor as determined under Section 6 of the Act and rules under N.J.A.C. 18:7-8.3;
3. The reduction must be computed by using the lesser of the tax rates of the foreign state or the tax rate under the New Jersey Corporation Business Tax Act.

For details, see N.J.A.C. 18:7-8.3.

The credit for taxes paid to other states on duplicated income is carried to the face of the return and is subtracted from the amount of tax due to New Jersey.

Below is an example derived from the regulation of how the credit is computed.

### **Example:**

Corporation B does not maintain a regular place of business outside New Jersey other than a statutory office. Its Business Allocation Factor is 100%. It did, however, start and complete a construction job in State Z and paid an income tax to that state at a rate of 10.5%. It may determine the portion of its Corporation Business Tax measured by net income as follows:

section 8 credit - from page 5

	NJ Tax Income Base	Duplicated In State Z
Taxable income before net operating loss deduction & special deductions	\$227,500	\$227,500
Add ACRS	\$15,000	
Less NJ Depreciation	<u>12,000</u>	0
Taxes imposed on or measured by income from State Z return	\$28,800	22,500
NJ CBT paid or accrued—add back	<u>22,500</u>	
Municipal bond interest—add back	+7,000	+0
	<u>\$260,000</u>	<u>\$250,000</u>
Dividend Exclusion NJ State Z	\$10,000 <u>0</u>	- 10,000 <u>0</u>
Entire Net Income	<u>\$250,000</u>	
Portion of entire net income duplicated		\$240,000
Apportionment (computed below)		x .25
Tax @ 9%	\$22,500	<u>\$60,000</u>
Tax @ 10.5%		<u>\$6,300</u>
Reduction 60,000 @ 9%	- 5,400	
Reduced Tax	<u>\$17,100</u>	

Corporation B computed its apportionment on its State Z return as follows:

	State Z	Everywhere	%
Property owned	\$140,000	\$500,000	
Leased property (at 8 annual rentals)	+40,000	+ 100,000	
	<u>180,000</u>	<u>÷ 600,000</u>	.30
Receipts (double weighted .20 + .20)	<u>200,000</u>	<u>÷ 1,000,000</u>	.40
Payroll	<u>90,000</u>	<u>÷ 300,000</u>	+.30
Total			<u>1.00</u>
Average 1.00 ÷ 4			<u>.25</u>

If the apportionment formula had been determined in State Z, consistent with the Corporation Business Tax Act, it would have been:

	State Z	Everywhere	%
Property owned	\$140,000	÷ \$500,000	.28
Receipts	200,000	÷ 1,000,000	.20
Payroll	90,000	÷ 300,000	+.30
			<u>.78</u>
Business Allocation Factor .78 ÷ 3			<u>.26</u>

Since the apportionment formula used in State Z produces a factor (.25) which does not exceed the New Jersey Business Allocation Factor as it would have been determined under the Act and N.J.A.C. 18:7-8.3, the State Z factor is used for purposes of determining the reduction.

The New Jersey courts have considered and upheld the use of this credit mechanism, see *Kettler Realty Corporation v. Director, Division of Taxation*, 12 N.J. Tax 470 (1992), affirmed 14 N.J. Tax 165 (App. Div. 1993).

As a result of P.L. 1995, c.245, the New Jersey sales fraction will be double weighted for fiscal years beginning on and after July 1, 1996. □

### **GROSS INCOME TAX Domicile**

The Division of Taxation continuously receives inquiries from individuals who are New Jersey residents taking job assignments overseas and who are requesting information about their filing responsibilities to New Jersey while they are working overseas. Many of these individuals will be renting out their New Jersey homes while they are out of the country.

The New Jersey Gross Income Tax Act, N.J.S.A. 54A:1-2(m), defines a "resident taxpayer" as any individual who is domiciled in New Jersey, unless he or she fulfills all three of the following conditions for the entire year:

1. Maintains no permanent place of abode in New Jersey; and
2. Maintains a permanent place of abode elsewhere; and
3. Spends no more than 30 days of the taxable year in New Jersey.

To determine whether a person is a resident or nonresident, it is necessary to know the person's domicile. Domicile is any place an individual regards as their permanent home. Once established, a domicile continues until the person moves to a new location with the

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intent to establish a fixed and permanent home there and has no intention of returning to his or her previous home. Moving to a new location, even for a long time, does not result in a change of domicile if the intent is to remain only for a limited time.

Thus the New Jersey resident who intends to return to New Jersey after living and working in an overseas location for a period, no matter how long the duration, has not given up his New Jersey domicile and must file as a New Jersey resident for the entire period.

An individual who rents out his New Jersey home, while currently living outside of New Jersey, and has no right of use to the New Jersey home during the term of the lease, can be considered a non-resident as long as he maintains a permanent home elsewhere and spends less than 30 days in this State.

A place of abode, whether in this State or elsewhere, is not deemed to be permanent if it is maintained only during a temporary stay for the accomplishment of a particular purpose. If the dwelling is maintained for more than a temporary stay, then it will be considered permanent.

It should be noted that all the statutory conditions for non-resident taxpayer status must be satisfied by the taxpayer.

The burden of proof would be upon the individual asserting a change of domicile to show that the necessary intention existed to abandon his or her domicile in one location and to establish a fixed and permanent home in another. □

## **GROSS INCOME TAX** ***Gambling Winnings or Losses***

Under the provisions of R.S. 54A:5-1(g), all gambling winnings, with the exception of New Jersey Lottery winnings, are subject to New Jersey Gross Income Tax.

The winnings of residents are subject to tax no matter where these winnings are received. Nonresidents' gambling winnings from New Jersey sources are likewise subject to tax.

All gambling winnings whether they are the result of legalized gambling (casino, race track, etc.) or illegal gambling are subject to the tax. However, this category of income is given treatment similar to the treatment of gambling winnings under the Federal Income Tax code. Gambling losses incurred during the same period as the winnings may be used to offset winnings. In other words, taxpayers may deduct gambling losses from their gambling winnings during the tax period not to exceed the total of the winnings. In the case of nonresidents, gambling winnings from New Jersey sources may only be offset by gambling losses incurred in New Jersey during the same tax period.

Taxpayers may be required to substantiate gambling losses used to offset winnings reported on their New Jersey Gross Income Tax Return. Evidence of losses may take several forms, including losing race track pari-mutuel tickets, a daily log or journal of wins and losses, canceled checks, notes, etc. Such evidential material should be kept by the taxpayer for a period of six years after the filing of the New Jersey Gross Income Tax Return for that period.

With respect to winnings or losses resulting from casino gambling, letters from casinos which purport to "rate" the gambling activity of an individual or "estimate" losses are not acceptable as evidence of gambling losses.

Although no specific rider to the New Jersey Gross Income Tax Return is required, it is requested that a taxpayer who enters gambling winnings net of losses on the New Jersey return indicate the total winnings and total losses on a supporting statement. Although not taxable, the supporting statement should include New Jersey lottery winnings and losses. This supporting statement may eliminate certain questions in the event the return is selected for audit. □

## **SALES AND USE TAX** ***Carnival Rides & Nonprofits***

In reply to an inquiry regarding the treatment for sales tax purposes of sales of admissions by not-for-profit organizations for amusement rides at carnivals or circuses, the Division replied that under N.J.S.A. 54:32B-9(f)(2)(B) of the Sales and Use Tax Act, such admissions are subject to sales tax if "any professional performer or operator participates for compensation." The fact that the not-for-profit is an exempt organization pursuant to N.J.S.A. 54:32B-9 does not matter; nor is the result changed by the method of payment agreed to by the not-for-profit and the amusement ride operator. In this regard, note that N.J.S.A. 54:32B-9(f)(1) provides that under no circumstance can the splitting of proceeds support an exemption

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*carnival rides - from page 7*

claim.

Every recipient of admission charges is a person required to collect tax under the Act. See N.J.S.A. 54:32B-2(p); N.J.S.A. 54:32B-2(w). Whenever the proceeds are split between an amusement ride operator and a not-for-profit organization, the operator is a recipient of admission charges. The operator is required to file returns and remit the tax with respect to admission charges subject to sales tax under N.J.S.A. 54:32B-3(e)(1). See N.J.S.A. 54:32B-17; N.J.S.A. 54:32B-18. □

## **INHERITANCE/ESTATE TAX** ***CPA Prepared*** ***Returns***

It has been ten years since Opinion No. 10 of the Committee on the Unauthorized Practice of Law was modified by the Supreme Court of New Jersey to permit preparation of inheritance tax returns by certified public accountants. However, there is still considerable unnecessary and avoidable delay in processing certain returns which is being caused by an apparent ignorance of conditions imposed by the Supreme Court.

Opinion No. 10 of the Committee on the Unauthorized Practice of Law was modified by the Supreme Court of New Jersey, on April 14, 1986, to permit the preparation and filing of New Jersey Inheritance Tax Returns by qualified certified public accountants *licensed in New Jersey provided that the accountant notifies the client in writing before work is commenced* that review of the return by a qualified attorney may be desirable because of possible application of legal principles to the preparation

of the tax return. 102 N.J. 231. For these purposes, public accountants duly licensed in New Jersey have equivalency with certified public accountants.

The Transfer Inheritance Tax Branch, in the absence of receipt of the client's original signed acknowledgment of the required notification, is precluded from accepting or negotiating returns filed by CPAs. Accountants should not expect or request that Division personnel act in a way that is contrary to the provisions of the statute. The following CERTIFICATION may be reproduced. It is suggested that it be photocopied and/or made a permanent "form" in word processors of New Jersey certified public accountants. □

## **CERTIFICATION**

The New Jersey Supreme Court in *IMO Application of New Jersey Society of Certified Public Accountants*, 102 N.J. 231 (1986) held that the preparation of an inheritance tax return is, in general, so dependent on the correct application of legal principles as to require the Supreme Court to exercise its supervisory jurisdiction over the practice of law. In exercising this supervisory jurisdiction, the Court observed that many certified public accountants are qualified to prepare inheritance tax returns for most estates.

Therefore, the Supreme Court concluded that the public interest is best served by permitting certified public accountants to prepare and file inheritance tax returns without the supervision of any attorney, on the condition that:

- a) before the CPA commences work on the return, he or she has notified client in writing that review of the return by a qualified attorney may be desirable because of the possible application of legal principles to the preparation of the return; and
- b) consistent with the professional obligation of the CPA to perform his or her services subject to a standard of care commensurate with the skill and knowledge normally possessed by members of the CPA profession in good standing, he or she recommends consultation with counsel whenever the complexities of a return indicate that legal advice is desirable.

In accordance with the New Jersey Supreme Court's directive as set forth above, this is to certify that my certified public accountant has given me this writing and that I have read it thoroughly, that I understand that review of this estate's inheritance tax return by a qualified New Jersey attorney may be desirable, that my CPA also may recommend consultation with an attorney because of complexities with this estate and the inheritance tax return, and that it is my decision whether I will seek the services of an attorney unless my CPA determines that he or she must consult with counsel.

---

Executor, Executrix  
Administrator, Administratrix  
Beneficiary, or Heir  
Dated:

**LOCAL PROPERTY TAX**  
***New Rules for Tax Maps***

Revised tax map regulations were adopted on January 2, 1996 by Richard D. Gardiner, Director, Division of Taxation. These rules became effective on February 5, 1996 and will expire on February 5, 2001. A full text appears in N.J.A.C. 18:23A.

Property Administration, Engineering Section, which administers tax map review and approval procedures, has developed a booklet for the New Jersey Licensed Land Surveyors who are responsible for the preparation, revision and maintenance of tax maps and for Municipal Assessors who are responsible for local assessments. The booklet includes illustrated standards, a formal opinion concerning land surveyors, seals, a check list of items to review and advice about the manner of reflecting riparian interests. □

**LOCAL PROPERTY TAX**  
***Deductions for Co-op, Mutual Housing Residents***

Property Administration's Local Property Branch recently had several inquiries from cooperative and mutual housing residents who were having difficulty receiving credit for their \$250 senior citizen and \$50 veteran property tax deductions from their housing management despite their deduction claims having been approved by their municipal tax assessors.

To ensure resident shareholders' proper entitlement to and receipt of both property tax deductions for

qualified senior and disabled citizens and war veterans and their respective surviving spouses, assessors are reminded to send Form CMHC-1 to Co-op and Mutual Housing managers on a yearly basis. Unless this form is completed by property managers each year, continuance of and changes to deduction entitlement will not be verifiably documented. CMHC Forms for residential Cooperative and Mutual Housing should be returned to assessors in time to allow the data to be used for the annual October 1 property status review.

Assessors needing a copy of the CMHC Form and the accompanying transmittal letter should contact Property Administration, Policy and Planning Section. □

**LOCAL PROPERTY TAX**  
***Tax Assessors' Calendar***

**October 1–**

- All real property in taxing district valued for tax purposes (pretax year).
- \$50 veterans' tax deduction eligibility established (pretax year).
- \$250 real property tax deduction for qualified senior citizens, disabled persons, surviving spouses eligibility established (pretax year).
- Agricultural land values for farmland assessment published by State Farmland Evaluation Advisory Committee.
- Table of Equalized Valuations for State School Aid promulgated by Director, Division of Taxation.

- Added Assessment List and duplicate filed with County Tax Board.
- Omitted Assessment List and duplicate filed with County Tax Board.

**November 1–**

- Initial Statements, Forms I.S., and Further Statements, Forms F.S., for property tax exemption filed with tax assessor.
- Notices of Disallowance of farmland assessment issued by tax assessor.

**November 15–**

- Notices of revisions to State-owned property listing given by Director, Division of Taxation, to County Tax Boards and taxing districts.
- Deadline for taxing districts' appeals of Table of Equalized Valuations to N.J. Tax Court.

**December 1–**

- Appeals from added assessments filed with County Tax Board.
- Appeals from omitted assess-

*continued on page 10*

**Correction**

**Editor's note:** There were several errors in an article in the last issue of the *State Tax News* (Summer 1996, Volume 25, Number 2) on page 9. In the chart entitled *New Jersey Property Valued at \$496 Billion*, the correct figure for the 1994 True Value in Sussex County is \$8,176,299,578. In Warren County, the correct figure for the amount of Decrease/ Increase is +\$148,187,544, and for % of Change, +2.78. We apologize for these mistakes.

*assessors' calendar - from pg. 9*

ments filed with County Tax Board.

#### December 31-

- Legal advertisement of availability of Tax List for public inspection. □

### LOCAL PROPERTY TAX **Tax Assessor Certificates**

The tax assessor examination is held in accordance with the Assessor Certification and Tenure Act, which requires that anyone taking office as a tax assessor after July 1, 1971 must hold a tax assessor certificate.

Twenty-four persons passed the examination for the tax assessor certificate held on March 30, 1996 and became certified tax assessors on May 24, 1996:

**Bergen County:** Lisa L. Lisciotto, Fairview Borough; Marguerite L. Pilsbury, Demarest Borough; Karen Purpura, Wyckoff Township; Mario N. Silvestri, North Arlington Borough.

**Burlington County:** William F. McLaughlin, Mount Laurel Township; Grace Ann Shotwell, Mount Laurel Township.

**Camden County:** Gregory J. Busa, Gloucester Township; Timothy W. Sheehan, Haddon Heights Borough.

**Cumberland County:** Lois E. Mazza, Hopewell Township.

**Essex County:** Brian J. Iannarone, North Caldwell Borough.

**Mercer County:** Peter Edward Sockler, Hightstown Borough.

**Morris County:** Kevin J. Cooper, Mount Olive Township; Marc Edward D'Agostino, Mendham Borough; Denis M. Duvoisin, Morris Plains Borough; Olga Rotonda, Montville Township; J. Scott Thornton, Parsippany-Troy Hills Township.

**Ocean County:** Kathy J. Marmur, Point Pleasant Borough.

**Somerset County:** Joseph M. Baxter, Bound Brook Borough; Kevin D. Smith, Bedminster Township; George John Sopko, Bridgewater Township.

**Sussex County:** Tamara Athoe Pyskaty, Andover Township.

**Union County:** Alan Rapoport, Kenilworth Borough.

**Pennsylvania:** John D. Charlesworth, Milford Borough; Eugene P. Davey, Philadelphia. □

## **Criminal Enforcement**

Criminal Enforcement over the past several months included:

- James J. Bobowicz of Caldwell, New Jersey, pled guilty on May 28, 1996 to eight counts relating to State income tax violations. In addition to failing to file State income tax returns from 1989 through 1992, Bobowicz filed a false tax return and claimed a fraudulent income tax refund in 1993. This case resulted from a joint investigation effort between the Sussex County Prosecutor's Office and the Office of Criminal Investigation.
- On June 11, 1996, Paul C. McDaniel of West Chester, Pennsylvania, pled guilty to one count of failure to file a petroleum products gross receipts tax return. McDaniel, a waste oil dealer, was indicted in March 1996 with nine other individuals alleging 18 counts of conspiracy, racketeering, and falsifying records. Also included in the indictment was the theft of \$159,000 of New Jersey petroleum products gross receipts tax, the theft of \$798,000 of Federal motor fuels excise tax and various environmental offenses during the period between September 1992 and June 1993.
- Richard Lugero of Millstone Township, the sole principal of a purported security guard firm, was indicted on June 3, 1996 by a Monmouth County grand jury on four counts of filing fraudulent State income tax returns and failing to pay the tax of \$43,885 on the unreported

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*continued on page 11*

*criminal enforcement - from page 10*

income. The criminal investigation ascertained unreported income from the security firm totaling \$608,000 for the 1993 and 1994 tax periods. In addition, there was probable cause to believe that unreported proceeds also existed from the theft of goods and services that totaled \$78,951 for the two year period. The case was initiated by the Monmouth County Prosecutor's Office and conducted jointly with the Division's Office of Criminal Investigation.

- Larry Ansell and Michael Gohar, the president and former co-president of Emerald Hotels Management Co. Inc., made a partial payment of \$450,000 for back taxes owed to New Jersey. As a condition of their February 7, 1996 guilty plea, an additional \$400,000 must be paid prior to the September sentencing date. Under the plea agreement, the balance of the taxes still owed after that payment must be paid no later than one year from the date of entry of the Judgment of Conviction. This case resulted from a criminal investigation that discovered nearly \$1.25 million in unpaid New Jersey sales tax, corporation business tax and income tax for the period January 1988 through August 1995. Ten corporations owning hotel and motel franchises throughout the State were identified as being part of the scheme to evade payment of these taxes. Additional information regarding this case may be found in the Summer 1996 issue of the *State Tax News*.

- On April 30, 1996, Vincent T. Szymanski of Bayonne, New Jersey, pled guilty to embezzling monies from his employer and failing to file New Jersey income tax returns and pay the tax obligation. Szymanski, who was indicted by a Mercer County Grand Jury on March 22, 1996, admitted to embezzling \$337,000 from Conair, Inc. in East Windsor by manipulating credit accounts from 1991 through 1994 during the period of his employ. Conair discovered the missing money after Szymanski was laid off. As part of the plea agreement, Szymanski is required to pay back the money he stole, as well as pay the income tax owed which totaled over \$18,700 on the unreported income for this period. The case resulted from a joint investigation effort between the Mercer County Prosecutor's Office and the Division's Office of Criminal Investigation.
- James H. Haluszka, the former Chief Financial Officer of Ocean Gate Borough, was sentenced on April 18, 1996 to five years in prison as a result of his guilty plea to one count of official misconduct. Mr. Haluszka had received a seven count indictment in October 1995, for violations involving theft of municipal funds and the failure to perform duties imposed by law. Included in one count for official misconduct was Haluszka's failure to file and remit New Jersey withholding taxes for 1993 and 1994

for borough employees. As part of the guilty plea, however, this count and several other counts for official misconduct were dismissed. The Borough of Ocean Gate as a result of the investigation was made aware of the delinquencies for New Jersey income tax withholdings and is in the process of correcting them.

- Rosalie Randazzo, president of MVP Sports Cafe, Inc., in Aberdeen, New Jersey, was admitted to a Pre-trial Intervention Program on April 15, 1996 as a result of a plea to an accusation of misapplication of entrusted property. Ms. Randazzo was accused of under reporting the sales tax and failing to remit \$43,894 of collected tax. Prior to the plea, the taxpayer made full restitution of the sales tax monies involved.
- On March 22, 1996, Clinton Point Associates, Inc., the former operator of a bar/restaurant in Clinton, New Jersey, was sentenced in Essex County Superior Court for failing to remit \$46,523.82 of collected sales tax. As a condition of the plea, Joseph Diaz, president of the corporation, executed a Consent Judgment personally to ensure payment of the tax, penalties and interest due.
- On April 4, 1996, Ann Cinquemani, president of Friendly Three, Inc., in Flemington, New Jersey, was admitted to a Pre-trial Intervention Program as a result of an accusation involving the filing of fraudulent sales tax returns and

the failing to remit \$14,597 of *criminal enforcement - from pg. 11*

tax collected. As a condition of the program, Ms. Cinquemani is required to make full restitution of the tax and maintain steady employment during her three year term in the program.

- Twenty-one guilty pleas were entered in municipal courts throughout New Jersey between April and June 1996 by individuals and businesses for noncompliance with the cigarette tax law. The charges included counts for failure to register a business, for selling cigarettes without a license, and for transporting untaxed cigarettes. Fines and penalties were imposed in the amount of \$18,081 and 4,439 cartons of seized cigarettes with a value of \$88,000 were awarded to the State. In addition, charges were filed for violations including transporting untaxed cigarettes and selling cigarettes without a license in municipal court for eight cases. The value of the assets seized for these cases totaled \$82,629. □

## **Enforcement Summary**

### **Civil Collection Actions Quarter Ending - June 30, 1996**

Following is a summary of enforcement actions for the quarter ending June 30, 1996.

#### **Certificates of Debt**

During the quarter ended June 30, 1996, the Division filed 753 Certificates of Debt in New Jersey Superior Court. These COD's, which have the same force and effect as docketed judgments, totaled \$9.3 million.

#### **Levies**

\$28,355 was collected by levying against payments made under State contracts to satisfy debts owed by State vendors.

#### **Seizures**

When a liability, for which the Division of Taxation has secured judgments, cannot or will not be satisfied by a taxpayer and all other means of collection of the debt have been exhausted, seizure of the business and personal assets will take place. Field Investigators will close a business, seizing any tangible assets including licenses, inventory, machinery, furniture, vehicles, etc., until arrangements are made for payment of the debt.

For the quarter ending June 30, 1996, property of 11 businesses was seized. Some businesses were able to reopen, others remain closed. A listing of these seizures appears on page 14.

#### **Auctions**

If the liability of a business seized by the Division is not satisfied or resolved, the business will remain closed. To satisfy the debt, the Division can sell the business assets at a public auction.

During the quarter ending June 30, 1996, six auctions were held by the Division. A listing follows on page 14.

In the event an auction does not net enough monies to resolve the debt, the Division will execute against the personal assets of any of the business's responsible officers. Responsible officers are held personally liable for the trust fund portion of the debt which includes, but is not limited to, sales tax, withholding tax and motor fuels tax. □

## **Tax Briefs**

### **Corporation Business Tax**

**Federal Modified Accelerated Cost Recovery** — The Division received an inquiry as to whether New Jersey allows the use of Federal modified accelerated cost recovery depreciation for assets placed in service in New York, as well as for assets in New Jersey.

New Jersey will allow Federal modified accelerated cost recovery depreciation for assets placed in service in New York as well as in New Jersey. Taxpayers should use the same depreciation method they are using for Federal purposes. For assets placed in service on or after

July 7, 1993, New Jersey follows Federal depreciation rules. N.J.S.A. 54:10A-4(k)(2)(F)(i).

*continued on page 13*

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*Tax Clearance Certificate Required for Partnerships, Limited*

**Partnerships, Limited Liability**  
*tax briefs - from page 12*

**Companies Mergers** — Partnerships, limited partnerships and limited liability companies are permitted to merge and consolidate into other business entities, pursuant to N.J.S.A. 42:1-49, N.J.S.A. 42:2A-73 and N.J.S.A. 42:2B-20. Public Law 1995, chapter 279 amended the State Tax Uniform Procedure Law, N.J.S.A. 54:50-14, to provide that the Secretary of State shall not accept for filing a certificate of merger or consolidation of any business entity into any other business entity other than a domestic corporation or a foreign corporation authorized to transact business in this State unless the business entity files a tax clearance certificate with the Secretary of State. Partnerships, limited partnerships and limited liability companies are required to obtain a tax clearance certificate, pursuant to N.J.S.A. 54:50-14 before merging or consolidating with any other business entity other than a domestic corporation or a foreign corporation authorized to transact business in this State.

**Gross Income Tax**

**Withholding On Wages Paid To Household Employees** — It is not mandatory for an employer to withhold New Jersey gross income tax from wages paid to household workers. If Federal tax is withheld from the household worker's wages, then New Jersey gross income tax must be withheld if otherwise required under New Jersey's employer withholding instructions.

For example, an employer who is withholding Federal income tax is required to furnish the NJ-W4 to

all employees, but an employee is not required to complete the NJ-W4. If a household employee has requested that the employer withhold Federal income tax but does not wish to have State income tax withheld, the employee may claim exemption from withholding on the NJ-W4 if one of the following conditions is satisfied:

- Filing status is single, head of household or qualifying widow(er) and the employee's wages plus taxable non-wage income will be \$7,500 or less for the current year; or
- Filing status is married joint and the employee's wages combined with his spouse's wages, plus taxable non-wage income will be \$7,500 or less for the current year; or
- Filing status is married separate and the employee's wages plus taxable non-wage income will be \$3,750 or less for the current year.

**Sales and Use Tax**

**Home Warranty Repairs** — The Division responded to an inquiry regarding the taxability of warranty work performed on new houses. The taxpayer does work under contract for builders of new homes, making "adjustments and repairs" on a house whenever the homeowner reports problems with the construction that need to be corrected during the warranty period.

In these circumstances, the builder's purchase of the repair services is a purchase for resale under N.J.S.A. 54:32B-3(b), since the builder is reselling the service to the homeowner through the warranty which was included in the sale of the home.

Thus, the taxpayer may accept a Resale Certificate (ST-3) from the builder for repair services when the builder pays for the warranty work. However, the taxpayer is responsible for paying sales or use tax on any materials and supplies it purchases in order to perform the warranty work; these purchases are not considered purchases for resale. N.J.S.A. 54:32B-2(e).

**Leased Hotel Room, Permanent Resident**

— The Division received an inquiry concerning the sales tax exemption on the rent for a room or rooms in a hotel paid by a permanent resident. N.J.S.A. 54:32B-3(d). The New Jersey sales tax is imposed on: "The rent for every occupancy of a room or rooms in a hotel in this State, except that the tax shall not be imposed upon (1) a permanent resident, or (2) where the rent is not more than at the rate of \$2.00 per day." N.J.S.A. 54:32B-3(d).

The Sales and Use Tax Act defines a permanent resident to be "any occupant of any room or rooms in a hotel for at least 90 consecutive days..." N.J.S.A. 54:32B-2(m). If the occupancy occurs under a lease agreement for a period of 90 or more consecutive days, the rental payments are exempt from sales

***Division of Taxation Seizures  
(April – June 1996)***

**Note:** Businesses listed may have satisfied their tax liability or otherwise come to agreement with the Division following the date of seizure and may now be reopened.

<b>County</b>	<b>Name/Address</b>	<b>Seizure Date</b>	<b>Business Type</b>	<b>Status</b>
Bergen	Mercer Street Pub Wallington	06-25-96	Pub	Liquor License Seized
Gloucester	Money Max, Inc. Sewell	06-25-96	Commercial Laundry	Motor Vehicles Seized
Mercer	Tuxedo Club, Inc. Trenton	05-16-96	Bar/Social Club	Liquor License
Middlesex	Melnizek, Frances, t/a Fran's Sail Inn Carteret	06-12-96	Bar/Tavern	Closed
	ADA, Inc., t/a Fords Bar & Liquors Fords	06-28-96	Package Store/Bar	Closed
Monmouth	Cheasapeake, Inc., t/a Sand Bar Brielle	05-06-96	Restaurant/Bar	Liquor License
	Molitor, Cora, Est. of t/a Mulligan's Tavern Highlands	05-06-96	Bar	Liquor License
	Safari VIP Food & Spirits, Inc. Aberdeen	05-16-96	Bar/Restaurant	Contents seized; Business already closed
	Periwinkles, Inc. Sea Bright	05-23-96	Bar/Restaurant	Liquor License
Passaic	Kalra, Vinit, t/a Vee & Dee Towing Wayne	05-17-96	Towing	Tow Truck Seized
Union	Fork Lifters, Inc. t/a The Loading Dock Restaurant Garwood	05-15-96	Bar/Restaurant	Liquor License

***Division of Taxation Auctions  
(April – June 1996)***

<b>County</b>	<b>Name/Address</b>	<b>Auction Date</b>	<b>Business Type</b>
Atlantic	1401 Arctic Ave Corp. Atlantic City	04-16-96	Liquor License
Camden	Larsid, Inc., t/a Cotton Club Camden	04-24-96	Liquor License
	Camelot Lounge Camden	06-06-96	Liquor License
Gloucester	Stiehl Grove, Inc., t/a Paulsboro Hotel Paulsboro	04-22-96	Liquor License
Monmouth	Safari VIP Food & Spirits, Inc. Aberdeen	05-30-96	Bar/Restaurant
	Molitor, Cora, Est. of t/a Mulligan's Tavern Highlands	06-19-96	Liquor License

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tax, and the hotel is not required to collect sales tax for any of the days. The agreement serves as proof of the exemption. No exemption certificate is required.

**Senior Citizen Clubs** — While all nonprofit organizations may make application for exempt organization status for sales and use tax purposes, the vast majority of nonprofit organizations do not qualify for exemption under the provisions of the law.

N.J.S.A. 54:32B-9(b)(1) provides exempt organization status, upon application, to “Any corporation, association, trust or community chest, fund or foundation, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary or educational purposes....” The language was taken directly from section 501(c)(3) of the Internal Revenue Code. It has been held by ruling that the intent of the New Jersey Legislature in formulating this statute was to grant exempt organization status solely to 501(c)(3) types of organizations. The New Jersey sales and use tax exempt organization application process requires the submission of an Internal Revenue Service determination letter granting the applicant exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code. N.J.A.C. 18:24-8.4(c)(5).

Senior citizens clubs usually are not designated 501(c)(3) type organizations, as they are neither organized nor operated exclusively for the exempt purposes listed

under N.J.S.A. 54:32B-9(b)(1). Therefore, senior citizens clubs are not qualified for exempt organization status under the New Jersey Sales and Use Tax Act.

**“Tax-Free” Shopping** — The Division received a complaint about tax-free shoppers in Delaware from a New Jersey business located in Cape May County.

The Division replied that while purchases made in Delaware are not subject to any sales tax in Delaware, they are not “tax free” for New Jersey residents. When goods that are not tax-exempt in New Jersey are brought into this State for use here, the user must pay a “compensating use tax” to New Jersey. The requirement of paying use tax has been part of the Sales and Use Tax Act since 1966. See N.J.S.A. 54:32B-6. The purpose of this requirement is to ensure that out-of-State purchases of goods used mainly in the State are subject to the same tax liability as purchases of the identical items within the State. Residents cannot avoid sales tax simply by crossing State lines. *Coppa v. Director, Division of Taxation*, 8 N.J. Tax 236, 252 (Tax Ct. 1986).

Individuals who owe use tax may file a Form ST-18 and remit payment within 20 days of bringing their purchase into this State. Alternatively, if the individual has not paid the use tax liability during the year, this liability can be reported on the “use tax” line of the NJ-1040 and paid with that return. □

## **In Our Courts**

**Corporation Business Tax Entire Controversy Doctrine** — *Sutton Warehousing, Inc. v. Director, Division of Taxation*, Superior Court of New Jersey, Appellate Division, decided May 31, 1996, DDS no. 35-2-9081.

The issue in this case is whether, during discovery for an appeal of taxpayer’s sales and use tax assessment, the Director of Taxation can issue a corporation business tax (CBT) notice for discrepancies found in the taxpayer’s records without violating the entire controversy doctrine. The entire controversy doctrine requires a court to adjudicate all of the equitable and legal issues arising from a single underlying transaction to the extent possible so to exercise fairness and efficiency. The Appellate Court reversed the Tax Court’s determination that the CBT assessment violated the entire controversy doctrine.

Plaintiff, while in the business of storing and distributing clothing products, purchased a storage rack system and sprinkler system. Director audited plaintiff and found that plaintiff owed sales and use tax on the storage rack system. Plaintiff appealed and contended that it was an exempt capital improvement. During discovery for the appeal, Director found that plaintiff also owed CBT for depreciating the sprinkler system over too short of a time period. Director issued plaintiff an additional assessment and plaintiff filed a complaint maintaining that Director’s actions violated the entire controversy doctrine.

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The Appellate Court held that the entire controversy doctrine did not apply because the CBT was not a “matter in controversy between parties” when the sales and use tax was assessed. The cause of action for the CBT assessment did not arise in time to have been joined with the sales and use tax assessment as a defense or counterclaim without violating plaintiff’s statutory right to protest the assessment. Further, under N.J.S.A. 54:49-6, Director has four years to examine and audit a return and assess additional taxes, and he was within this statutory limitation. In addition, the sales and use tax assessment and the CBT assessment did not arise from one underlying transaction, and therefore cannot be said to violate the entire controversy doctrine.

The Appellate Court held that plaintiff could be assessed with the CBT and reversed the Tax Court ruling.

**REITs May Deduct Dividends Paid to Shareholders** – *Corporate Property v. Taxation Division*, 15 N.J. Tax 205 (Appellate Division, decided June 23, 1995).

The Tax Court decided whether a real estate investment trust (REIT) can deduct the dividends paid to its shareholders in calculating tax under the Corporation Business Tax Act (CBT). The Court held that the Director incorrectly calculated plaintiff’s taxable income by including the deduction in computing plaintiff’s entire net income under N.J.S.A. 54:10A-4(k).

On appeal, the Director contended that plaintiff’s “taxable income”

under the Internal Revenue Code (I.R.C.) is not equivalent to its “real estate investment trust taxable income” under the I.R.C.

Both plaintiff and the Director agreed that I.R.C. §63 applies to define “taxable income” to mean “gross income minus the deductions allowed by Chapter One of the I.R.C.” The Tax Court held that §857(b)(2)(B) in Chapter One authorizes a REIT to deduct dividends paid to its investors. The Director challenged the use of this deduction because §857(b)(2) uses the term “real estate investment trust taxable income.”

In rejecting that distinction, the Appellate Division agreed with the Tax Court in that the use of that phrase in the I.R.C. is only meaningful when imposing additional taxes when a REIT fails to distribute the proper amount of income to its shareholders. The Appellate Division said that the basic attraction of a REIT is the pass-through of gains and losses to shareholders to have them pay the appropriate taxes. Also the Court indicated that there is no indication in the CBT that the Legislature intended to discourage REITs from operating in New Jersey.

The Appellate Division also rejected the Director’s contention that the Federal paid deduction is a “special deduction” to be added back to Federal taxable income. The Court pointed out that the term “special deduction” is defined in I.R.C. §§241 through 249, and does not include the dividends paid deduction authorized by I.R.C. in §857(b)(2)(B). Also, as the Court stated, §857(b)(2)(A) denies any deduction from taxable income for “special deductions” for a REIT.

### **Litter Control Tax**

**Definition of “Food For Human Consumption”** – *Royal Food Distributors, Inc. v. Director, Division of Taxation*, Tax Court of New Jersey, decided June 16, 1995.

This Litter Control Tax case concerns the scope of the term “food for human consumption” as a “litter generating product” subject to tax under N.J.S.A. 13:1E-94e. Plaintiff requests a refund for Litter Control Tax he paid in 1991 and 1992 for \$30,294 and \$37,772 respectively. Plaintiff contends that the products he distributed did not meet the statutory definition of “litter generating product” and therefore, plaintiff was entitled to a refund for Litter Control Tax paid on these products. The Tax Court upheld the Director of Taxation’s determination that plaintiff’s products were “litter generating products” subject to tax, and plaintiff would not be entitled to a refund of the taxes paid.

Plaintiff is a wholesale distributor to retail stores. Plaintiff distributes meats, cheeses, fruits and vegetables, and other perishable food

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products. Manufacturers ship food

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products to plaintiff prewrapped, usually in plastic wrap, plastic containers, or aluminum foil, and packaged in cardboard boxes. Plaintiff ships food products to its customers in the same wrapping as received by plaintiff from the manufacturer.

Plaintiff paid Litter Control Tax in 1991 and 1992, and subsequently filed refund claims for tax paid in the same years, claiming the Legislature did not intend for the tax to be levied upon perishable food products sold by food stores for off-premises consumption such as his products. Plaintiff points out that the Director's regulation N.J.A.C. 18:38-3.1(b)(5), defining "food for human consumption" as "any substance, the chief general use of which is for human nourishment," is too expansive, superfluous and meaningless, and overlaps the definitions of other listed "litter generating products" such as groceries, beer and malt beverages, distilled spirits, soft drinks and carbonated waters and wine. Plaintiff maintains this interpretation of "food for human consumption" contravenes Legislative intent because it creates redundancies within the regulation. Plaintiff contends that the definition should be restricted to "prepared foods sold for off-vending operators, vending machines and other similar establishments."

In deciding for the defendant, the Tax Court held that the Legislature did not intend for the definition of "food for human consumption" to deviate from the generally accepted meaning of the language. The Tax Court determined that the statute was unambiguous and plaintiff's food products met the

definition of "food for human consumption." The Tax Court refuted plaintiff's contention that the Director's definition of "litter generating product" made the regulation superfluous and meaningless. The Tax Court noted that any overlap in the regulations serves to clarify those categories of products that are considered to be "litter generating," and that the Legislative intent to promote the economy, public health and safety is conferred by the Director's interpretation of "litter generating products." With respect to the Legislative intent and the plain language of the statute, plaintiff was responsible for paying Litter Control Tax in 1991 and 1992 for his food products and the denial of a refund for this tax is justified.

### **Local Property Tax**

**Denial of 100% Veterans' Exemption** – *Mary E. Jackson, Plaintiff, v. Township of Neptune, Defendant*, decided March 27, 1996; Tax Court of New Jersey; Docket No. 010542-94.

Mary E. Jackson, claiming to be the surviving spouse of a 100% permanently disabled veteran, sought exemption from local property taxation for her home under N.J.S.A. 54:4-3.30(b). Plaintiff married James Jackson in 1965. In 1967, they purchased the subject property, as tenants by the entirety, and lived there together. In June 1972, the United States Veterans' Administration declared James Jackson a 100% disabled veteran. The Jacksons' residence was exempted from property taxes beginning in 1973 and was exempt for tax year 1993.

By deed dated January 21, 1993, the property was conveyed to

plaintiff, Mary E. Jackson, individually.

On February 16, 1993, plaintiff obtained a divorce from bed and board from James Jackson but they continued to live together some of the time until James Jackson's death in April 1993.

For the 1994 tax year, defendant, Township of Neptune, denied an exemption from local property taxation for plaintiff's property. Plaintiff filed an appeal with the Monmouth County Board of Taxation. On June 28, 1994, plaintiff's exemption request was denied based on the fact that the marital home had been transferred to plaintiff in January 1993.

On September 13, 1994, plaintiff filed a complaint with the Tax Court of New Jersey seeking a determination that subject property was exempt from local taxation under N.J.S.A. 54:4-3.30(b). Plaintiff asserted that only one legal issue was before the Court. She claimed that divorce from bed and board did not affect her legal

*continued on page 18*

### **Electronic Filing**

- ◆ Are you filing Federal income tax returns electronically?
- ◆ Would you like to file New Jersey income tax returns electronically?

Beginning in 1996 (1995 tax returns), the New Jersey Division of Taxation will accept electronically filed income tax returns.

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status as James Jackson's wife, therefore she is his widow and thus qualified for exemption as his surviving spouse.

Defendant contended two legal issues were before the Court. Defendant argued because of the divorce from bed and board plaintiff ceased to be James Jackson's wife and did not qualify as his surviving spouse. Defendant also contended that transfer of the property from ownership of plaintiff and her husband to sole ownership of plaintiff disqualified the property for exemption because it was no longer owned by a permanently disabled veteran. As no exemption was available to James Jackson upon his death, no exemption could be available to his surviving spouse.

The New Jersey Legislature has established both absolute divorce and divorce from bed and board. "Absolute divorce dissolves the marital bond and all dower rights are barred. In divorce from bed and board the marital bond subsists...." Divorce from bed and board is not a true divorce because it does not dissolve the bonds of matrimony but merely decrees a judicial separation. The facts before the Court suggest that the divorce from bed and board was obtained in an attempt to protect plaintiff's rights to certain veteran-related benefits such as medical insurance, commissary rights, and the veteran's dwelling tax exemption at issue.

Historically, New Jersey courts have held that divorce from bed and board does not break the bonds of matrimony, and without specific statutory disqualification, plaintiff was found to be the surviving spouse of James Jackson. Despite that finding, the exemption was still denied because of the deeded transfer of the property in January 1993 from their ownership as tenants by the entirety to sole ownership of the plaintiff. As indicated earlier, because James Jackson no longer had a right to the exemption, there was no exemption for the surviving spouse.

**Greenhouse Assessed As Real Property** – *Leonard Van Wingerden, Plaintiff v. Lafayette Township, Defendant*, Tax Court of New Jersey, decided March 22, 1996, Docket Nos. 008311-93 & 007139-94, Dougherty, J.T.C.

Before the New Jersey Tax Court was whether a 66,000 square feet, prefabricated modular 16 unit, Dutch-style, steel columned, glass greenhouse and shipping house with computer automated heat, electrical, ventilation and irrigation systems, anchor bolted to 500 concrete piers 18 inches across, set two and three feet deep and assessed at \$582,000 should be classed as real or personal property and taxed or exempted respectively as such. Also requested of the Court by the taxpayer was a reduction in assessed value for depreciation.

In concurring with Sussex County Tax Board's affirmation of Lafayette Township's 1993 and 1994 assessments, the Court held the greenhouse was taxable real property under N.J.S.A. 54:4-1 and the exemption under N.J.S.A. 54:4-23.12, though applicable to

the greenhouse, was void as a private, preferential benefit and a nonpermitted classification of real property. The Court affirmed, too, the amount of the township's assessments when the taxpayer failed to support his opinion of depreciated value.

New Jersey law under N.J.S.A. 54:4-1 taxes property classed as either real or personal. At present, taxable personal property is narrowly defined to include only certain property of telephone, telegraph and messenger systems companies and certain petroleum refinery equipment. The taxpayer and the State contended the greenhouse was taxable real property only in that it was affixed to the land and improvements and that it retained its character as personal property. As personal property, they further argued that N.J.S.A. 54:4-23.12 classified it nontaxable (as a single-use agricultural or horticultural facility which by definition includes greenhouses) and that the exemption clause of the State Constitution, Article VIII, S1, par. 2. authorized such classification.

The township, however, challenged N.J.S.A. 54:4-23.12 as an unconstitutional exemption of real property creating a tax preference contrary to the uniformity clause found in Article VIII, S1, par. 1(a).

In its decision, the Court restated the history and purposes of the Constitution's uniformity and exemption clauses saying they were to ensure the ad valorem taxation of all real property; to preserve charitable, religious and educational use exemptions; and to prevent tax exemption of real

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property by classification. The apparent contradiction in the exemption and uniformity provisions was justified in part by the Court on the basis of public purpose. The Court also noted that real property was not defined in the Constitution or statutes and that its meaning must be examined to reconcile the conflicting clauses. The Court looked to the five principles of statutory construction and the common law for clarification, citing *Teaff v. Hewitt*, 1 Ohio St. 511 (Sup. Ct. 1853). *Teaff* set forth the still valid three pronged test for determining when personal property becomes taxable realty based on the manner of its attachment and its intended use with intention being a critical factor.

Regarding the disputed greenhouse, the Court held that although it could be unassembled by removing its connecting bolts and flanges, as well as its concrete piers, there was no evidence the design was meant to permit movement from one location to another and the ordinary intent was that it was to remain permanently affixed. The greenhouse's permanence was also indicated by the loss in value which would occur by the sale, separate from the land, of its structures and parts used at a \$1.00 per square foot (with the land \$4.00 per square foot) versus a construction cost of \$8.94 per square foot where the structural investment would be recouped from sale of its horticultural products over a useful life of 30 years. As real property, taxable under the uniformity clause, the Court then determined the validity of the exemption specifically granted greenhouses under N.J.S.A. 54:4-23.12. While

holding the taxpayer's greenhouse was within the definition of excludable structures as per N.J.S.A. 54:4-23.12, the Court, citing *Switz v. Kingsley*, 37 N.J. 566 (1962) and *N.J. St. League of Municipalities v. Kimmelman*, 105 N.J. 422 (1987), voided the exemption as preferential and violative of Article VIII, S1, par. 1 of the State Constitution.

Finally, relative to the Court's upholding of the township's assessments, it remarked that in the absence of any true value estimate by the taxpayer, who had the burden of providing definite, positive proofs, the Court was not free to ignore the presumption of correctness attached to the assessor's value determination.

**Taxes to be Paid Before Further Appeal** – *Janice Bernstein, Plaintiff, v. Atlantic City, Defendant*, Tax Court of New Jersey, decided May 17, 1996, Docket No. 000158-96

Question: Must a taxpayer, who paid taxes on her original assessment, pay taxes on a county tax board's increase in that assessment to further appeal to the New Jersey Tax Court?

Background: For tax year 1995, taxpayer's property was originally assessed at \$78,600; annual property taxes were \$2,246.39. With property taxes paid in full, taxpayer appealed to reduce the original assessment. At appeal, Atlantic County Tax Board raised the assessment by \$11,400 to \$90,000, increasing the taxes \$325.82. Taxpayer then appealed that assessment to New Jersey Tax Court. Defending municipality, Atlantic City, next asked that the further appeal be dismissed for

nonpayment of the taxes resulting from the Board's revised assessment based on N.J.S.A. 54:51A-1(b). N.J.S.A. 54:51A-1(b) provides, "At the time that a complaint has been filed with the Tax Court seeking review of the judgment of county tax boards, all taxes or any installments thereof then due and payable for the year for which review is sought must have been paid...."

Conclusion: Tax Court decided taxes to be paid before further appeal of a tax board's determination could be heard by said Court were those resulting from the original assessment, not those from a subsequent value increase by a board at appeal.

Analysis: The Court noted that while prior courts have upheld the payment of taxes on an original assessment as a statutory prerequisite to appeal, no case or statute specifically addressed the payment of taxes when a county board had increased the original assessment. In its reasoning, it utilized case law and statute concerning tax refunds rather than payments. *Woodcliff Management v. North Bergen Twp.*, 106 N.J. Super. 292 (App. Div. 1969) ordered refunds of several years taxes for assessments reduced via county tax board appeal where judgments were final, but for the year still under appeal refund was withheld until final adjudication. Statute N.J.S.A. 54:3-27.2, enacted in 1975 subsequent to *Woodcliff*, provides for property tax refunds within 60 days of the "date of final judgment" where a lesser assessment is granted. *Wilshire Selby West v. Ramsey Boro.*, 6 N.J. Tax

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60 (Tax 1983) examined the meaning of the statute's "date of final judgment" and confirmed refund deferral until all appeals were complete as appropriate. From the above, Tax Court concluded that if a refund of taxes cannot be paid on assessments lowered by a tax board but under appeal to the Court, payment of additional taxes from an assessment increased by a tax board cannot be required for appeal to the Court. The Court looked at the treatment of taxes for omitted assessments under appeal as well in *Inwood Owners v. Little Falls Twp.*, 216 N.J. Super. 485 (App. Div.), cert. den., 108 N.J. 184 (1987). Here a request for dismissal for nonpayment of taxes from an omitted assessment was denied by reason that the tax payment necessary to allow appeal applied to conventional appeals only. The Appellate Division explained its denial saying, "[a] municipality does not rely on the collection of omitted taxes unknown during the budget process to operate its government or meet its expenses...."

Using *Inwood*, the Tax Court drew the same conclusion regarding an original assessment raised by a county board of taxation. Citing also *Muscarella v. Saddle Brook Twp.*, 14 N.J. Tax 453, 457 (Tax 1995), Tax Court indicated, "The rationale behind the requirement that taxes be paid for the Tax Court to have jurisdiction over the contest of a local property tax assessment is to avoid putting the burden of an appealing taxpayer's unpaid property taxes on the other taxpayers in the taxing district...." As such burden was absent in the present circumstances, motion to

dismiss for nonpayment of taxes was denied and the amount of the assessment was permitted to be reviewed by the Court.

**Sales and Use Tax**  
**Use Tax Applicable to Tangible Personal Property For Employee Programs** – *Fedway Associates, Inc. v. Director, Division of Taxation*, Superior Court of New Jersey, Appellate Division, decided June 23, 1995.

The Appellate Court affirmed the Tax Court's determination that appellant was responsible for paying use tax under the Urban Enterprise Zones Act, N.J.S.A. 52:27H-79, on purchases of tangible personal property not exclusively used or consumed in the Urban Enterprise Zone. Appellant purchased tangible personal property for its employee incentive and marketing programs including napkins, corkscrews, calendars, golf bags and home electronic equipment. Appellate Court rejected appellant's contention that the Legislature intended for these items to be exempt from use tax under N.J.S.A. 52:27H-79, and held that appellant owed use tax on the purchases, plus interest, in the amount of \$141,555.26.

**Transfer Inheritance Tax**  
**Inter Vivos Transfers** – *Meyerson v. Director, Div. of Taxation*, 15 N.J. Tax 128 (Tax Court, decided September 29, 1995).

The Tax Court decided in this case that *inter vivos* transfers to decedent's niece and grandnieces were in contemplation of death and therefore subject to transfer inheritance tax.

To determine whether the transfer was a substitute for a testamentary disposition, and thus in contemplation of death, the Court said that it considers (1) the age and general health of the donor at the time of the gift; (2) the time between the *inter vivos* transfer and the death; (3) whether or not the transfer was part of a testamentary scheme or plan; and (4) whether or not the gift was made to the natural objects of the donor's bounty.

The Court then found that the decedent was almost 91 years old and had a serious heart condition when the trusts were created. The decedent passed away two years after the gifts were made. That the *inter vivos* dispositions and the testamentary dispositions were identical evidenced that the gifts were part of a testamentary plan. Also, the loving relationship and the terms of the will showed that the gifts were made to the natural object of the decedent's bounty.

Plaintiff, executor of decedent's estate, argued that the trusts for the grandnieces were "life-motivated" as shown through their short duration and use for the grandnieces' education.

The Court disagreed, saying that irrespective of any life associated motives, a gift is made in the contemplation of death "if an impelling motive exists to make a present disposition in lieu of a testamentary disposition." Even though the grandnieces were the income beneficiaries of trusts created for educational assistance, the Court pointed out that upon termination of the trusts the

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principal thereof was payable to the trust created for the benefit of the decedent's niece. "[A] disposition," the Court continued, "with a palpable *post mortem* aspect."

Pursuant to N.J.S.A. 54:34-1, the Court found that the transfer inheritance tax was properly imposed on the gifts made in. □

## ***In Our Legislature***

### **Gross Income Tax**

**Local Payroll Taxes** — P.L. 1996, c.33 (signed into law on June 17, 1996) amends P.L. 1970, c.326 to extend the expiration date and limit enactment of certain payroll taxes under the "Local Tax Authorization Act." It preserves Newark's, but removes Jersey City's power to impose a local payroll tax. This legislation is effective immediately and is retroactive to January 1, 1996.

**New Property Tax Deduction** — P.L. 1996, c.60 (signed into law on July 4, 1996) provides a gross income tax deduction that phases in over three years to reach a maximum of up to \$10,000 for property taxes paid by homeowners or the rental equivalent paid by tenants. The deduction applies to a taxpayer's principal residence in this State. For tax years beginning in 1996, 50% of property taxes or the rental equivalent not in excess of \$5,000 may be deducted. For tax years beginning in 1997, 75% not in excess of \$7,500 may be deducted.

The Act provides for a guaranteed minimum benefit of \$25 for tax year 1996, \$37.50 for tax year 1997, and \$50 in each year thereafter. This legislation is effective immediately and applies

to taxable years beginning on or after January 1, 1996.

### **Local Property Tax**

**New Jersey Urban Redevelopment Act** — P.L. 1996, c.62 (signed into law on July 12, 1996) creates the New Jersey Redevelopment Authority (NJRA) to assist in the revitalization of New Jersey's urban areas. The NJRA is given bonding authority with an annual bonding cap of \$100 million.

In addition, the Act creates a framework under which properties declared as abandoned based on their condition may be acquired in an abbreviated manner and redeveloped. The Act also authorizes the use of payments in lieu of taxes as a financing method for redevelopment projects.

The legislation also establishes a neighborhood empowerment program through which certain municipalities may be made eligible for financial assistance from the NJRA. This new statute also sets forth procedures for remediating contaminated properties.

The Act appropriates \$9 million from the General Fund to the NJRA and \$1 million from the General Fund to the Office of Neighborhood Empowerment. This legislation is effective on the 60th day following enactment except for the section establishing the New Jersey Redevelopment Authority, which is effective immediately.

### **Miscellaneous**

**State Mandate Legislation** — P.L. 1996, c.24 (signed into law on May 8, 1996) implements the constitutional amendment, approved by the voters at the 1995 general election, prohibiting laws

enacted on or after January 17, 1996 and regulations adopted after July 1, 1996 that impose unfunded mandates on counties, municipalities, and school districts. The Act creates a Council on Local Mandates, as required by the constitutional amendment, to resolve disputes as to whether a statute, rule or regulation constitutes an unfunded State mandate.

The Act provides that any such law or rule that is determined to be an unfunded mandate upon boards of education, counties or municipalities shall cease in its effect and shall expire. An unfunded mandate is one that does not authorize resources to offset the additional direct expenditures it requires. An unfunded mandate does not establish a standard of care for the purpose of civil liability. This legislation is effective immediately.

### **Business Relocation Assistance Grant Program**

— P.L. 1996, c.25 (signed into law on May 9, 1996) establishes a Business Relocation Assistance Grant Program within the Department of Commerce and Economic Development to encourage economic development and job creation in this State. To the extent that funding is available from the General Fund, and with certain other restrictions, the program will provide grants for up to fifty percent of the cost of relocation to businesses which relocate to the State and create a minimum of 25 new full-time jobs in the State. However, an individual grant may not exceed 80% of the projected new income tax revenues realized from the new

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jobs created by the grant applicant.

The grants under this bill will not be disbursed in any year until the new income tax revenues equal or exceed the amount of the grant, and grant amounts are further limited by their interaction with other grant programs. This legislation is effective immediately.

**Business Employment Incentive Program** — P.L. 1996, c.26 (signed into law on May 9, 1996) establishes the Business Employment Incentive Program to be

administered by the Economic Development Authority to make direct payments in the form of grants to attract businesses creating new jobs in the State. The amount of an employment incentive grant will equal a percentage, between 10% and 80%, of the total amount of State income taxes withheld by the business during a calendar year for the new employees hired. The employment incentive can be authorized for a fixed number of years, not to exceed 10.

The grants under this bill will not be disbursed in any year until the

new income tax revenues received from the business during the year equal or exceed the amount of the grant, and grant amounts are further limited by their interaction with other grant programs.

In addition, the bill grants a sales and use tax exemption for certain property purchased by a provider of cable/satellite television services, whether the provider is licensed by the Federal Communications Commission or not. This legislation is effective immediately. □

# tax calendar

## october

	SUN.	MON.	TUE.	WED.	THU.	FRI.	SAT.
			1	2	3	4	5
<b>1</b>	6	7	8	9	10	11	12
<b>9</b>	13	14	15	16	17	18	19
<b>9</b>	20	21	22	23	24	25	26
<b>6</b>	27	28	29	30	31		

### October 10

- CWIP-1** Cigarette Tax—Informational report by wholesalers
- CWIP-2** Cigarette Tax—Informational report by wholesalers

### October 15

- CBT-100** Corporation Business Tax—Annual return for accounting period ending June 30

*continued*

### October 15 - continued

- CBT-150** Corporation Business Tax—Installment payment of estimated tax for 4th, 6th, 9th or 12th month of current tax year

### October 21

- CR-1 & CNR-1** Cigarette Tax—Monthly report of cigarettes sold or used by distributors, manufacturers, representatives and consumers
- GA-1D** Motor Fuels Tax—Distributor's monthly report of gallons of fuel sold or used
- GA-1J** Motor Fuels Tax—Jobber's monthly report of gallons of fuel
- MFT-10** Motor Fuels Tax—Monthly report by seller-user of special fuels for sales and/or use in the previous month
- SCC-5** Spill Compensation and Control Tax—Monthly return
- ST-20** New Jersey/New York Combined State Sales and Use Tax—Quarterly return

*continued*

### October 21 - continued

- ST-50** Sales and Use Tax—Quarterly return
- ST-250** Combined Atlantic City Luxury Tax/State Sales Tax—Monthly return
- ST-350** Cape May County Tourism Sales Tax—Monthly return
- ST-450** Sales and Use Tax—Salem County—Quarterly Return
- TP-20** Tobacco Products Wholesale Sales and Use Tax—Monthly return
- UZ-50** Combined State Sales Tax/Urban Enterprise Zone Sales Tax—Monthly return

### October 25

- PPT-40** Petroleum Products Gross Receipts Tax—Quarterly return

### October 31

- NJ-941 & NJ-941-W** Gross Income Tax—Employer's quarterly return

# november

	SUN.	MON.	TUE.	WED.	THU.	FRI.	SAT.
1						1	2
9	3	4	5	6	7	8	9
9	10	11	12	13	14	15	16
6	17	18	19	20	21	22	23
	24	25	26	27	28	29	30

## November 12

- CWIP-1 Cigarette Tax**—Informational report by wholesalers
- CWIP-2 Cigarette Tax**—Informational report by wholesalers

## November 15

- CBT-100 Corporation Business Tax**—Annual return for accounting period ending July 31

*continued*

### November 15 - continued

- CBT-150 Corporation Business Tax**—Installment payment of estimated tax for 4th, 6th, 9th or 12th month of current tax year
- NJ-500 Gross Income Tax**—Employer's monthly remittance

## November 20

- CR-1 & CNR-1 Cigarette Tax**—Monthly report of cigarettes sold or used by distributors, manufacturers, representatives and consumers
- GA-1D Motor Fuels Tax**—Distributor's monthly report of gallons of fuel sold or used
- GA-1J Motor Fuels Tax**—Jobber's monthly report of gallons of fuel
- MFT-10 Motor Fuels Tax**—Monthly report by seller-user of special fuels for sales and/or use in the previous month
- SCC-5 Spill Compensation and Control Tax**—Monthly return

*continued*

### November 20 - continued

- ST-21 New Jersey/New York Combined State Sales and Use Tax**—Monthly return
- ST-51 Sales and Use Tax**—Monthly return
- ST-250 Combined Atlantic City Luxury Tax/State Sales Tax**—Monthly return
- ST-350 Cape May County Tourism Sales Tax**—Monthly return
- ST-451 Sales and Use Tax—Salem County**—Monthly Return
- TP-20 Tobacco Products Wholesale Sales and Use Tax**—Monthly return
- UZ-50 Combined State Sales Tax/Urban Enterprise Zone Sales Tax**—Monthly return

## November 25

- PPT-41 Petroleum Products Gross Receipts Tax**—Monthly return

# december

	SUN.	MON.	TUE.	WED.	THU.	FRI.	SAT.
1	1	2	3	4	5	6	7
9	8	9	10	11	12	13	14
9	15	16	17	18	19	20	21
6	22	23	24	25	26	27	28
	29	30	31				

## December 10

- CWIP-1 Cigarette Tax**—Informational report by wholesalers
- CWIP-2 Cigarette Tax**—Informational report by wholesalers

## December 16

- CBT-100 Corporation Business Tax**—Annual return for accounting period ending August 31

*continued*

### December 16 - continued

- CBT-150 Corporation Business Tax**—Installment payment of estimated tax for 4th, 6th, 9th or 12th month of current tax year
- NJ-500 Gross Income Tax**—Employer's monthly remittance

## December 20

- CR-1 & CNR-1 Cigarette Tax**—Monthly report of cigarettes sold or used by distributors, manufacturers, representatives and consumers
- GA-1D Motor Fuels Tax**—Distributor's monthly report of gallons of fuel sold or used
- GA-1J Motor Fuels Tax**—Jobber's monthly report of gallons of fuel
- MFT-10 Motor Fuels Tax**—Monthly report by seller-user of special fuels for sales and/or use in the previous month

*continued*

### December 20 - continued

- SCC-5 Spill Compensation and Control Tax**—Monthly return
- ST-21 New Jersey/New York Combined State Sales and Use Tax**—Monthly return
- ST-51 Sales and Use Tax**—Monthly return
- ST-250 Combined Atlantic City Luxury Tax/State Sales Tax**—Monthly return
- ST-350 Cape May County Tourism Sales Tax**—Monthly return
- ST-451 Sales and Use Tax—Salem County**—Monthly Return
- TP-20 Tobacco Products Wholesale Sales and Use Tax**—Monthly return
- UZ-50 Combined State Sales Tax/Urban Enterprise Zone Sales Tax**—Monthly return

## December 26

- PPT-41 Petroleum Products Gross Receipts Tax**—Monthly return

## *from the director's desk*

### **Revised Due Dates For NJ-941/NJ-941-W**

As reported in the Summer 1996 edition of the *State Tax News*, effective July 1, 1996 all employers and others required to withhold and remit New Jersey income tax are required to file a new quarterly return (NJ-941 or NJ-941-W). A return must be filed for each quarter regardless of the amount of withholdings. The Division has changed the due dates of these quarterly returns. Both returns are now due *on or before the last day of the month following the close of the calendar quarter*. This change applies **only** to Forms NJ-941 and NJ-941-W.

### **New Rebate InfoLine**

With 1995 Homestead Rebate checks being mailed early this year (see related article on page 3), many taxpayers have already used the Division's Homestead Rebate InfoLine. The Homestead Rebate InfoLine is the newest addition to our Automated Tax Information System. Touch-tone phone users within New Jersey who have questions regarding their rebates can call 1-800-323-4400 to obtain information. Taxpayers will need information from their rebate application when calling the InfoLine.

### **Amnesty Update**

The Director congratulates all the Division personnel who contributed to the State's successful Tax Amnesty initiative. See the related article on page 1.