



# Military Personnel and Families

## Introduction

This bulletin provides New Jersey Income Tax information for members of the United States Armed Forces and their families who are residents of New Jersey and nonresident military personnel who are stationed here.

This bulletin will help you understand whether or not you (and/or your spouse) must file a New Jersey Income Tax return and which return (resident or nonresident) to use. Special provisions for military personnel also are discussed, as well as the treatment of their spouses.

The forms and amounts referred to in this Bulletin are those for Tax Year 2018.

This document is designed to provide guidance to taxpayers and is accurate as of the date issued. Subsequent changes in tax law or its interpretation may affect the accuracy of this publication.

## Changes for Tax Year 2018

Resident taxpayers who provided care for a relative who is a qualifying armed services member and have gross income of \$100,000 or less (married, filing joint; head of household; qualifying widow(er)) or \$50,000 or less (single; married, filing separate) may be eligible for the [Wounded Warrior Caregivers Credit](#).

Under a new State law, civilian spouses of military personnel can choose the same legal residence as the service member for state and local tax purposes. For more information, see [Spouses of Military Personnel](#).

## Definitions

The terms *domicile*, *home of record*, and *permanent home* have different meanings, although they may all refer to the same place in some circumstances. The following definitions are provided to aid you in understanding these sometimes confusing terms.

***Domicile*** means the place you consider your permanent home, the place you intend to return to after you have been away — on vacation, educational leave, military assignment, etc.

***Home of Record*** is the place that is used for fixing travel and transportation allowances. Your home of record should not be confused with your domicile, even though they may be the same in certain circumstances.

***Permanent Home*** means a residence (house, building, or structure where a person can live) that you maintain permanently as your principal residence, whether you own it or not. It usually includes a residence your spouse owns or leases.

Your home, whether inside or outside New Jersey, is not permanent if you maintain it only during a temporary or limited period of time for the accomplishment of a particular purpose (e.g., temporary job assignment,

military assignment). Likewise, a home used only for vacations is not considered your permanent home, nor is a property you own but rent or offer for rent to others. You have only one permanent home, although you may have more than one residence.

## **Domicile**

To determine whether you are a resident or a nonresident for New Jersey Income Tax purposes, it is necessary to know your domicile. This is true whether you are a member of the Armed Forces or not.

You have only one domicile, although you may have more than one place to live. Once established, your domicile continues until you move to a new location with the intent to establish a new permanent home and to abandon your old one. Moving to a new location, even for a long time, does not change your domicile unless you intend to remain there permanently. Military assignments do not affect your domicile.

## **Example**

John Smith was a New Jersey resident when he joined the Army. He is assigned overseas for three years and rents an apartment in a town near his base. If John plans to return to New Jersey when his tour of duty is over, New Jersey will remain his domicile, even though he may not have a current New Jersey address.

## **Resident and Nonresident Defined**

**Residents.** If your home of record (and domicile) was New Jersey when you entered the service, you remain a resident of New Jersey for Income Tax purposes, unless you qualify for nonresident status (see below). Your domicile does not change when you are temporarily assigned to duty in another state or country.

If you are a member of the Armed Forces whose home of record (and domicile) is New Jersey, and you are living:

- Aboard a ship;
- On base;
- In a barracks;
- In government quarters; or
- Off-base receiving a military housing allowance

You remain a New Jersey resident for Income Tax purposes. You are not considered to be maintaining a *permanent home* outside New Jersey if you are living in such accommodations.

However, if you pay for and maintain an apartment or a home (either owned or rented) outside New Jersey completely with out-of-pocket payments, that residence is considered a *permanent home* outside New Jersey. In this case, you will be considered a New Jersey nonresident for tax purposes.

**Nonresidents.** A member of the Armed Forces whose home of record (and domicile) is outside New Jersey does not become a resident of this state when assigned to a duty station here. He or she is a nonresident for Income Tax purposes. See [Income Tax Filing Requirements](#) for a discussion of when a nonresident serviceperson is required to file a New Jersey Income Tax return.

**Spouses.** Nonmilitary spouses whose domicile is New Jersey are residents for Income Tax purposes unless they meet the three qualifications for nonresident status above. See [Income Tax Filing Requirements](#) for a discussion of when a nonmilitary spouse is required to file a New Jersey Income Tax return.

A home, whether in this state or elsewhere, is not considered to be permanent if it is maintained only during a temporary stay for the accomplishment of a particular purpose. Therefore, a nonmilitary spouse who is not domiciled in New Jersey, and who moves to this state on a *temporary* basis to accompany a military spouse who is stationed here, does not become a New Jersey resident unless he or she intends to remain here permanently. He or she will be considered a nonresident for New Jersey Income Tax purposes, and will be subject to tax only on income earned from New Jersey sources.

Under the federal Military Spouses Residency Relief Act (P.L. 111-97), a military service member's nonmilitary spouse is allowed to keep a tax domicile while moving from state to state, as long as he or she moves into a state to be with a spouse who is in the state on military orders.

If you are a nonmilitary spouse and you were not domiciled in New Jersey at the time you married or entered into a civil union, you are *not* considered a resident of New Jersey if:

- The principal reason for moving to this state was the transfer of your military spouse; and
- You maintain a domicile in another state; and
- You intend to leave New Jersey when your military spouse is transferred or leaves the service.

Under the Military Spouses Residency Relief Act, a nonmilitary spouse who meets these requirements is not subject to New Jersey Income Tax on earned income from services performed in New Jersey. Any reference in this publication to a spouse also refers to a spouse who entered into a valid same-sex marriage in another state or foreign nation and a partner in a [civil union \(CU\)](#) recognized under New Jersey law. See [Spouses of Military Personnel](#) for more information about Income Tax filing requirements.

## **Income Tax Filing Requirements**

Your filing status and income determine whether you have to file a New Jersey Income Tax return. Age is not a factor; even minors (including students), members of the Armed Forces, and senior citizens must file if they meet the filing requirements. Use the chart on page 3 of the resident Income Tax return instructions (page 6 of the nonresident return instructions) to find out whether or not you are required to file a New Jersey Income Tax return, or see [Who Must File](#) on our website.

### **Filing Status**

In general, you must use the same filing status for New Jersey Income Tax purposes as for federal income tax purposes, unless you are a partner in a civil union. A married couple filing a joint federal return must file a joint New Jersey return. However, if one spouse is a New Jersey resident and the other is a nonresident for the entire year, the resident can file a separate State return even if the couple files a joint federal return. The resident calculates income and exemptions as if a federal married filing separate return had been filed. The spouses have the option of filing a joint return as residents, but if they do, their joint income will be taxed as if both were residents.

For more information on filing status and New Jersey Income Tax, see Tax Topic Bulletin [GIT-4](#), *Filing Status*.

## Using the Correct Form

New Jersey has two personal Income Tax returns for individuals: [Form NJ-1040](#) for residents and [Form NJ-1040NR](#) for nonresidents. Full-year New Jersey residents may be able to file electronically using NJ WebFile or approved vendor software.

There are no part-year tax return forms. You must use either Form NJ-1040, Form NJ-1040NR, or both, depending on your residency status and your sources of income. See the Income Tax return instructions and Tax Topic Bulletin [GIT-6](#), *Part-Year Residents*, for information on how to complete a part-year return.

## New Jersey Residents

*New Jersey residents are subject to tax on all their income, regardless of where the income is earned.* If you are a New Jersey resident, all your income is taxable unless the income is specifically exempt from tax under New Jersey law. You must report your military pay, including combat pay and cost-of-living allowance, as taxable income on your return. Mustering-out payments, subsistence and housing allowances are exempt. U.S. military pension and survivor's benefit payments also are exempt. (See [Pensions](#).)

You and your spouse, if he or she also is a New Jersey resident, must file [Form NJ-1040](#) for Tax Year 2018 if your income for the entire tax year from all sources, including your military pay, is more than \$20,000 (or \$10,000 if filing status is single or married/CU partner, filing separate return).

## New Jersey Nonresidents

*Nonresidents are taxed only on the income they receive from New Jersey sources.* If your home of record (and domicile) was not New Jersey when you entered the military, and you are assigned to a duty station in New Jersey, you are a nonresident of New Jersey. As a nonresident, the military compensation you receive while stationed here is not subject to New Jersey Income Tax. Mustering-out payments, subsistence and housing allowances, and U.S. military pension and survivor's benefit payments also are exempt. For more information on military pension and survivor's benefit payments, see [Pensions](#).

A nonresident is subject to tax on income received from New Jersey sources and must file a New Jersey nonresident return ([Form NJ-1040NR](#)). A nonresident's tax is calculated on income from all sources (as if he or she was a New Jersey resident) and then prorated based on the amount of that income that comes from New Jersey sources. However, in accordance with federal law, nonresident servicepersons are not required to include their military pay when calculating their New Jersey Income Tax liability. When completing Form NJ-1040NR, do not include your military pay on the wages line in either Column A (amount of gross income everywhere) or Column B (amount from New Jersey sources).

You and your spouse, if he or she also is a nonresident, must file a New Jersey nonresident return (Form NJ-1040NR) if you (or your spouse) have income from New Jersey sources\* *other than your military pay* and your income from all sources *other than your military pay* is more than \$20,000 (or \$10,000 if filing status is single or married/CU partner, filing separate return). Examples of New Jersey source income include, but are not limited to:

- Nonmilitary income a service member earns from a job in off-duty hours in New Jersey;

- Income or gain from property located in New Jersey, whether owned by the service member or the nonmilitary spouse; or
- Income from a business, trade, or profession carried on in this state, whether earned by the service member or the nonmilitary spouse.

**\*New Jersey source income does not include** earned income from services performed in New Jersey by a civilian spouse who qualifies as a nonresident under the Military Spouses Residency Relief Act. When filing Form NJ-1040NR, the nonmilitary spouse reports New Jersey wage income in Column A (amount of gross income everywhere) but not in Column B (amount from New Jersey sources).

### Veteran Exemptions

You can claim a \$3,000 exemption if you are a military veteran who was honorably discharged or released under honorable circumstances from active duty any time before the last day of the tax year. If you are filing jointly, your spouse can also take this exemption if he or she is a military veteran who meets the requirements. You cannot claim this exemption for your domestic partner or dependents.

You must provide official documentation showing that you were honorably discharged or released under honorable circumstances from active duty the first time you claim the exemption(s). Your documentation must list your character of service (discharge).

To view a list of acceptable documentation and ways to submit it, visit our [website](#).

### Wounded Warrior Caregivers Credit

New for 2018, this credit is for resident taxpayers who provided care for a relative who is a qualifying armed services member and have gross income of \$100,000 or less (married, filing joint; head of household; qualifying widow(er)) or \$50,000 or less (single; married, filing separate).

A **relative** is a:

Spouse	Parent	Child	Brother	Sister
Grandparent	Grandchild	Aunt	Uncle	First Cousin
Nephew	Niece	Great-grandparent	Great-grandchild	

A **qualifying armed services member** is a person who:

- Was honorably discharged or released under honorable circumstances by the last day of the tax year; and
- Has a disability arising from active U.S. military service in any war or conflict on or after September 11, 2001; and
- Has either a 100% disability rating or receives individual unemployability benefits (one disability of at least 60% or two disabilities with a combined rating of at least 70% and one of those is at least 40%); and
- Lived with you in New Jersey for at least six months of the tax year.

Complete [Schedule NJ-WWC](#) to calculate the credit. If two or more people care for the same person, the credit is apportioned based on the share of total care expenses for the year.

You must enclose a copy of your caregiver approval letter with your return. You may be required to submit additional documentation to verify your eligibility.

Part-year residents must use their income for the entire year when determining eligibility.

### **Income Tax Withheld From Military Pay**

If your permanent home (domicile) was New Jersey when you entered the military, you are considered a New Jersey resident, and New Jersey Income Tax will be withheld from your military pay. However, if you have changed your state of domicile from New Jersey to some other place, or you satisfy the three conditions for [nonresident status](#), your military pay is not subject to New Jersey Income Tax.

If you meet the three conditions for nonresident status, file Form DD-2058-1, State Income Tax Exemption Test Certificate, with your payroll or finance officer to stop New Jersey Income Tax from being withheld from your military pay. Form DD-2058-1 is a U.S. Government form that is used as a basis for not withholding New Jersey Income Tax from military pay. **Do not file** this certificate with the New Jersey Division of Taxation.

Native American servicemen and women use Form DD-2058-2 to claim exemption from State Income Tax withholding on their service pay. This form requires the individual to provide the name of the tribe to which he or she belongs as well as the name of the reservation or location in Indian Country claimed as the individual's primary residence.

If New Jersey Income Tax was withheld from your military pay in error, you must file a nonresident return ([Form NJ-1040NR](#)) to obtain a refund of the tax withheld. The income section of the New Jersey nonresident return has two columns — Column A, income from everywhere, and Column B, income from New Jersey sources. If you had no income from New Jersey sources other than your military pay, complete your nonresident return as follows:

- Enter in Column A the amount of your income from everywhere (excluding your military pay);
- Enter zero on the wages line and on the gross income line in Column B for the amount of income from New Jersey sources;
- Enter the amount of New Jersey Income Tax withheld on the appropriate line and complete the "overpayment" and "refund" lines;
- Enclose a statement explaining how you satisfied the conditions for nonresident status.

### **Spouses of Military Personnel**

Under New Jersey Income Tax law, a person who maintains a permanent home in New Jersey and spends more than 183 days of the tax year in this state is a resident for Income Tax purposes, even if New Jersey is not his/her domicile. This provision does not apply to members of the Armed Forces and their spouses who are domiciled outside New Jersey. They remain nonresidents for Income Tax purposes if New Jersey is not their domicile.

Under provisions of the federal Military Spouses Residency Relief Act, a qualified nonresident civilian spouse of a service member stationed here is not subject to New Jersey Income Tax on earned income from services performed in New Jersey. Nonmilitary spouses whose wages are exempt from New Jersey Income Tax can

claim an exemption from New Jersey Income Tax withholding by filing [Form NJ-165](#), Employee's Certificate of Nonresidence in New Jersey, with their employers. They must notify their employers if conditions for the withholding exemption no longer apply.

The Military Spouses Residency Relief Act applies only to earned income from services performed by a nonresident civilian spouse of a service member. Nonresident civilian spouses are subject to New Jersey Income Tax on all other types of income earned from New Jersey sources (e.g., gain from sale of property located in New Jersey). See [New Jersey Nonresidents](#) for more information about Income Tax filing requirements.

In addition, wages earned in New Jersey by a nonresident civilian spouse who lives outside the state are subject to New Jersey Income Tax and must be reported as income from New Jersey sources in Column B of Form NJ-1040NR. A nonresident civilian spouse who lives outside New Jersey cannot use Form NJ-165 to claim an exemption from New Jersey Income Tax withholding on wages earned in this state as the nonmilitary spouse of a service member.

If you are a qualified nonresident civilian spouse whose wages are exempt from New Jersey Income Tax under the Military Spouses Residency Relief Act, and tax was withheld or estimated payments were made in error, you must file a nonresident return ([Form NJ-1040NR](#)) to get a refund. The income section of the New Jersey nonresident return has two columns. Column A, income from everywhere, and Column B, income from New Jersey sources. If you (and your military spouse if filing a joint return) had no income from New Jersey sources other than your own New Jersey wages, complete your nonresident return as follows:

- Enter in Column A the amount of your income from everywhere (if filing a joint return, do not include your spouse's military pay);
- Enter zero on the wages line and on the gross income line in Column B for the amount of income from New Jersey sources;
- Enter the amount of New Jersey Income Tax withheld or estimated payments made on the appropriate lines and complete the "overpayment" and "refund" lines;
- Enclose a statement of explanation that references the Military Spouses Residency Relief Act along with a copy of your spousal military identification card. If filing a paper return, print "Military Spouse" at the top of the return.

Under a new State law, beginning with Tax Year 2018, civilian spouses of military personnel can choose the same legal residence as the service member for state and local tax purposes. Civilian spouses can make this choice even if they:

- Never lived in that state; or
- Did not live with the service member spouse during the year.

Civilian spouses claiming exemption from New Jersey Income Tax may be required to file a Nonresident Income Tax return ([Form NJ-1040NR](#)) for a refund of State tax withholdings. Civilian spouses requesting a refund must provide a copy of the income tax return they filed with the other state or, in cases of a no-income tax state, other documentation proving the legal residence of the service member.



However, when a nonmilitary spouse who is a resident of New Jersey had income during the year, he or she must file a resident return ([Form NJ-1040](#)) and report income from all sources (both inside and outside New Jersey), including wages.

## When to File

Your New Jersey Income Tax return is due when your federal income tax return is due. For calendar year filers (taxpayers who use a calendar year, January 1–December 31, to record their income), the **due date** is April 15 following the end of the tax year. The exact due date may vary from year to year if April 15 falls on a holiday or weekend. Fiscal year filers must file their New Jersey Income Tax returns by the 15th day of the fourth month following the close of the fiscal year. If the due date falls on a holiday or weekend, the return is due the next business day.

**Postmark Date.** All New Jersey tax returns postmarked on or before the due date of the return are considered to be filed on time. Tax returns postmarked after the due date are considered to be filed late. When a return is postmarked after the due date, the filing date for that return is the date the return was received by the Division of Taxation, not the postmark date. Interest on unpaid liabilities is assessed from the due date of the return.

## Example

If the postmark date on your New Jersey Income Tax return was April 10, but the Division of Taxation did not receive it until April 20, the return would be treated as filed on time since it was postmarked by the April 15 due date.

If the postmark date was April 20 and the Division received the return on April 25, the return would be treated as filed on April 25 since it was postmarked after the due date. Penalties and interest would be assessed from April 15, the original due date of the return.

## Extensions of Time to File

Special rules apply to members of the Armed Forces of the United States and civilians providing support to the Armed Forces.

A person on active duty with the Armed Forces of the United States, who cannot file on time because of distance, injury, or hospitalization as a result of this service, will automatically receive a six-month extension by enclosing an explanation when filing the return. Otherwise, the normal rules apply. (See [Automatic Extension](#).)

## Combat Zone Extension

New Jersey allows extensions of time to file Income Tax returns and pay any tax due for members of the Armed Forces and civilians providing support to the Armed Forces serving in an area that has been declared a “combat zone” by executive order of the President of the United States or a “qualified hazardous duty area” by federal statute. Once you leave the combat zone or qualified hazardous duty area, you have 180 days to file your tax return and pay any tax due. Enclose a statement with your return to explain the reason for the extension.



In addition, if you are hospitalized outside New Jersey as a result of injuries you received while serving in a combat zone or qualified hazardous duty area, the deadline is extended for 180 days from the last day of continuous hospitalization outside this state.

If, while serving in a combat zone or qualified hazardous duty area, a member of the Armed Forces becomes a prisoner of war or is officially declared to be "missing in action," that person is considered to be serving in the combat zone or qualified hazardous duty area as long as he or she retains that status for military purposes.

Qualifying military and support personnel, as defined above, are granted an extension of time for paying tax for the period of combat service or hospitalization, plus 180 days.

Enclose a statement of explanation with your return when you file. No interest or penalties will be assessed during a valid extension for service in a combat zone or qualified hazardous duty area. This extension also applies to a taxpayer's spouse who files a joint return.

### **Automatic Extension**

If you do not meet the requirements for the extensions described above, you can still receive a six-month extension of time to file your New Jersey Income Tax return. You must have paid at least 80% of the tax liability calculated on your New Jersey Income Tax return (Line 43 of Form NJ-1040 or Line 41 of Form NJ-1040NR) through withholdings, estimated payments, or other payments by the original due date, and:

1. If you filed a federal extension, you must enclose a copy of your federal Application for Automatic Extension with your return, if filed by paper, and fill in the oval on the front of your NJ-1040, or check the box at the top of your NJ-1040NR. (If you filed the extension application or payment online or by phone, enter your confirmation number in the space provided at the top of the return.);

or

2. If you did not file a federal extension, you must request an extension by filing an Application for Extension of Time to File New Jersey Gross Income Tax Return (Form NJ-630) by the original due date of the return. If you file a federal extension, you must still file Form NJ-630 by the original due date if you need to make a payment to meet the 80% requirement.

Civil union partners filing a joint return must either provide copies of the federal extension application (or confirmation number) for both partners, or they must file [Form NJ-630](#).

An extension of more than six months will not be granted unless there are exceptional circumstances.

### **Death Related to Duty**

When a member of the Armed Forces serving in a combat zone or qualified hazardous duty area dies as a result of wounds, disease, or injury received there, no Income Tax is due for the tax year the death occurred, nor for any earlier years served in the combat zone or qualified hazardous duty area. Income Tax returns do not have to be filed for the deceased or the estate for these years.

If the deceased paid any tax while in the combat zone or qualified hazardous duty area, the full amount of the tax paid will be refunded to the estate or surviving spouse. If any tax was assessed, but not paid, the assessments will be canceled.

## **Income Tax Refunds**

### **New Jersey Income Tax Erroneously Withheld**

*From Military Pay* — If New Jersey is your domicile but you satisfied the three conditions for nonresident status, and New Jersey Income Tax was withheld from your military pay, file a New Jersey nonresident return (Form NJ-1040NR) to obtain a refund. Do not report your military pay on the wages line in either Column A (amount of income from everywhere) or Column B (amount of income from New Jersey sources). If you had no income from New Jersey sources other than your military pay, enter zero on the wages line in both Column A and Column B. Complete the balance of the return, indicating the amount of New Jersey Income Tax withheld on the appropriate lines. You must enclose a signed statement that lists the three conditions for nonresident status and states how you met each of those conditions.

*From New Jersey Wages Earned by Nonmilitary Spouse* — Qualified [nonresident civilian spouses](#) can request a refund of New Jersey Income Taxes erroneously withheld or paid by filing a New Jersey nonresident return (Form NJ-1040NR). Enter the amount of wages earned from everywhere (both inside and outside New Jersey) on the wages line in Column A. Enter zero on the wages line in Column B (unless you are filing a joint return and your military spouse had wage income from New Jersey sources other than military pay). Complete the balance of the return, indicating the amount of New Jersey Income Tax withheld or estimated payments made on the appropriate lines. If you are filing a paper return, print "Military Spouse" in ink at the top of the return and enclose a copy of your spousal military identification card along with a statement of explanation that references the Military Spouses Residency Relief Act. You may be required to provide additional documentation to support your refund claim.

### **Time Period for Refunds**

To get a refund, you generally must file your return within three years from the date the return was due (including extensions).

### **Interest Paid on Refunds**

If the Division of Taxation takes more than six months to send you your Income Tax refund, you have the right to receive interest on that refund. Interest at the prime rate, compounded annually, will be paid six months after the later of:

- The date the refund claim was filed;
- The date the tax was paid; or
- The due date of the return.

## **Homestead Benefit Program**

All property tax relief program information, including information regarding the Homestead Benefit Program, is subject to change. View current [Homestead Benefit Program Information](#).

The Homestead Benefit program provides benefits for homeowners who owned and occupied their principal residence in New Jersey on October 1, paid property taxes on that dwelling, and whose income for the entire year does not exceed certain limits.

### **Nonresidents**

Members of the Armed Forces and their spouses whose home of record (and domicile) is *outside New Jersey* are not eligible for the Homestead Benefit even if they own a home in this state. An applicant must be domiciled in New Jersey to be eligible for a Homestead Benefit. However, the spouse of a nonresident serviceperson may be eligible for a Homestead Benefit if the spouse's domicile is New Jersey and he or she meets all the other qualifications.

### **Residents**

**Tenants.** Tenant rebates were suspended for 2009–2017. As a result, no tenant rebate application for 2018 is included in the Income Tax resident return booklet for 2018.

**Homeowners.** If your home of record (and domicile) is New Jersey and you owned, occupied, and paid property taxes on a home in New Jersey that was your principal residence on October 1, you may be eligible for the homeowner benefit provided your income for the entire year (*including* your military pay) does not exceed the income limits. Be aware that benefit amounts and qualifications for eligibility are subject to restrictions due to State budgetary constraints. View current [information for homeowners](#).

**Part-Year Residents.** If you are a part-year resident whose home of record (and domicile) was New Jersey and you owned a principal residence in New Jersey on October 1, you may be eligible for a Homestead Benefit provided you meet all the other eligibility requirements.

**Residing outside New Jersey.** Members of the Armed Forces may be eligible for a Homestead Benefit under certain conditions: if their home of record (and domicile) is New Jersey; they remain a New Jersey resident and file a New Jersey resident Income Tax return; and they own a home in New Jersey that was their principal residence on October 1. Eligibility also depends on the use of the residence during your period of absence from New Jersey.

- If you leave your home vacant and continue to pay property taxes during your tour of duty outside New Jersey, you are eligible for a Homestead Benefit if the New Jersey home was your principal residence on October 1.
- You also are eligible for a Homestead Benefit if your family remains in the dwelling during your tour of duty outside New Jersey and the home was your principal residence on October 1.
- If the property was rented to others on October 1, you are not eligible for a Homestead Benefit. If the home is not available to you and your family for occupancy on that date, it is not considered your principal residence for purposes of the Homestead Benefit, even though New Jersey remains your domicile.

## **Pensions**

U.S. military pension and survivor's benefit payments are exempt from New Jersey Income Tax. The exemption of military pensions from New Jersey Income Tax began in Tax Year 2001. For Tax Years 1998–2000, these payments were excludable only if the recipient was 62 or older or disabled under the federal Social Security Act. Prior to 1998, military pensions were taxable in the same manner as other pensions.

Military pensions are those resulting from service in the U.S. Army, Navy, Air Force, Marine Corps, or Coast Guard. This exemption does not apply to civil service pensions or annuities, even if the pension or annuity is based on credit for military service. Most military pensions and survivor's benefit payments are received from the U.S. Defense Finance and Accounting Service. A civil service annuity is received through the U.S. Office of Personnel Management. If your military pension or survivor's benefit is exempt from New Jersey Income Tax, do not include such payments on your New Jersey return.

Pension income received by residents of this state that is not exempt military pension income is subject to New Jersey Income Tax. You must include such pension benefits in your income in the year you receive them, whether the benefits are paid to you as a retiree or to your beneficiary either periodically or in a lump sum.

New Jersey provides certain exclusions and benefits for persons age 62 or older and disabled individuals who are receiving pension income. (See Tax Topic Bulletin [GIT-1](#), *Pensions and Annuities*, for details.)

### **Disability Payments**

Total and permanent disability income is exempt from tax and should not be reported as pension income. If you are disabled under the federal Social Security Act and are receiving a U.S. military disability pension or survivor's benefit payments, the military disability pension or survivor's benefits are not taxable for New Jersey Income Tax purposes.

U.S. Department of Veterans Affairs Disability Compensation is also exempt from tax and should not be included as income.

### **Withholding Tax from Military Pensions**

Even though U.S. military pension and survivor's benefit payments are no longer taxable, voluntary withholding of New Jersey Income Tax from retirement pay is permitted for retirees from the uniformed services. There is no age or disability requirement for voluntary withholding of New Jersey Income Tax. Contact your branch of the Armed Forces if you want to have Income Tax withheld.

### **Surviving Spouse Benefits**

When a surviving spouse receives pension benefits resulting from the employment of a deceased retiree who died on or after May 22, 1981, and the transfer is not subject to New Jersey Transfer Inheritance Tax, the beneficiary is entitled to exclude from his/her New Jersey income the remaining contributions of the decedent. Prior to Tax Year 1998, if the decedent's contributions to the retirement plan had already been exhausted, all pension income received by the beneficiary was includable as New Jersey income. For Tax Years 1998–2000, if the decedent's contributions had been exhausted, all pension income received by the beneficiary was includable as New Jersey income until the beneficiary reached age 62.

When a military retiree has elected to take a reduction in his/her U.S. military pension as a result of joining the Survivors' Benefit Plan, beginning in Tax Year 2001, the reduced pension amount received is *not* taxable for New Jersey Income Tax purposes regardless of the recipient's age or disability status. Upon the death of the military retiree, the amount paid to the surviving beneficiary also is *not* taxable as pension income. For Tax Years 1998–2000, the reduced pension amount paid to a military retiree in the Survivor's Benefit Plan was taxable for New Jersey Income Tax purposes until the recipient reached age 62.

The amount paid to the surviving beneficiary upon the death of the military retiree also was taxable until the recipient reached age 62. Prior to 1998, the reduced pension amount and any amount paid to a surviving beneficiary were taxable as pension income, but once recipients reached age 62 they were eligible for the pension and other retirement income exclusions.

See Tax Topic Bulletin [GIT-1](#), *Pensions and Annuities*, for information on the benefits New Jersey provides for those who are 62 or older or disabled, and who are receiving pension income.

## **Property Tax Benefits for Veterans**

### **Veteran's Deduction**

New Jersey resident veterans honorably discharged with active wartime service or service in peacekeeping missions or operations in the U.S. Armed Forces may be eligible for an annual deduction of \$250 from property taxes due on any property they own. The deduction also is available to surviving spouses/domestic partners. The surviving spouses/domestic partners of servicepersons who died on wartime active duty also may be eligible. There are no income limits with respect to the veteran's deduction.

If both spouses/domestic partners are veterans, each can claim a deduction. A veteran who is the surviving spouse/domestic partner of a veteran can claim a deduction for each status. A taxpayer can claim both a veteran's deduction and a senior/disabled/survivor real property tax deduction in the same year in addition to any of the State's other property tax relief program benefits provided by law.

To apply for the veteran's deduction, contact your local tax assessor or collector.

### **Disabled Veteran's Exemption**

Certain totally and permanently disabled war veterans or disabled veterans who served in peacekeeping missions and operations may be eligible for exemption from real property taxes on their principal residence and the lot or curtilage (the land immediately surrounding the residence). The exemption also is available to surviving spouses/domestic partners. The surviving spouses/domestic partners of servicepersons who died on wartime active duty also may be eligible.

To qualify for a real property tax exemption as a veteran, you must be honorably discharged with active wartime service or service in peacekeeping missions or operations in the U.S. Armed Forces and be certified by the U.S. Department of Veterans Affairs as having wartime service-connected total or 100% permanent disability. You must be the full owner of and a permanent resident in the residence for which exemption is claimed and a legal or domiciliary resident of New Jersey. If you are a surviving spouse/domestic partner of a disabled veteran who met all of the eligibility requirements, you must not have remarried or entered into a

new civil union or a new registered domestic partnership. You also must be a New Jersey resident, and you must be the owner-occupant of the claimed residence.

To apply for the disabled veteran's exemption, contact your local tax assessor.

## **For More Information**

### **Online**

- Division of Taxation [website](#);
- [Email](#) general State tax questions.  
Do not include confidential information such as Social Security or federal tax identification numbers, liability or payment amounts, dates of birth, or bank account numbers in your email;
- Subscribe to [NJ Tax E-News](#), the Division of Taxation's online information service.

### **By Phone**

- Call the Division of Taxation's Customer Service Center at **609-292-6400**;
- Text Telephone Service (TTY/TDD) for Hearing-Impaired Users: **1-800-286-6613** (toll-free within NJ, NY, PA, DE, and MD) or **609-984-7300**. These numbers are accessible *only* from TTY devices. Submit a text message on any New Jersey tax matter and receive a reply through NJ Relay Services (711).

### **In Person**

Visit a New Jersey Division of Taxation Regional Information Center. For the address of the center nearest you, visit our [website](#) or call the Automated Tax Information System at 1-800-323-4400.

## **Forms and Publications**

- See our [forms](#) and [publications](#) pages;
- Call the Forms Request System at **1-800-323-4400** (within NJ, NY, PA, DE, and MD) or **609-826-4400** (touch-tone phones only) to have printed forms or publications mailed to you. **Note:** Due to budgetary constraints, supplies are limited and only certain forms and publications can be ordered through this system.