

CHAPTER 7

CORPORATION BUSINESS TAX ACT

Authority

N.J.S.A. 52:27H-81 and 54:10A-27.

Source and Effective Date

R.2009 d.384, effective November 24, 2009.
See: 41 N.J.R. 3401(a), 41 N.J.R. 4825(a).

Chapter Expiration Date

In accordance with N.J.S.A. 52:14B-5.1b, Chapter 7, Corporation Business Tax Act, expires on November 24, 2016. See: 43 N.J.R. 1203(a).

Chapter Historical Note

Chapter 7, Corporation Business Tax Act, was filed and became effective prior to September 1, 1969.

Subchapter 9, Assets Allocation Factor, was repealed by R.1979 d.45, effective February 6, 1979. See: 11 N.J.R. 40(d), 11 N.J.R. 150(b).

Pursuant to Executive Order No. 66(1978), Chapter 7, Corporation Business Tax Act, was readopted as R.1984 d.95, effective March 19, 1984. See: 16 N.J.R. 229(a), 16 N.J.R. 746(c).

Subchapter 15, Urban Enterprise Zones Act, was adopted as R.1984 d.496, effective November 5, 1984. See: 16 N.J.R. 1325(a), 16 N.J.R. 3057(a).

Subchapter 16, International Banking Facilities, was adopted as R.1984 d.453, effective October 15, 1984. See: 16 N.J.R. 1327(a), 16 N.J.R. 2827(a).

Pursuant to Executive Order No. 66(1978), Chapter 7, Corporation Business Tax Act, was readopted as R.1989 d.196, effective March 14, 1989. See: 21 N.J.R. 14(a), 21 N.J.R. 1019(b).

Pursuant to Executive Order No. 66(1978), Chapter 7, Corporation Business Tax Act, was readopted as R.1994 d.186, effective March 14, 1994, and Subchapter 6, Valuation, was repealed by R.1994 d.186, effective April 18, 1994. See: 26 N.J.R. 761(a), 26 N.J.R. 1696(b).

Pursuant to Executive Order No. 66(1978), Chapter 7, Corporation Business Tax Act, was readopted as R.1999 d.116, effective March 12, 1999. See: 31 N.J.R. 266(b), 31 N.J.R. 893(a).

Subchapter 17, Partnerships; Subchapter 18, Alternative Minimum Assessment; and Subchapter 19, Filing Fee Payments by Professional Corporations were adopted as special new rules by R.2003 d.135, effective February 27, 2003. Subchapters 17, 18 and 19 were adopted as R.2003 d.370, effective August 22, 2003. See: 35 N.J.R. 1573(a), 35 N.J.R. 4310(a).

Chapter 7, Corporation Business Tax Act, was readopted as R.2004 d.367, effective September 1, 2004. See: 36 N.J.R. 1680(a), 36 N.J.R. 4484(a).

Subchapter 20, Treatment of S Corporations, was adopted as new rules by R.2005 d.230, effective July 18, 2005. See: 37 N.J.R. 739(a), 37 N.J.R. 2688(a).

Subchapter 3B, Film Tax Credits, was adopted as new rules and Subchapter 15, Urban Enterprise Zones Act, was recodified as Subchapter 3A by R.2007 d.203, effective July 2, 2007. See: 39 N.J.R. 848(a), 39 N.J.R. 2540(b).

Subchapter 3B, Film Tax Credits, was renamed Film and Digital Media Tax Credits by R.2009 d.143, effective May 4, 2009. See: 40 N.J.R. 6944(a), 41 N.J.R. 2049(b).

Chapter 7, Corporation Business Tax Act, was readopted as R.2009 d.384, effective November 24, 2009. See: Source and Effective Date. See, also, section annotations.

CHAPTER TABLE OF CONTENTS

SUBCHAPTER 1. CORPORATIONS SUBJECT TO TAX UNDER THE ACT

- 18:7-1.1 Corporation business tax; general provisions
- 18:7-1.2 Total tax self-assessed
- 18:7-1.3 Definition of taxpayer
- 18:7-1.4 Definition of corporation
- 18:7-1.5 Limited partnership associations subject to the Act
- 18:7-1.6 Subjectivity to tax; how created
- 18:7-1.7 Domestic corporations subject to tax
- 18:7-1.8 Foreign corporations subject to tax
- 18:7-1.9 Doing business in New Jersey; definition and rules of construction
- 18:7-1.10 Foreign corporations engaged in interstate commerce
- 18:7-1.11 Foreign corporations stocking goods in New Jersey
- 18:7-1.12 Exempt corporations
- 18:7-1.13 Regulated investment company; definition
- 18:7-1.14 Subjectivity of foreign banks and foreign national banks
- 18:7-1.15 Investment company; definition
- 18:7-1.16 Financial business corporation; definition
- 18:7-1.17 Application of the tax to licensees under the Casino Control Act; casino business consolidated return
- 18:7-1.18 Definition of S corporation
- 18:7-1.19 Definition of New Jersey S corporation
- 18:7-1.20 Definition of public utility
- 18:7-1.21 Definition of qualified investment partnership
- 18:7-1.22 Definition of savings institution
- 18:7-1.23 Definition of partnership

SUBCHAPTER 2. NATURE OF TAX

- 18:7-2.1 Nature of tax; in general
- 18:7-2.2 Calendar and fiscal years; definitions
- 18:7-2.3 Federal calendar or fiscal year for reporting
- 18:7-2.4 through 18:7-2.5 (Reserved)
- 18:7-2.6 Subject corporations must file on basis of calendar year period unless otherwise permitted
- 18:7-2.7 Effect of failure by a corporation to establish accounting period
- 18:7-2.8 Effect of failure by a corporation to submit proof of an established fiscal year accounting period
- 18:7-2.9 Effect of proof of established fiscal year accounting period submitted late
- 18:7-2.10 Period of application of tax
- 18:7-2.11 Component factors of tax base
- 18:7-2.12 Application of State franchise tax to corporations
- 18:7-2.13 Conditions destroying franchise and franchise tax
- 18:7-2.14 (Reserved)

SUBCHAPTER 3. COMPUTATION OF TAX

- 18:7-3.1 General bases for computation of tax
- 18:7-3.2 through 18:7-3.3 (Reserved)
- 18:7-3.4 Minimum tax
- 18:7-3.5 (Reserved)
- 18:7-3.6 Tax rates—corporations, S corporations and surtax
- 18:7-3.7 Surtax
- 18:7-3.8 Investment company; tax self-assessed and payable
- 18:7-3.9 (Reserved)
- 18:7-3.10 Regulated investment company; tax payable
- 18:7-3.11 (Reserved)
- 18:7-3.12 Method of accounting
- 18:7-3.13 Estimated tax
- 18:7-3.14 Estimated payment for fourth quarter 2002
- 18:7-3.15 Interest on underpayment of installment payments
- 18:7-3.16 Banking corporations and financial business corporations
- 18:7-3.17 Coordination of tax credits
- 18:7-3.18 Recycling tax credit

- 18:7-3.19 Smart moves for business program (formerly employer trip reduction program) tax credit
- 18:7-3.20 Enterprise zone employees tax credits
- 18:7-3.21 Manufacturing equipment and employment investment tax credit
- 18:7-3.22 New jobs investment tax credit
- 18:7-3.23 Research credit
- 18:7-3.24 Effluent equipment tax credit
- 18:7-3.25 Economic recovery tax credit
- 18:7-3.26 HMO assistance fund tax credit
- 18:7-3.27 Neighborhood revitalization State tax credit
- 18:7-3.28 Redevelopment authority project tax credit

SUBCHAPTER 3A. URBAN ENTERPRISE ZONES ACT

- 18:7-3A.1 General
- 18:7-3A.2 Definitions
- 18:7-3A.3 (Reserved)
- 18:7-3A.4 Credits against total tax for new employees and investments in urban enterprise zones
- 18:7-3A.5 Qualification for benefits

SUBCHAPTER 3B. FILM AND DIGITAL MEDIA TAX CREDITS

- 18:7-3B.1 Applicability and scope
- 18:7-3B.2 Definitions
- 18:7-3B.3 Eligibility
- 18:7-3B.4 Application to the program
- 18:7-3B.5 Award of tax credits
- 18:7-3B.6 Transfer of tax credits; evaluation process
- 18:7-3B.7 Examples of prioritization of credits among applicants
- 18:7-3B.8 Credit for qualified digital media content production expenses

SUBCHAPTER 4. ENTIRE NET WORTH

- 18:7-4.1 through 18:7-4.4 (Reserved)
- 18:7-4.5 Indebtedness owing directly or indirectly
- 18:7-4.6 Receivables offset against indebtedness owing directly or indirectly
- 18:7-4.7 Governmental obligations and securities
- 18:7-4.8 through 18:7-4.10 (Reserved)
- 18:7-4.11 Subsidiary corporations; definition
- 18:7-4.12 through 18:7-4.18 (Reserved)

SUBCHAPTER 5. ENTIRE NET INCOME; DEFINITION, COMPONENTS AND RULES FOR COMPUTING

- 18:7-5.1 Entire net income; definition
- 18:7-5.2 Entire net income; how computed
- 18:7-5.3 Tax paid to foreign country or United States possession; when deductible from net income
- 18:7-5.4 Factors not adjustable to Federal taxable income
- 18:7-5.5 Entire net income; determining stock ownership
- 18:7-5.6 Adjustment of entire net income to period covered by return; how computed
- 18:7-5.7 Right of Director to independently determine net income
- 18:7-5.8 Calculation of gain in certain instances
- 18:7-5.9 (Reserved)
- 18:7-5.10 Right of Director to correct distortions of net income allocation factors; adjustments and redeterminations
- 18:7-5.11 Right of Director to require consolidated filing, and certain disclosures
- 18:7-5.12 Net operating loss deduction
- 18:7-5.13 New Jersey net operating loss carryover
- 18:7-5.14 Limitations to the right of a net operating loss carryover
- 18:7-5.15 Net operating loss
- 18:7-5.16 Effect of audit adjustments
- 18:7-5.17 Suspension of net operating loss carryover
- 18:7-5.18 Related party transactions

SUBCHAPTER 6. (RESERVED)

SUBCHAPTER 7. ALLOCATION

- 18:7-7.1 General instructions regarding allocation of net income
- 18:7-7.2 Regular place of business; definition

- 18:7-7.3 "Allocating" and "non-allocating" companies; definition
- 18:7-7.4 Allocation factor; definition
- 18:7-7.5 Allocation factor; application
- 18:7-7.6 Corporate partners and partnerships
- 18:7-7.7 (Reserved)

SUBCHAPTER 8. BUSINESS ALLOCATION FACTOR

- 18:7-8.1 Business allocation factor; computation
- 18:7-8.2 Method of arithmetic computation required
- 18:7-8.3 Right of Director to independently compute allocation factor
- 18:7-8.4 Property fraction; "tangible personal property"; definition and scope; special situations
- 18:7-8.5 Business allocation factor; property fraction derived from average values
- 18:7-8.6 Average value; computation period
- 18:7-8.7 Business allocation factor; determination or receipts fraction
- 18:7-8.8 Scope of allocable receipts
- 18:7-8.9 Receipts from sales of capital assets; when includible
- 18:7-8.10 Receipts; compensation for services; allocation for certain special industries
- 18:7-8.11 Receipts; rents and royalties
- 18:7-8.12 Other business receipts
- 18:7-8.13 Business allocation factor; payroll fraction
- 18:7-8.14 Definition of officers and employees
- 18:7-8.15 Compensation of officers and employees within New Jersey
- 18:7-8.16 Allocation: International Banking Facilities
- 18:7-8.17 Non-operational income
- 18:7-8.18 (Reserved)

SUBCHAPTER 9. (RESERVED)

SUBCHAPTER 10. SECTION 8 ADJUSTMENTS

- 18:7-10.1 Discretionary adjustments of business allocation factor by Director
- 18:7-10.2 through 18:7-10.3 (Reserved)

SUBCHAPTER 11. RETURNS

- 18:7-11.1 Returns; corporations required to file
- 18:7-11.2 Returns where Federal net income is changed
- 18:7-11.3 Effect of deficiency notice
- 18:7-11.4 Amended return
- 18:7-11.5 Change of accounting period
- 18:7-11.6 Forms of returns
- 18:7-11.7 Time for filing returns
- 18:7-11.8 Time to report change or correction in Federal net income
- 18:7-11.9 Time for filing returns for unauthorized foreign corporations doing business in New Jersey
- 18:7-11.10 Failure to file return or make payment when due
- 18:7-11.11 Returns required to be filed by corporation ceasing to be subject to tax
- 18:7-11.12 Extension of time to file return; interest and penalty
- 18:7-11.13 Place for filing returns and payment of tax
- 18:7-11.14 Secrecy of returns
- 18:7-11.15 Consolidated returns
- 18:7-11.16 Return to be filed by an S Corporation
- 18:7-11.17 Copies of tax returns or other information required
- 18:7-11.18 Reproduction of forms
- 18:7-11.19 Electronic filing and payment
- 18:7-11.20 through 18:7-11.21 (Reserved)

SUBCHAPTER 12. SHORT PERIOD RETURN

- 18:7-12.1 Short period returns; when required
- 18:7-12.2 Short period returns; proration procedures
- 18:7-12.3 Short period returns; allocation
- 18:7-12.4 (Reserved)