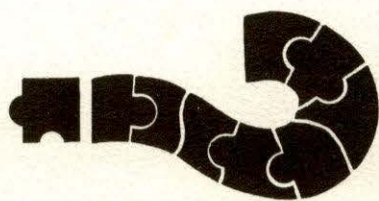


Puzzled by New Jersey Taxes?



Taxpayer Services can help.

If you have questions about anything in this brochure—or questions about any New Jersey taxes—we can help. Visit one of our offices or call us at your nearest Division of Taxation office listed below:

| | |
|-------------------------------|------------------------------|
| Cherry Hill (609) 795-5970 | Somerville (201) 526-7665 |
| Newark (201) 648-3690 | Vineland (609) 691-9020 |
| Sea Girt (201) 449-0200 | Fair Lawn (201) 265-8610 |
| Trenton (609) 292-6400 | |

or write to us:

Taxpayer Services
New Jersey Division of Taxation
West State & Willow Streets
Trenton, New Jersey 08646

SPEAKERS AVAILABLE

Are you a member of a group that has questions about New Jersey taxes? Taxpayer Services will provide, free of charge, a representative of this Division to answer any questions your group may have about New Jersey taxes. To take advantage of this service, call (609) 292-6675.

tax tips for Senior Citizens

New Jersey Division of Taxation
Sidney Glaser, Director

New Jersey State Library

Tax Benefits For Senior Citizens

Many New Jersey tax laws contain special provisions for senior citizens. If you're 55 or older, you'll want to read this brochure.

Benefits for Homeowners

HOMESTEAD REBATE

If you owned a home in New Jersey and lived in it on October 1 and used that home as your principal place of residence, you are entitled to a homestead rebate.

You are entitled to an additional \$50 rebate if you are 65 as of December 31 of the year in which you file your rebate application **or** if you are permanently and totally disabled **or** the qualifying surviving spouse of a person who was permanently and totally disabled or who was 65 or older at the time of death.

For more information, contact Taxpayer Services.

ANNUAL PROPERTY TAX DEDUCTION

If you are a property owner in New Jersey, you may be entitled to an annual property tax deduction. To qualify, you must be 65 or older or permanently and totally disabled and meet these conditions: 1) you must be a resident of New Jersey; 2) you must have been a legal resident of this State for a period of one year immediately prior to October 1; 3) you must own the home for which the deduction is claimed; 4) you must reside in that dwelling as your principal place of residence; 5) your income, exclusive of Social Security, must not exceed the income limitation during the year for which the deduction is granted. See chart.

VETERAN'S DEDUCTION

Veterans who do not qualify for the annual property tax deduction may be entitled to a \$50 veteran's tax deduction. (You may not claim both of these deductions in the same year.)

REALTY TRANSFER FEE PARTIAL EXEMPTION

If you are 62 or older, blind or disabled, you may be entitled to a partial exemption on your New Jersey realty transfer fee when you sell your principal place of residence (one or two family dwelling only).

The realty transfer fee is charged at the rate of \$1.75 for each \$500 of the selling price and is paid by the seller to the county officer when the deed is recorded. If you meet one of the above requirements, your liability will be reduced to \$.50 on each \$500 of the selling price.

For forms or information on how to apply for any of these benefits, contact your local tax assessor's office.

| YEAR | PROPERTY TAX MAXIMUM DEDUCTION | INCOME LIMITATION |
|-----------------------------|--------------------------------------|----------------------|
| 1981 | \$200 | \$ 8,000 |
| 1982 | \$225 | \$ 9,000 |
| 1983 and years following | \$250 | \$10,000 |

... More Tax Benefits

Income Tax

ADDITIONAL PERSONAL EXEMPTION

If you are 65 or older, you are entitled to an additional exemption of \$1,000 on your New Jersey income tax return. Your spouse, if 65 or older, is also entitled to an additional \$1,000 exemption. An individual who is blind or disabled may claim an additional \$1,000 exemption. These exemptions are in addition to the regular exemptions claimed by all taxpayers filing New Jersey returns.

RETIREMENT INCOME EXCLUSIONS

• Pension Exclusion

You are entitled to exclude a portion of your pension from your taxable income if you are 62 or older or permanently and totally disabled. A married couple filing jointly may exclude \$10,000; a married couple filing separately may exclude \$5,000 each; a single individual may exclude \$7,500.

• Other Retirement Income Exclusion

If you are 62 or older and your pension income is less than your maximum allowable exclusion, you may apply the remainder of the exclusion to any other income you may have (including wages, interest and dividends). To take this exclusion, your combined income from the following sources must not exceed \$3,000: 1) wages; 2) net profits from business; 3) distributive share of partnership income.

• Special Exclusion

You may also claim a special exclusion from your taxable income if you are ineligible to receive Social Security or Railroad Retirement benefits because you did not fully participate in these plans, but you would be eligible for benefits if you had participated. The exclusion is based on your filing status: 1) married filing jointly, \$6,000; 2) single individual or married couple filing separately, \$3,000.

FREE INCOME TAX ASSISTANCE

Experienced personnel from the New Jersey Division of Taxation will be glad to help you fill out your New Jersey tax return—free of charge.

During the months of February, March and April, personal assistance in completing tax returns is available at the Division's offices in Trenton, Cherry Hill, Newark, Fair Lawn, Sea Girt, Somerville and Vineland. Temporary offices are also open throughout the State in facilities provided by local municipalities.

The locations of our district offices are listed on the back of this brochure. Locations of the temporary offices are published through the media during the tax season.

VITA/TCE

Most VITA (Volunteer Income Tax Assistance) and TCE (Tax Counselors For The Elderly) sites are now authorized to complete New Jersey income tax returns. Contact Taxpayer Services (see back page) for the VITA/TCE location near you.

TENANT CREDIT

If you rent an apartment in New Jersey that is a separate unit with its own kitchen and bath, you are entitled to a \$65 tenant credit on your New Jersey income tax return.

You are entitled to an additional tenant credit of \$35 if you are 65 or older or permanently and totally disabled or the qualifying surviving spouse of a person who was 65 or older at the time of death.

EXCLUSION OF GAIN ON SALE OF HOME

If you are 55 or over and you sell your principal place of residence, you may exclude up to \$100,000 of the capital gain on your New Jersey income tax return, provided you owned your home and resided in it for three of the five years preceding the sale.

Sales Tax

Although there are no exemptions from sales tax for specific age groups, most food items, prescription drugs, utilities, transportation and professional services (doctors', lawyers' and accountants' fees) are not taxable.

When a discount is offered (for example, a "senior citizen discount"), the customer must pay tax only on the discounted price. However, if the customer is required to present a coupon to receive the discount, tax must be paid on the original price since the coupon is considered a form of payment.

Meals delivered to the home of an incapacitated person by a Federal or State agency or a registered exempt organization (for example, "Meals on Wheels") are exempt from tax.

Inheritance Tax

The first \$15,000 of income inherited by the deceased's parents, grandparents, spouse, children, stepchildren or grandchildren is exempt from inheritance tax. This exemption also applies to legally adopted children and legally adopted children of the deceased's children (grandchildren).

If less than \$500 is inherited by the deceased's brother, sister, spouse or widowed spouse of the deceased's son or daughter (daughter-in-law, son-in-law), that income is not subject to tax. If \$500 or more is inherited, the income is taxable. This provision also applies to any other eligible transferee, distributee or beneficiary.

Income left to an approved charitable organization is exempt from the Transfer Inheritance and Estate Tax.

Do you need more information? Consult your phone directory for the Inheritance Tax office located in your county.