

CHAPTER 35

NEW JERSEY GROSS INCOME TAX

Authority

N.J.S.A. 54A:9-8.1 through 54A:9-8.3, 54A:9-17(a) and 54:50-1.

Source and Effective Date

R.1993 d.315, effective June 4, 1993.
See: 25 N.J.R. 1500(a), 25 N.J.R. 2906(b).

Executive Order No. 66(1978) Expiration Date

Chapter 35, New Jersey Gross Income Tax, expires on June 4, 1998.

Chapter Historical Note

All provisions of this chapter became effective prior to September 1, 1969.

1976 Revisions: Amendments became effective December 14, 1976 as R.1976 d.400. See: 9 N.J.R. 48(c). Further amendments became effective December 17, 1976 as R.1976 d.424. See: 9 N.J.R. 52(b).

1977 Revisions: Amendments became effective January 26, 1977 as R.1977 d.19. See: 9 N.J.R. 101(a). Further amendments became effective March 18, 1977 as R.1977 d.94. See: 9 N.J.R. 199(c). Further amendments became effective May 1, 1977 as R.1977 d.149. See: 9 N.J.R. 193(a), 9 N.J.R. 295(b). Further amendments became effective December 6, 1977 as R.1977 d.460. See: 10 N.J.R. 45(a).

1979 Revisions: Amendments became effective February 8, 1979 as R.1979 d.56. See: 11 N.J.R. 152(a). Further amendments became effective October 26, 1979 as R.1979 d.433. See: 11 N.J.R. 525(b), 11 N.J.R. 650(b). Further amendments became effective December 5, 1979 as R.1979 d.475. See: 11 N.J.R. 594(a), 12 N.J.R. 56(c).

1981 Revisions: Amendments became effective January 8, 1981 as R.1981 d.6. See: 12 N.J.R. 676(a), 13 N.J.R. 111(d).

1982 Revisions: Subchapter 2 became effective May 17, 1982 as R.1982 d.161. See: 13 N.J.R. 940(a), 14 N.J.R. 474(b).

1983 Revisions: Amendments became effective January 3, 1983 as R.1983 d.479. See: 14 N.J.R. 705(b), 15 N.J.R. 37(b). Further amendments became effective January 17, 1984 as R.1983 d.618. See: 15 N.J.R. 1566(a), 16 N.J.R. 149(a). This chapter was readopted pursuant to Executive Order 66(1978) effective August 12, 1983 as R.1983 d.353. See: 15 N.J.R. 1091(a), 15 N.J.R. 1488(c). Further amendments became effective November 16, 1987 as R.1987 d.476. See: 19 N.J.R. 1182(a), 19 N.J.R. 2201(c). Further amendments became effective December 19, 1983 as R.1983 d.586. See: 15 N.J.R. 1570(a), 15 N.J.R. 2175(c).

1984 Revisions: Amendments became effective March 19, 1984 as R.1984 d.62. See: 15 N.J.R. 2031(a), 16 N.J.R. 556(a). Further amendments became effective December 17, 1984 as R.1984 d.579. See: 16 N.J.R. 2760(b), 16 N.J.R. 3481(a).

1985 Revisions: Amendments became effective September 3, 1985 as R.1985 d.454. See: 17 N.J.R. 1643(a), 17 N.J.R. 2146(a).

1986 Revisions: Emergency Rule became effective April 15, 1986 (expires May 15, 1986) as R.1986 d.169. See: 18 N.J.R. 999(a).

1988 Revisions: This chapter was readopted pursuant to Executive Order No. 66(1978), effective June 7, 1988 with amendments effective July 5, 1988 as R.1988 d.299. See: 20 N.J.R. 514(a), 20 N.J.R. 1571(b). Amendments became effective September 6, 1988 as R.1988 d.407. See: 19 N.J.R. 2255(b), 20 N.J.R. 2310(c). Further amendments became effective September 6, 1988 as R.1988 d.419. See: 20 N.J.R. 515(a), 20 N.J.R. 2319(c).

Pursuant to Executive Order No. 66(1978), Chapter 35 was readopted as R.1993 d.315. See: Source and Effective Date. See, also, section annotations for specific rulemaking activity.

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SUBCHAPTER 1. GENERAL PROVISIONS

18:35-1.1 Summer payment plan

(a) Certain deferred payments, authorized under a so-called "summer payment plan" under N.J.S.A. 18A:29-3, whereby an amount equal to ten percent of the employee's salary is withheld and paid to the participant in the plan at a later date are subject to tax under the New Jersey Gross Income Tax Law, P.L. 1976, c.47 (N.J.S.A. 54A:1-1 et seq.), at the time withheld and not at the time paid, provided that a similar treatment is given under the Internal Revenue Code and regulations thereunder for Federal income tax purposes.

(b) Section 54A:8-3 of the New Jersey Gross Income Tax Act, P.L. 1976, c.47 (N.J.S.A. 54A:8-3), provides that a taxpayer's accounting method under this Act shall be the same as his accounting method for Federal income tax purposes. Therefore, if for Federal income tax purposes an employee who participates in such a deferral plan is deemed to have received the salary at the time that the salary was withheld and placed into a deferred salary escrow fund, such income will also be deemed to have been received and subject to tax for New Jersey gross income tax purposes at that time. Such salary would not then be subject to New Jersey gross income tax when the employee receives a payment from the deferred salary escrow fund.

R.1976 d.415, effective December 16, 1976.
See: 9 N.J.R. 52(a).

18:35-1.2 Clergymen; self-employed; income; expenses

Duly ordained clergymen are considered to be self-employed individuals for the purposes of the New Jersey Gross Income Tax Act. Accordingly, salaries, fees, honorariums, allowances, and other remuneration paid to clergymen for services rendered are not subject to withholding. Therefore, income does not include the rental value of a residence provided for a clergyman by his church or congregation.

R.1976 d.424, effective December 17, 1976.
See: 9 N.J.R. 52(b).

18:35-1.3 Declaration of estimated tax; 1976

(a) A declaration of estimated tax for 1976 must be made if your total New Jersey estimated tax is more than \$100. "Estimated tax" means the amount which an individual estimates to be his income tax for the taxable year less the amount which he estimates to be the sum of any credits allowable against the tax.

(b) In general, a declaration is not required to be filed if you expect that your 1976 tax return form NJ 1040, will show a tax refund, or a tax balance due to be paid to New Jersey of \$100 or less in excess of any credits.

(c) Calendar-year taxpayers should determine their expected gross income, deductions and credits upon the basis of the facts and circumstances existing at the time prescribed for filing the 1976 declaration as well as those reasonably to be anticipated for 1976. Use the worksheet as a guide for computing your estimated tax.

1. Calendar-year taxpayers should estimate their tax for the period July 1, 1976 to December 31, 1976. Exemptions and credits shall be one half of the full amount. The allowance for each personal exemption is \$500. The tenant's homestead credit is generally \$32.50 (\$50 for taxpayers 65 or over, permanently or totally disabled, or certain surviving spouses). Fiscal year taxpayers should estimate their tax from July 1, 1976, to the close of their fiscal year. Exemptions and credits shall be prorated accordingly.

(d) A declaration of estimated tax must be filed for 1976 on or before January 15, 1977. If a final return is filed on or before February 15, 1977, no declaration need be filed.

(e) A declaration of estimated tax shall be filed with the New Jersey Division of Taxation, Post Office Box 1848, Trenton, New Jersey 08625.

(f) The estimated tax shall be paid at the time the declaration is filed. Make your checks or money orders payable to State of New Jersey—TGI. An individual may elect to pay his estimated tax prior to the date prescribed for its payment.

NOTE: You should check your income tax to be withheld in computing your estimated tax.

(g) Failure to file declaration or underpayment of estimated tax: If any taxpayer fails to file a declaration of estimated tax or fails to pay all or any part of an installment of estimated tax, he shall be deemed to have made an underpayment of estimated tax.

Editor's Note: In addition to these rules, a declaration of estimated tax, form NJ-TGI 1040-ES, was filed but is not reproduced herein. Further information on this form is available from the Division of Taxation, P.O. Box 1848, Trenton, N.J. 08625.

(h) Rules on penalties are:

1. If the amount paid with the declaration of estimated tax, paid on or before January 15, 1977, is at least 80 per cent of the taxpayer's tax liability, no penalty will be imposed for underpayment.

2. As an alternative to paragraph 1 above, no penalty will be imposed for underpayment of final tax liability if the estimated tax paid with the declaration of estimated tax is less than 50 per cent of taxpayer's adjusted gross income reportable and reported on his personal 1975 Federal income tax return (Federal form 1040), multiplied by 75 per cent and the applicable New Jersey gross income tax rate.

(2) 50 per cent of Federal adjusted gross income: \$7,500.00;

(3) Multiply item (2) by 75 per cent: \$5,625.00;

(4) \$5,625 times two per cent: \$112.50

(5) In this example, a tax paid of less than \$112.50 will be subject to penalty.

3. If the taxpayer does not meet either of the tests described above, there shall be added to the tax for the taxable year an amount at the rate of nine per cent per annum upon the amount of the underpayment for the period of the underpayment, but not beyond the 15th day of the fourth month following the close of the taxable year. No underpayment shall be deemed to exist with respect to a declaration or installment otherwise due on or after the taxpayer's death.

R.1976 d.425, effective December 17, 1976.
See: 9 N.J.R. 52(c).

18:35-1.4 Information furnished at source

(a) Payers of interest and dividends, including banks, savings and loan associations, building and loan associations and savings banks, are required under N.J.S.A. 54A:1-1 et seq. to provide the Director, New Jersey Division of Taxation, with information returns which shall include the amounts paid to or credited to the accounts of all recipients for the period from July 1, 1976, to and including December 31, 1976. Such information returns must be filed on or before February 15, 1977. In the event it is not practicable to furnish the information for the required period, this requirement may be satisfied by each payer of interest and dividends by providing the director with any of the following, with preference in the order listed below:

1. A copy of the magnetic tape provided to the Internal Revenue Service (with the same specifications) in lieu of forms 1099 for the full year of 1976, edited to delete all listings of recipients of less than \$1,000; or

2. A copy of the tape provided to the Internal Revenue Service (as above) without deleting recipients of less than \$1,000; or

3. Copies of all forms 1099 submitted to the Internal Revenue Service for the full year 1976 on amounts of \$1,000 or more (either an additional carbon or photocopy of the form 1099); or

4. Copies of all forms 1099 submitted to the Internal Revenue Service for the full year 1976.

R.1976 d.400, effective December 14, 1976.
See: 9 N.J.R. 48(c).

18:35-1.5 Information furnished at the source; payers other than interest and dividends

(a) In addition to the information required to be furnished under section 4 of this subchapter, all payers, includ-

ing those who are required to file Federal Internal Revenue form 1099 or any of the form 1099 designations, shall file a copy thereof with the Division of Taxation, P.O. Box 1848, Trenton, New Jersey 08625, on or before March 15, 1977, in the same form and under the same conditions as provided for in section 4 of this subchapter where the amount paid is \$1,000 or more.

(b) Payers shall include lessees or mortgagors of real or personal property, fiduciaries, employers, and all officers and employees of this State, or of any municipal corporation or political subdivision of this State having the control, receipt, custody, disposal or payment of interest, rents, salaries, wages, premiums, annuities, compensations, remunerations, emoluments or other fixed or determinable gains, profits or income, except interest coupons payable to bearer.

R.1977 d.19, effective January 26, 1977.
See: 9 N.J.R. 101(a).

18:35-1.6 Treatment of capital gains and losses pursuant to P.L. 1976, c.47

(a) As a result of the enactment of chapter 40 of the Public Laws of 1977 on March 16, 1977, capital gains realized during the calendar year 1976 are subject to special treatment by reason of an amendment to section 54A:5-1(c) of the New Jersey Gross Income Tax Act.

(b) Said amendment provides that "For the tax year 1976, any taxpayer with a tax liability under this subsection, or under the 'Tax on Capital Gains and Other Unearned Income Act' (P.L. 1975, c.172), shall not be subject to payment of an amount greater than the amount he would have paid if either return had covered all capital transactions during the full tax year 1976; provided, however, that the rate which shall apply to any capital gain shall be that in effect on the date of the transaction. To the extent that any loss is used to offset any gain under (P.L. 1975 c.172) it shall not be used to offset any gain under the 'New Jersey Gross Income Tax Act', (P.L. 1976, c.47)."

(c) Accordingly, the following rule is issued in order to set forth the method of calculating the capital gain which must be included in the capital gains and other unearned income tax return and/or gross income tax return for the 1976 taxable year.

(d) The taxpayer shall determine the net amount of gain and loss applicable to each six-month period. He must determine the net gain or loss attributable to the period from January 1, 1976, to June 30, 1976, during which the Capital Gains and Other Unearned Income Tax Law was in effect for 1976, and he must determine the net gain or loss attributable to the period from July 1, 1976, to December 31, 1976, during which the New Jersey Gross Income Tax Law was in effect for 1976. Where it is determined that a net loss occurred during either period, such net loss may be applied against the net gain, if any, which is realized in the

other taxable period. The following illustrates the procedure which is required to be followed:

UNEARNED INCOME TAX Gains and losses subject to tax (January 1, 1976, to June 30, 1976)	GROSS INCOME TAX Gains and losses subject to tax (July 1, 1976, to December 31, 1976)
Feb. 5, 1976: Gain \$5,000 Net gain (1-1-76 to 6-30-76) \$5,000	Aug. 3, 1976: Gain \$10,000 Oct. 14, 1976: Loss \$12,000
Loss allowed under c. 40, P.L.1977 \$2,000	Net loss (7-1-76 to 12-31-76) \$2,000
Net gain subject to tax \$3,000	

1. The \$2,000 net loss incurred during the second half of 1976 under the gross income tax is allowed as a deduction against the net gain of \$5,000 realized during the first half of 1976 under the unearned income tax. The taxpayer would, therefore, be permitted to report a net gain of \$3,000 under the unearned income tax. He would have no net gain or loss under the gross income tax.

2. Where the taxpayer is an estate or trust, the same rules shall apply and the estate or trust will be permitted to offset a net gain in the second half of 1976 under the gross income tax if a net loss was incurred during the first half of 1976, even though the unearned income tax did not apply to estate and trusts.

3. In addition, individuals who were not subject to the capital gains and other unearned income tax during the first half of 1976 by reason of the modified Federal adjusted gross income threshold may also avail themselves of the net loss offset if a net loss was incurred during the first half of 1976.

R.1977 d.94, effective March 18, 1977.
See: 9 N.J.R. 199(c).

18:35-1.7 Accelerated returns and payment of certain employers' withheld taxes

(a) Certain employers, as hereinafter described, required to deduct and withhold taxes from wages under the Gross Income Tax Act shall file a semimonthly employer's return, as hereinafter set forth.

1. Any employer required to deduct and withhold taxes from wages paid on or after May 1, 1977, where the amount required to be deducted can reasonably be expected to be \$18,000 or more for the semiannual period during which the semimonthly filing period occurs, shall, for each semimonthly period beginning May 1, 1977, file an employer's semimonthly return (form N.J. 500-S) with payment of the taxes withheld in accordance with the following schedule:

Period	Due date
First semimonthly period	Last day of the month
Second semimonthly period	15th day of the month following

2. Pertinent definitions are:

i. For the purposes of this regulation, "semimonthly period" means a period beginning on the first day of a calendar month and ending on the 15th day of said calendar month, and a period beginning on the 16th day of a calendar month and ending on the last day of said calendar month;

ii. For the purposes of this regulation, "semiannual period" means either a period from January 1 through June 30 of a calendar year, or a period from July 1 through December 31 of a calendar year.

3. Consecutive returns for each semimonthly period, accounting for all taxes withheld during the year, must be filed by an employer who is required to report semimonthly. If no tax was withheld during a particular semimonthly period, a return still must be filed for such period, together with a statement explaining why no tax was withheld.

Note: For the future, a depository system similar to the Federal system is contemplated.

Editor's Note: A copy of form N.J. 500-S and its instructions was filed with the above rule but is not reproduced herein. Information on this data may be obtained from the Division of Taxation, Department of the Treasury, P.O. Box 1848, Trenton, New Jersey 08625.

R.1977 d.149, effective May 1, 1977.
See: 9 N.J.R. 193(a), 9 N.J.R. 295(b).

18:35-1.8 Information furnished at source; 1977 and subsequent returns

(a) Under N.J.S.A. 54A:1-1 et seq., information returns which shall include the amounts paid to or credited to the accounts of all recipients for any calendar year beginning with January 1, 1977, are required to be provided to the Director, New Jersey Division of Taxation, by:

1. Payers of interest and dividends, including banks, savings and loan associations, building and loan associations, and savings banks; and

2. All payers including those who are required to file Federal Internal Revenue Service form 1099 or any of the form 1099 designations, which shall include lessees or mortgagors of real or personal property, fiduciaries, employers, and all officers and employees of this State, or of any municipal corporation or political subdivision of this State, having the control, receipt, custody, disposal or payment of interest, rents, salaries, wages, premiums, annuities, compensations, remunerations, emoluments or other fixed or determinable gains, profits or income, except interest coupons payable to bearer.

(b) Such information returns must be filed on or before February 15 following the close of each calendar year, beginning with February 15, 1978, with the Division of Taxation, P.O. Box 1848, Trenton, New Jersey 08646, where the amount paid or credited is \$1,000 or more.

(c) This requirement may be satisfied by providing the director with any of the following, with preference in the order listed below:

1. A copy of the magnetic tape provided to the Internal Revenue Service (with the same specifications) in lieu of forms 1099 for the full calendar year, edited to delete all listings of recipients of less than \$1,000; or

2. A copy of the tape provided to the Internal Revenue Service (as above) without deleting recipients of less than \$1,000; or

3. Copies of all forms 1099 submitted to the Internal Revenue Service for the full calendar year on amounts of \$1,000 or more (either an additional carbon or photocopy of the form 1099); or

4. Copies of all forms 1099 submitted to the Internal Revenue Service for the full calendar year.

R.1977 d.460, effective December 6, 1977.
See: 10 N.J.R. 45(a).

18:35-1.9 Reporting of interest on certain obligations; taxable status of State and Federal securities

(a) Gross income shall not include interest on obligations:

1. Issued by or on behalf of New Jersey or any county, municipality, school or other district, agency, authority, commission, instrumentality, public corporation (including one created or existing pursuant to agreement or compact with this or any other state), body corporate and politic or political subdivision of New Jersey:

i. Specifically included within this subsection is interest received with respect to Certificates of Participation issued in connection with lease-purchase agreements, provided that the liability for payments of principal and interest is solely that of a New Jersey governmental entity;

2. Those obligations which are statutorily free from State or local taxation under any act of New Jersey or under the laws of the United States.

(b) Under the authority of N.J.S.A. 54A:9-17, which empowers the Division to require such facts and information to be reported as are deemed necessary to enforce the provisions of the Gross Income Tax Act, every person required to file a resident New Jersey gross income tax return (NJ-1040) for a taxable year shall report on such return the amount of interest received or accrued during the taxable year which is exempt from the gross income tax.

(c) The term "net gains or income" shall not include gains or income derived from obligations whose interest is exempt from tax under paragraph 1 of this subsection. Losses from sales of such exempt securities shall not be taken into account in the computation of gains from disposi-

tion of property. A list of various securities follows, together with an indication of whether the interest and the gains therefrom are taxable or exempt:

1. Federal securities:

Security	Interest
i. Asian Development Bank	T
ii. Bank for Cooperatives	E
iii. Environmental Financing Authority	T
iv. Export-Import Bank of the United States ("Eximbank"):	
(1) Series 1978-B debentures	E
(2) Participation certificates (reversal of Counsel opinion dated 8/29/67)	T
v. Federal Deposit Insurance Corporation obligations	E
vi. Federal Housing Authority (F.H.A.)	E
vii. Farmers Home Administration	E
viii. Federal Financing Bank	E
ix. Federal Home Loan Bank	E
x. Federal Home Loan Mortgage Corp.	T
xi. Federal Intermediate Credit Banks	E
xii. Federal Land Banks	E
xiii. Federal National Mortgage Association (Fannie Mae):	
(1) Interest on bonds and debentures	T
(2) Guaranteed Participation Certificates	T
xiv. Federal Savings and Loan Insurance Corporation obligations	E
xv. General Services Administration	E
xvi. Government National Mortgage Association (Ginnie Mae)	T
xvii. Guam	E
xviii. H.U.D./New Communities	E
xix. H.U.D. Public Housing Notes and Bonds (Tax free in State of issuance)	
(In state of issuance)	E
(1) If issued in the District of Columbia, Puerto Rico, the Virgin Islands, they are exempt from all State tax.	
(If issued in other states)	T
xx. Inter-American Development Bank Bonds	T
xxi. International Monetary Fund and Bank for Reconstruction and Development (World Bank)	T
xxii. Jonathan Development Corporation (Obligations guaranteed under New Communities Act of 1968)	T
xxiii. Merchant Marine	E
xxiv. Panama Canal Zone Bonds specifically exempt from tax by 31 USC 744 and 745	E
xxv. Production Credit Associations	E

xxvi. Puerto Rico Water Resources—4.2 per cent bonds due 1/1/89—In- terest on Bonds	E
xxvii. Puerto Rico	E
xxviii. R.F.K. Stadium Bonds	T
xxix. Small Business Administration	E
xxx. Student Loan Marketing Associa- tion	E
xxxi. Tennessee Valley Authority	E
xxxii. U.S. Postal Service	E
xxxiii. U.S. Treasury	E
xxxiv. U.S. Treasury Bills	E
xxxv. USAVE Certificates—Farmers Home Administration Insured Loan Notes	Partially
xxxvi. Virgin Islands	E
xxxvii. Washington Metropolitan Area Transit Authority Bonds	T

(d) Gross income shall include interest and gains from obligations issued by or on behalf of other states of the United States, and foreign governments.

R.1978 d.284, effective August 15, 1978.
See: 10 N.J.R. 299(a), 10 N.J.R. 406(f).
Amended by R.1988 d.407, effective September 6, 1988.
See: 19 N.J.R. 2255(a), 20 N.J.R. 2310(c).
Added "State"; and (a)1i.
Amended by R.1992 d.141, effective March 16, 1992.
See: 23 N.J.R. 177(a), 24 N.J.R. 970(a).
Added (b); redesignated existing (b)-(c) as (c)-(d) without change.

18:35-1.10 Quarterly filing of withholding returns and payment of employer's withheld taxes

(a) All employers who are required to deduct and withhold any amount of gross income tax are required to file a quarterly return with the Division of Taxation and pay the tax due therewith on or before October 31, 1996, and quarterly thereafter on or before the last day of the month following the quarter covered by the return. In calculating the amount of tax to be remitted to the Division for the quarterly period, the employer shall be entitled to a credit in the amount of tax remitted during the quarter covered by the quarterly return.

1. If no tax was withheld during a calendar quarter, a return is still required to be filed for such quarter.

(b) Effective July 1, 1996, except as provided in (c) below, for any calendar month in which the amount of gross income tax that an employer is required to deduct and withhold is \$500.00 or more such employer is required to remit such taxes to the Division of Taxation on or before the 15th day of the month following the close of such month. Any payment due with respect to the calendar months ending on March 31, June 30, September 30 or December 31 shall be paid with the quarterly return filed for the quarter in which such month falls.

1. A monthly payment need not be made for any month in which the amount of tax deducted and withheld is less than \$500.00. Such amount shall be paid with the quarterly return filed for the quarter in which such month falls.

2. Example: Company A withholds \$200.00 in January, \$350.00 in February and \$600.00 in March. Company A need not make monthly payments and will remit the total tax withheld no later than April 30th, when the first quarter return is filed.

3. Example: Company B withholds \$200.00 in April, \$600.00 in May and \$350.00 in June. Company B need not make the monthly payment for April, must remit the \$600.00 withheld in May no later than June 15th and will remit the \$200.00 withheld in April and the \$350.00 withheld in June no later than July 31st, when the second quarter return is filed.

(c) Effective July 1, 1996, where the aggregate amount of gross income tax required to be deducted and withheld by any employer in the prior tax year is \$20,000 or more, the employer shall be an accelerated payor and shall remit payment of withheld taxes using electronic funds transfer (EFT) in accordance with the provisions of N.J.S.A. 54:48-4.1 and N.J.A.C. 18:2-3, on or before the Wednesday of the week following the week containing the payday on which the taxes were withheld.

1. For the purposes of this subsection, a week shall run from Sunday through Saturday.

2. Example: Effective July 1, 1996, Company A, which had withholdings of \$35,000 during 1995, pays its employees on Tuesday of Week 1. Company A must remit the tax withheld from its Week 1 payroll by electronic funds transfer on or before Wednesday of Week 2.

(d) Effective July 1, 1996, an employer who is required to make all tax payments using electronic funds transfer (EFT) in accordance with the provisions of N.J.S.A. 54:48-4.1 and N.J.A.C. 18:2-3 because of a prior tax year liability of \$20,000 or more for a tax other than the gross income tax, shall remit gross income taxes deducted and withheld on either a quarterly or monthly basis as provided in (a) and (b) above.

(e) Effective for the semiannual period beginning on January 1, 1979, through the semiannual period ending on June 30, 1996, where the aggregate amount required to be deducted and withheld by any employer is less than \$25.00 in a calendar month and the aggregate for the semiannual period ending on June 30 or December 31 can reasonably be expected to be less than \$150.00, the employer return and payment of withheld taxes for such period may be made on or before July 31 for the semiannual period ending on June 30 and on or before January 31 for the semiannual period ending on December 31.