

CHAPTER 54**TAXES****Authority**

N.J.S.A. 5:12-63c, 70e, 144a and f, 144.1c.

Source and Effective Date

R.1995 d.28, effective December 15, 1994.
See: 26 N.J.R. 4181(a), 27 N.J.R. 387(a).

Executive Order No. 66(1978) Expiration Date

Pursuant to Executive Order No. 66(1978), Chapter 54, Taxes, expires on December 15, 1999.

Chapter Historical Note

This chapter was adopted pursuant to authority of N.J.S.A. 5:12-1 et seq. and was filed and became effective on May 25, 1978 as R.1978 d.174. See: 10 N.J.R. 210(c), 10 N.J.R. 305(f). Amendments became effective on March 31, 1980 as R.1980 d.134. See: 11 N.J.R. 656(a), 12 N.J.R. 294(e). This chapter was readopted pursuant to Executive Order No. 66(1978) effective April 15, 1983. See: 15 N.J.R. 328(b), 15 N.J.R. 699(b).

Subchapter 2 was adopted effective February 21, 1984 as R.1984 d.33. See: 15 N.J.R. 1838(a), 16 N.J.R. 381(b), 16 N.J.R. 3064(b). Amended by R.1984 d.136, effective April 16, 1984, and R.1988 d.34, effective January 19, 1988. See: 16 N.J.R. 362(a), 16 N.J.R. 927(b); 19 N.J.R. 1890(a), 20 N.J.R. 205(a).

Subchapter 3 was adopted as an Emergency Adoption and Concurrent Proposal effective December 17, 1985 (expired February 15, 1986) as R.1985 d.675. See: 18 N.J.R. 108(a). Subchapter 3 was readopted effective April 7, 1986 as R.1986 d.78. See: 18 N.J.R. 108(a), 18 N.J.R. 708(a).

This chapter was readopted effective March 24, 1988 as R.1988 d.179. See: 20 N.J.R. 383(a), 20 N.J.R. 930(c).

Pursuant to Executive Order No. 66(1978), Chapter 54, Taxes, was readopted by R.1993 d.146, effective March 5, 1993. See: 25 N.J.R. 280(a), 25 N.J.R. 1524(a).

Subchapter 2, Section 144 Investment Obligation Alternative Tax, was repealed by R.1993 d.146, effective April 5, 1993 (operative May 5, 1993). Subchapter 3, Section 144.1 Investment Tax Credits, was redefined as Subchapter 2.

Pursuant to Executive Order No. 66(1978), Chapter 54 was readopted as R.1995 d.28. See: Source and Effective Date.

CHAPTER TABLE OF CONTENTS**SUBCHAPTER 1. GROSS REVENUE TAX**

19:54-1.1	Description of tax
19:54-1.2	Definitions
19:54-1.3	Tax year
19:54-1.4	Tax payer
19:54-1.5	Payment of tax
19:54-1.6	Computation of tax
19:54-1.7	Return and reports
19:54-1.8	Examination of accounts and records
19:54-1.9	Determination of tax liability; notice; disputes; hearings
19:54-1.10	Penalties and sanctions
19:54-1.11 through 19:54-1.13	(Reserved)

SUBCHAPTER 2. SECTION 144.1 INVESTMENT TAX CREDITS

19:54-2.1 Definitions

19:54-2.2 Deferral petitions: Determination of extreme financial hardship

SUBCHAPTER 1. GROSS REVENUE TAX**19:54-1.1 Description of tax**

Subsection 144(a) of the Act imposes an annual tax on gross revenues, as defined in section 24 of the Act, in the amount of eight percent of such gross revenues.

Amended by R.1993 d.146, effective April 5, 1993.

See: 25 N.J.R. 280(a), 25 N.J.R. 1524(a).

Deleted outdated text no longer included in Casino Control Act regarding adjustment of gross revenue tax rate.

19:54-1.2 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings unless the context clearly indicates otherwise.

“Casino licensee” or “licensed casino” includes the holder of a casino license or interim casino authorization.

“Casino management agreement” means a written agreement between one or more casino licensees and another casino licensee whereby the latter agrees to provide complete management of a casino in accordance with section 82 of the Act.

“Casino management licensee” means a casino licensee which provides complete management of a casino pursuant to a casino management agreement, as herein defined.

“Casino operator” means:

1. Where there is no casino management agreement with regard to the casino hotel facility, the casino operator shall be the casino licensee which is responsible for submitting and maintaining the internal controls required by section 99 of the Act; or

2. Where there is a casino management agreement with regard to the casino hotel facility, the casino operator shall be the casino management licensee, if said licensee has supplied capital at risk in the gaming operations of the casino. If the casino management licensee has supplied none of the capital at risk in the gaming operations of the casino, the casino operator shall be the licensee designated in paragraph 1 of this definition, as though no casino management agreement existed.

“Casino Revenue Fund” means a separate special account established in the Department of the Treasury for deposit of

all revenues from the tax imposed by subsection 144a of the Act, the investment alternative taxes imposed by subsections 144e and 144.1a of the Act, any interest earned pursuant to paragraph 2 of subsection 144.1a or section 145.1 of the Act and any penalties payable to the Casino Revenue Fund pursuant to section 145 of the Act.

“Lease” or “lease agreement” means a written agreement for the lease of the approved hotel in accordance with section 82 of the Act, including any such lease which is capitalized under generally accepted accounting principles.

Amended by R.1993 d.146, effective April 5, 1993.
See: 25 N.J.R. 280(a), 25 N.J.R. 1524(a).

Revised definitions of “Casino licensee” or “licensed casino”; “Casino Revenue Fund”; and “Lease” or “lease agreement”.

Added “Gaming day” definition, deleting definition of “Day”.
Amended by R.1994 d.31, effective January 18, 1994.
See: 25 N.J.R. 4866(a), 26 N.J.R. 486(a).

19:54-1.3 Tax year

For purposes of the tax on gross revenues, the tax year shall be the calendar year. In the year in which a casino operator commences gaming operations, the tax year for that casino operator shall begin with the commencement of operations and terminate on the last gaming day of the current calendar year.

Amended by R.1993 d.146, effective April 5, 1993.
See: 25 N.J.R. 280(a), 25 N.J.R. 1524(a).

Added “gaming” to describe day in final sentence of text.

19:54-1.4 Tax payer

(a) The obligation to file returns and reports and to pay the gross revenue tax and any investment alternative taxes shall be upon the casino operator who shall be primarily liable therefor. In the event of a transfer of operations to a different casino operator, the transferrer-operator will be obligated to file a return and to pay all taxes based upon gross revenues derived by the said transferrer during the tax year in which the transfer occurred. The appointment of a conservator under the Act shall not be deemed a transfer to a different casino operator but, for the duration of the conservatorship, the conservator shall file all returns and pay all taxes on behalf of the former or suspended casino licensee who shall remain primarily liable therefor.

(b) In accordance with section 82 of the Act, each casino licensee which is a party to either a casino management agreement or a lease with the casino operator, shall be individually and severally liable for any acts, omissions and violations by the casino operator regarding the taxation obligations imposed by the Act regardless of actual knowledge of such act, omission or violation and notwithstanding any provision of such agreement or lease to the contrary.

(c) In the event of a sale or other transfer by the casino operator of its interest in the licensed premises to another casino licensee, the transferee shall be liable for any default by the former casino operator in its taxation obligations with respect to the licensed premises. The liability of the transferee shall not, however, release any other party from potential liability.

(d) Nothing in this section shall be construed to limit the authority of the State Treasurer or the Commission to enforce any tax obligation by way of a lien against the property of a taxpayer or otherwise as provided by the “State Tax Uniform Procedure Law”, Subtitle 9 of Title 54 of the Revised Statutes, by the Act or by any other applicable law.

Amended by R.1993 d.146, effective April 5, 1993.
See: 25 N.J.R. 280(a), 25 N.J.R. 1524(a).

In (a): added the phrase “and any investment alternative taxes”.
Stylistic revisions in (b)-(d).

19:54-1.5 Payment of tax

(a) In accordance with subsection 148(a) of the Act, the gross revenues tax shall be due and payable annually on or before the 15th calendar day of March except that if the 15th day of March is a Saturday, Sunday or legal holiday, the due date shall be advanced to the next preceding regular business day. The gross revenues tax shall be based upon the gross revenues derived by the casino operator during the previous tax year. The amount of the annual tax shall be computed in accordance with N.J.A.C. 19:54-1.6.

(b) The annual nature of the tax notwithstanding, the casino operator shall make weekly deposits of the tax at such times, under such conditions, and in such depositories as shall be prescribed by the State Treasurer pursuant to subsection 145(b) of the Act, provided that deposits for a given week shall be made no later than the Monday of the succeeding week. If such Monday is a legal holiday, the deposit shall be made on the next business day. In the event that the week for which the weekly deposit is being made includes gaming days from two calendar months, the casino operator shall deposit and report separately, the amount of the deposit attributable to the gaming days of each month. The deposits shall be deposited to the credit of the Casino Revenue Fund.

(c) The amount of the required weekly deposit for a given week shall be determined by subtracting the total amount of deposits made by the casino operator in the current tax year up to and including the week preceding the given week from the total tax liability incurred by the casino operator for the current tax year. The total tax liability for the current tax year shall be based upon the gross revenues derived by the casino operator from the commencement of the current tax year to the end of the gaming day which commenced on the Friday of the given week.

(d) The amount of deposits required for a given month shall be the amount determined by subtracting the total amount of deposits made by the casino operator in the current tax year up to and including the month preceding the given month from the total tax liability incurred by the casino operator for the current tax year. The total tax liability for the current tax year shall be based upon the gross revenues derived by the casino operator from the commencement of the tax year to the end of the gaming day which commenced on the last calendar day of the given month.

(e) In the event that the total amount of deposits made for the entire tax year is determined to be less than the annual tax liability for the entire year, the casino operator shall remit the requisite additional payment to the State Treasurer. In the event that the total amount of such deposits is determined to be greater than the annual tax liability, the casino operator may be allowed to reduce the amount of its weekly deposits in the succeeding tax year by the amount of the overpayment, provided, however, that the casino operator shall not claim any such credit against deposits unless the Commission first certifies the existence and amount of the overpayment. Nothing in this section shall limit any authority of the Commission under sections 149 and 150 of the Act and the "State Tax Uniform Procedure Law," Section 9 of Title 54 of the Revised Statutes, including the authority to determine the insufficiency of any deposit or deposits, to require payments of penalties and interest or to allow or disallow any claim for refund due to overpayment of taxes.

Amended by R.1993 d.146, effective April 5, 1993.
See: 25 N.J.R. 280(a), 25 N.J.R. 1524(a).

In (c) and (d), deleted paragraphs 1 and 2, revising text and adding new language to describe calculation process using the casino operator's total tax liability, based on changes to the Act.

In (e), deleted reference to annual tax return and changed "monthly" to "weekly" regarding deposits to reflect statutory changes.

Stylistic revisions throughout.

19:54-1.6 Computation of tax

(a) The gross revenue tax shall be eight percent of gross revenue. The gross revenue for the tax year, or portion thereof, shall be the amount obtained from the following calculation:

1. The total of all sums for the tax year, or portion thereof, that are actually received by a casino operator from its gaming operations, which sums include, but are not limited to, cash, slot tokens, prize tokens counted at face value pursuant to N.J.A.C. 19:45-1.41 and 19:45-1.43, checks received by a casino operator pursuant to N.J.S.A. 5:12-101 whether collected or not, and coupons counted pursuant to N.J.A.C. 19:45-1.33 regardless of validity, less only the total of all sums paid out as winnings to patrons;

2. Minus only the lesser of the following:

- i. Four percent of the sum total derived in (a)1 above; or

- ii. The amount shown in the casino department account entitled "Provision for Uncollectible Patron Checks," which account shall be maintained in accordance with generally accepted accounting principles as part of the uniform chart of accounts required for casino departments pursuant to N.J.S.A. 5:12-70m and N.J.A.C. 19:45-1.2(b).

(b) The methodology used to determine the amount of the "Provision for Uncollectible Checks" shall be delineated in the casino operator's accounting and internal control

submission required by section 99 of the Act and N.J.A.C. 19:45-1.3.

1. The methodology shall include the consideration of historical data related to uncollectible checks. The data shall be derived from:

- i. The casino operator's statistics;

- ii. New Jersey casino industry statistics maintained by the casino operator; or

- iii. New Jersey casino industry statistics provided to the casino operator by the Commission.

2. The methodology shall, at the discretion of the casino operator, focus on uncollectible patron checks as:

- i. A percentage of credit issued;

- ii. A percentage of casino receivables; or

- iii. Multiple percentages applied to an aging of accounts receivable.

3. The methodology may consider other factors considered relevant by the casino operator provided that any resultant departures from the historical data are contemporaneously documented. The correlation between the other factors and the adjusted amount shall be included in the documentation. Such other factors may, without limitation, include:

- i. Information related to specific obligors or groups of obligors;

- ii. An appraisal of current economic conditions;

- iii. A change in the character of the casino receivables;

- iv. The experience of the collection manager, chief financial officer, or other expert; and

- v. A change in collections policy.

4. Each casino operator shall submit and obtain approval of the internal controls required by this section by March 20, 1994.

(c) Nothing in this section shall be construed to limit the authority of the Commission to redetermine the amount of tax liability or to require adjustments or corrections to the accounts of the casino operator.

(d) Each casino operator shall treat each check which it receives in that year but which is invalid and unenforceable pursuant to N.J.S.A. 5:12-101f as cash received from gaming operations, and no deduction for the amount thereof shall be allowed in computing gross revenue.

(e) For each tax year, the amount recorded on each document evidencing a valid charge to a credit or debit account in exchange for gaming chips or slot tokens and counted pursuant to N.J.A.C. 19:45-1.33 shall be included in the totals "actually received by a casino operator from its

gaming operations" referred to in (a)1 above, and no adjustment thereof shall be allowed in the event the taxpayer does not receive full and final payment of the amount charged to a credit card account.

Amended by R.1993 d.146, effective April 5, 1993.
See: 25 N.J.R. 280(a), 25 N.J.R. 1524(a).

In (a) and (a)1: revised text to read "eight percent of gross revenues" rather than "12 percent . . .". Deleted outdated text and added text regarding casino department accounts for "any other authorized games . . .".

Amended by R.1993 d.656, effective December 20, 1993.
See: 25 N.J.R. 4475(a), 25 N.J.R. 5944(b).

Amended by R.1994 d.504, effective October 3, 1994.

See: 26 N.J.R. 2872(a), 26 N.J.R. 3253(a), 26 N.J.R. 4089(a).

Amended by R.1996 d.160, effective March 18, 1996.

See: 28 N.J.R. 75(a), 28 N.J.R. 1559(a).

Amended by R.1996 d.439, effective September 16, 1996.

See: 28 N.J.R. 2809(a), 28 N.J.R. 4236(a).

19:54-1.7 Return and reports

(a) The casino operator shall file with the Commission an annual tax return for purposes of the gross revenues tax. The return shall be filed no later than March 15 following the tax year. Filing of the annual tax return shall satisfy the reporting of gross revenues requirement imposed by subsection 148a of the Act. The annual tax return shall be made on a form promulgated and distributed by the Commission pursuant to section 151 of the Act. The casino operator shall provide all information required on the form and shall attest to the accuracy of such information. The annual tax return shall be signed by the chief executive officer, chief financial officer, treasurer, or controller if the casino operator is a corporation; by a general partner if the operator is a partnership; by the chief executive officer if the operator is any other form of business association; or by the proprietor if the operator is a sole proprietorship.

(b) On or before the 10th calendar day of each month, the casino operator shall file with the Commission a monthly gross revenue tax report which shall reflect the amount of gross revenues derived during the preceding month, the amount of tax deposits required for that month, the amount of gross revenues derived during the year to the end of the preceding month, and the tax liability for the year calculated to the end of the preceding month. The monthly gross revenue tax report shall be on a form promulgated and distributed by the Commission, pursuant to section 151 of the Act. The casino operator shall provide all information requested on the form which shall be sworn to and signed by the same individual designated in (a) above to sign the annual return.

Amended by R.1993 d.146, effective April 5, 1993.
See: 25 N.J.R. 280(a), 25 N.J.R. 1524(a).

Revised rule to reflect statutory changes to the Act. In (a): deleted "State Treasurer" and added "Commission" and added "annual tax return" to clarify filing requirements. In (b): clarified filing requirements for gross revenue tax.

19:54-1.8 Examination of accounts and records

(a) The Commission may perform audits of the books and records of a casino licensee, at such times and intervals as it deems appropriate, for the purpose of determining the sufficiency of gross revenue tax deposits and payments. The Commission shall also conduct an annual gross revenue examination for the purpose of determining whether the total amount of gross revenue tax paid by the casino operator for the relevant tax year was correct.

(b) The casino operator shall permit duly authorized representatives of the Commission to examine the operator's accounts and records for the purpose of certifying gross revenues. In the event that any records or documents deemed pertinent by a Commission examiner are in the possession of another licensee or entity, the casino operator shall be responsible for making those records or documents available to the examiner. Further, the casino operator shall be individually and severally liable for any relevant accounts, records or documents maintained or required to be maintained by any other licensee or entity with regard to the casino.

(c) The Commission's annual gross revenue tax examination shall be conducted in accordance with standards and practices established by the Director of the Commission's Division of Financial Evaluation. A copy of such standards and practices shall be made available upon request to all casino operators.

(d) An examination pursuant to this section may incorporate audit work performed by a casino operator's internal audit department provided that:

1. Such audit work is conducted in accordance with minimum standard internal audit procedures which have been submitted to and approved by the Commission, including, at a minimum, a detailed description of the audit tests to be performed;

2. The casino operator submits to the Commission by January 31 of each year an annual audit plan specifying the scheduled audit dates for that upcoming calendar year; and

3. The casino operator submits to the Commission, no later than March 15 of each year, copies of all internal audit reports and any other reports directly relating to the reporting of gross revenue for the preceding tax year.

(e) The Commission shall:

1. Notify the casino operator in accordance with N.J.A.C. 19:54-1.9 of any tax deficiencies disclosed during a gross revenue tax examination;

2. Record all deviations from regulatory or internal control requirements concerning revenue-related transactions which are discovered during a gross revenue tax examination, which record shall be provided to the casino operator on an annual basis; and

3. Refer any such deviations to the Division of Gaming Enforcement for investigation and any other action which the Division deems appropriate.

Amended by R.1993 d.146, effective April 5, 1993.

See: 25 N.J.R. 280(a), 25 N.J.R. 1524(a).

Revised text by deleting references to audits and charging to "Examination of accounts." Deleted outdated text. Adding phrase, "... for the purpose of certifying gross revenues ..."

Amended by R.1995 d.626, effective December 4, 1995.

See: 27 N.J.R. 3309(b), 27 N.J.R. 4913(a).