

February 2022 - NJ Tax Digest

N. J. Tax Due Date Calendar

Online Filing Available for New Jersey Residents

The N.J. Division of Taxation allows residents to prepare and electronically file their current year New Jersey return online through our website. The convenient to use "Save" feature allows you to start your return now and finish later without losing your work. This is a free service for N.J. residents who do not wish to use paid services. Generally, paid tax return preparation and filing services provide advanced features, such as tax filing tips, not found in this service.

[File Now](#)

Pension and Retirement Exclusion

The income limit has increased for Tax Year 2021 to \$150,000 for retirees eligible for the pension and retirement exclusion. The previous limit was \$100,000. The allowed exclusion amount varies based on income and filing status.

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New Jersey College Affordability Act

For **Tax Year 2022**, three new Income Tax deductions have been created to improve college affordability for taxpayers with gross income under \$200,000.

For example, the New Jersey College Affordability Act allows people saving for higher education to deduct up to \$10,000 for contributions they make **this year** to a New Jersey Better Educational Savings Trust (NJBEST) college fund. The deduction makes New Jersey's 529 college savings plan more attractive than ever for taxpayers with various incomes.

Taxpayers also can deduct up to \$10,000 of gross income on their 2022 return for currently enrolled students on payments made directly for in-state college tuition.

Payments made toward principal and interest on a student loan also will be deductible for eligible taxpayers, who can deduct up to \$2,500 from their gross income.

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All Great Businesses Start With an Idea

Your business idea needs time, attention, and the right resources to help it grow. [Business.NJ.gov](https://business.nj.gov) includes everything from choosing a legal structure to registering your business to getting things in order to become a government

goods or services contractor. Give yourself the information you need to grow your business today by going to [Business.NJ.gov](https://business.nj.gov).

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New Automated Payroll Service for Employers

The New Jersey Department of the Treasury has launched a new, simplified way for New Jersey employers to complete annual payroll tax filings with the State.

Employers that already use software programs to prepare returns for the IRS can upload the same electronic returns directly to the State.

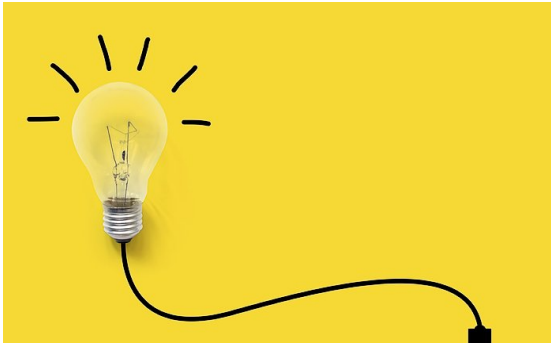
The Department of the Treasury also provides several other services to simplify how to conduct doing business with the State.

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UEZ Purchase Limitations FAQ

New annual purchase limitations have gone into effect for UEZ businesses.

A FAQ is now available to explain the recent law change.



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The Shechtel Decision and Following "At-Risk" Limitations

The Division is considering a proposed regulation based on a previous tax ruling by the Superior Court of New Jersey's Appellate Division. The Court ruled in *Andrew J. Shechtel v Director, Division of Taxation*, on September 3, 2020, that taxpayers should follow IRC Section 465 "at-risk" limitations for New Jersey Gross Income Tax purposes. The decision applies to partners in partnerships and sole proprietors. However, the decision does not apply to S corporation shareholders in view of N.J.S.A. 54A:5-12, which provides specific language limiting shareholders' losses.

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Pass-Through Business Alternative Income Tax (PTE/BAIT)

Important updates are now available for Tax Year 2021 regarding the New Jersey Pass-Through Business Alternative Income Tax Return (**Form PTE-100**) and **instructions**. Entities interested in participating in PTE/BAIT must **register** with the NJ Division of Revenue and Enterprise Services. Once registered, the entity must also file an election form to submit payments

and returns. All payments and returns must be submitted electronically. In addition, S corporations have the option to use a three-factor allocation formula on the NJ-NR-A for purposes of the BAIT.

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Film and Digital Media Tax Credit Program

Governor Murphy signed Senate Bill 4094 into law on January 10, 2022, as P.L. 2021, Chapter 367. The law expands the "Garden State Film and Digital Media Jobs Act" and extends the diversity plan credit to July 1, 2034.

The *digital media content production tax credit* is increased to 30 percent of the qualified expenses, or 35% of qualified expenses purchased through vendors located in Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Mercer, or Salem counties. The law also increases the diversity plan credit to 4% for companies that submit a diversity plan meeting specific criteria. In addition, the diversity plan credit is now available to Gross Income Tax filers.

The cumulative annual limitation on digital media content production tax credits is increased to \$30 million. Beginning in FY 2025, an additional \$100 million in tax credits are available for eligible New Jersey film-lease partners. This law takes effect immediately.

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Casino Hotel Room Occupancy Surcharge

A new law requires Atlantic City's casino-hotels to collect a \$2 surcharge per day for each occupied room rental. The law, which takes effect March 1, 2022, applies only to lodging rooms, not conference or assembly rooms. The municipality will use revenues from the surcharge to help fund public safety services. Affected businesses will have their tax registration updated. These

businesses must file the Casino Hotel Room Occupancy Surcharge Return (Form CRS-100) on a monthly basis. Form CRS-100 and the payment amount due must be filed and paid online. Form CRS-100 is due on or before the 20th day of the month following the close of the calendar month for which the surcharge is due. The first return period ends March 31, 2022. Therefore, the first return is due on or before April 20, 2022.

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