

Schedule 1 – Property Tax Deduction/Credit

Complete both columns of this schedule to find out whether the Property Tax Deduction or the Property Tax Credit is better for you. **Do not complete this schedule if you claim a credit for taxes paid to other jurisdictions.** Complete Schedule A and Worksheet F.

- 1. **Property Tax.** Enter the property taxes you paid in 2008 from Line 36a of Form NJ-1040. 1. _____
Property tax reimbursement (Senior Freeze) applicants do not enter the amount from Line 36a. **See instructions below.**
- 2. **Property Tax Deduction.** Enter the amount from Line 1 of this schedule or \$10,000, whichever is less. Also enter this amount on Line 4, Column A below. **See instructions below.** 2. _____

- 3. Taxable Income (Copy from Line 35 of Form NJ-1040)
- 4. Property Tax Deduction (Copy from Line 2 of this schedule)
- 5. Taxable Income After Property Tax Deduction (Subtract Line 4 from Line 3)
- 6. Tax you would pay on Line 5 amount (Go to Tax Table or Tax Rate Schedules and enter amount)
- 7. Subtract Line 6, Column A from Line 6, Column B and enter the result here

	Column A	Column B
3.		
4.		- 0 -
5.		
6.		
7.		

- 8. **Is the Line 7 amount \$50 or more (\$25 if filing status is married/CU partner, filing separate return and you maintain the same residence as your spouse/civil union partner)?**

Yes. You receive a greater tax benefit by taking the Property Tax Deduction. Make the following entries on Form NJ-1040.

<i>Form NJ-1040</i>	<i>Enter amount from:</i>
Line 36c	Line 4, Column A
Line 37	Line 5, Column A
Lines 38 and 39	Line 6, Column A
Line 48	Make no entry

No. You receive a greater tax benefit from the Property Tax Credit. (**Part-year residents**, see instructions on page 9 before answering "No.") Make the following entries on Form NJ-1040.

<i>Form NJ-1040</i>	<i>Enter amount from:</i>
Line 36c	Make no entry
Line 37	Line 5, Column B
Lines 38 and 39	Line 6, Column B
Line 48	\$50 (\$25 if filing status is married/CU partner, filing separate return and you maintain the same residence as your spouse/civil union partner). Part-year residents , see instructions on page 9.

Line 1 - Property Tax/Rent

Enter on Line 1 your property taxes (or 18% of rent) paid during 2008 on your qualified New Jersey residence from Line 36a, Form NJ-1040.

Property Tax Reimbursement (Senior Freeze) Applicants. If you are eligible for a property tax reimbursement for 2008, complete that application before continuing.

If you file your application on Form PTR-1, enter on Line 1 the amount of

your **2007 property taxes** as reported on Line 14 of your 2008 Property Tax Reimbursement Application, Form PTR-1. (For mobile home owners this is 18% of 2007 site fees.)

If you file your application on Form PTR-2, enter on Line 1 the amount of your base year property taxes as reported on Line 11 of your 2008 Property Tax Reimbursement Application, Form PTR-2. (For mobile home owners this is 18% of base year site fees.)

NOTE: If you owned your home with someone other than your spouse/civil union partner or if your home consists of more than one unit, the amount of property taxes you report must reflect your percentage of ownership or the proportionate share of property taxes for the unit you occupy as your principal residence.

Line 2 - Property Tax Deduction

Enter the amount from Line 1 or \$10,000, whichever is less. Also enter this amount on Line 4, Column A.

Schedule 1 - continued

NOTE: If your filing status is married/CU partner, filing separate return and you and your spouse/civil union partner maintain the same principal residence, and Line 1 is \$5,000 or more, enter \$5,000 on Line 2. If Line 1 is less than \$5,000, enter the amount from Line 1.

Line 3 - Taxable Income

For each column, enter on Line 3, Schedule 1 the amount from Line 35, Form NJ-1040.

Line 4 - Property Tax Deduction

Enter on Line 4, Column A the amount from Line 2, Schedule 1.

Line 5 - Taxable Income After Property Tax Deduction

For each column, subtract Line 4 from Line 3 and enter the result on Line 5.

Line 6 - Tax on Line 5

For each column, enter on Line 6 the amount of tax on the income shown on Line 5. Use the Tax Table on page 53 or the Tax Rate Schedules on page 62 to calculate the amount of tax.

Lines 7 and 8 - Deduction/Credit Determination

To determine whether a property tax deduction or a property tax credit is more

beneficial to you, subtract Line 6, Column A from Line 6, Column B and enter the result on Line 7. **Part-year residents see instructions on page 9 before continuing.** If Line 7 is \$50 or more (\$25 if filing status is married/CU partner, filing separate return and you maintain the same residence as your spouse/civil union partner), you will receive a greater benefit by taking the property tax deduction. If Line 7 is less than \$50 (\$25 if filing status is married/CU partner, filing separate return and you maintain the same residence as your spouse/civil union partner), you will receive a greater benefit by taking the property tax credit. Follow the instructions on Schedule 1 for completing Lines 36c, 37, 38, and 48, Form NJ-1040.

Completing Schedule 1-A

Part I - Homeowners

Principal Residences Owned in New Jersey (Lines 1-3)

List the address of each New Jersey residence you owned and occupied as your principal residence during 2008. Complete Column 1 through Column 5 for each address.

If you were **both** an owner and a tenant at the same address, enter the required information in **both** Part I and Part II.

Column 1

Enter the number of days you owned and occupied this home as your principal residence in 2008. If this was your residence for all of 2008, enter 366. The total number of days in Part I and Part II may not exceed 366.

Column 2

Enter the share (percentage) of this residence you (and your spouse/civil union partner) own(ed). Enter this figure as a decimal (e.g., if the share is 50%, enter 0.50). If you (and your spouse/civil union partner) were the sole owner(s), enter 1.00.

Column 3

If this property consists of more than one unit, indicate the share (percentage) of the property used as your principal residence.

Enter this figure as a decimal (e.g., enter 25% as 0.25).

Column 4

Enter the total property taxes paid on this property during 2008 for the period indicated in Column 1.

Column 5

Multiply the decimal in Column 3 by the property tax amount in Column 4. If there is no figure in Column 3, use the decimal in Column 2. Enter the result in Column 5.

For example, total property taxes paid were \$2,000, Column 2 is 1.00, and Column 3 is 0.50. The calculation for Column 5 is $0.50 \times \$2,000 = \$1,000$.

Line 4 - Property Taxes

Add your share of property taxes paid in Column 5, Lines 1 through 3, and enter the total on Line 4.

Part II - Tenants

Principal Residences Rented in New Jersey (Lines 5-7)

List the address of each New Jersey residence you rented and occupied as your principal residence during 2008. Complete Column 1 through Column 4 for each address.

If you were **both** an owner and a tenant at the same address, enter the required information in **both** Part I and Part II.

Column 1

Enter the number of days you rented and occupied this home as your principal residence in 2008. If this was your residence for all of 2008, enter 366. The total number of days in Part I and Part II may not exceed 366.

Column 2

If you lived with someone (other than your spouse/civil union partner) and shared the rent with them, enter the total number of tenants who shared the rent (including yourself). For this purpose you and your spouse/civil union partner are considered one tenant.

Column 3

Enter the total amount of rent paid by all tenants (including yourself) during 2008 for the period indicated in Column 1.

Column 4

Divide the amount in Column 3 by the number in Column 2, and enter the result in Column 4.

Line 8 - Rent

Add your share of rent paid in Column 4, Lines 5 through 7, and enter the total on Line 8.

Schedule 1-A - continued

Schedule 1-A

PART I: HOMEOWNERS

Principal residences you owned in New Jersey during 2008

Address	(1) Number of days in 2008 in this residence as an owner	(2) Share of property owned by you (and your spouse/civil union partner)	(3) Share of property used as your principal residence	(4) Total property taxes paid on this property for this period	(5) Your share of property taxes paid on this property for this period
1.					
2.					
3.					
4. Your share of total property taxes paid in 2008 for your principal residences (total of Column 5) Use this amount to complete Line 36a.....					

PART II: TENANTS

Principal residences you rented in New Jersey during 2008

Address	(1) Number of days in 2008 in this residence as a tenant	(2) Total number of tenants who shared the rent	(3) Total rent paid by all people living in this residence during this period	(4) Total rent paid by you (and your spouse/civil union partner) for this residence during this period
5.				
6.				
7.				
8. Your share of total rent paid in 2008 for your principal residences (total of Column 4) Use 18% of this amount to complete Line 36a.....				

2008 Form NJ-1040 Line-by-Line Instructions

Line 37 - New Jersey Taxable Income

Subtract Line 36c from Line 35. If zero or less, make no entry.

Line 38 - Tax on Amount on Line 37

Compute your tax by using one of the following methods.

Tax Table. If your New Jersey taxable income is less than \$100,000, you may use the New Jersey Tax Table on page 53 or the New Jersey Tax Rate Schedules on page 62 to find your tax. When using the tax table, be sure to use the correct column. After you have found your tax, enter the amount on Line 38.

Tax Rate Schedules. You must use the New Jersey Tax Rate Schedules

on page 62 if your New Jersey taxable income is \$100,000 or more. Use the correct schedule for your filing status. After you have calculated your tax, enter the amount on Line 38.

Line 39 - Tax

Enter on Line 39 the amount of tax from Line 38, page 2.

Line 40 - Credit for Income Taxes Paid to Other Jurisdictions

Enter on Line 40 the amount of credit allowed as calculated on Schedule A. If you are claiming credit for income or wage taxes paid to more than one jurisdiction, complete a Schedule A for each (see instructions on page 40) and enter on Line 40 the total amount of the credits allowed from each Schedule A. If you

are claiming a property tax deduction or credit, you must also complete Worksheet F to determine the amount of your benefit. If you are not eligible for a property tax benefit, enter on Line 40 the amount from Line 9, Column B, Schedule A(s).

The credit on Line 40 may not exceed your tax on Line 38. Enclose Schedule A(s) with your return. See the instructions for Schedule A on page 40.

TAX TIP



Enter in the boxes at Line 40 the code for the jurisdiction for which you are claiming a credit. (See chart on page 36.) If you are claiming credit for taxes paid to more than one jurisdiction (e.g., New York State and New York City or Delaware and Maryland), use the code for "Multiple Jurisdictions." If the jurisdiction to which you paid taxes is not listed, use the code for "Other."