

Homeowners and Tenants Age 65 or Older or Disabled who do not have to file a New Jersey return, but who met the eligibility requirements for a property tax credit on page 29, may file Form NJ-1040-H instead of Form NJ-1040 to claim the credit. (See instructions on page 48.)

Exemptions and Deductions (Lines 29–35)

New Jersey allows deductions only for:

- ♦ Personal exemptions (Line 29)
- ♦ Certain medical expenses (Line 30)
- ♦ Qualified Archer medical savings account (MSA) contributions (Line 30)
- ♦ Health insurance costs of the self-employed (Line 30)
- ♦ Alimony and separate maintenance payments (Line 31)
- ♦ Qualified conservation contributions (Line 32)
- ♦ A Health Enterprise Zone deduction for taxpayers who own a qualified medical or dental practice (Line 33)
- ♦ An alternative business calculation adjustment for taxpayers with business losses (Line 34)

No deduction is allowed for adjustments taken on the Federal return such as employee business expenses, IRA contributions, and Keogh Plan contributions. However, you should keep records of all contributions to IRAs and Keogh Plans. You will need this information when you make withdrawals. Part-year residents, see page 7.

Line 29 - Total Exemption Amount

Calculate your total exemption amount as follows (part-year residents, see page 7):

From Line 12a _____ × \$1,000 = _____

From Line 12b _____ × \$1,500 = _____

Total Exemption Amount _____

Enter the number of exemptions from Line 12a, Form NJ-1040. Multiply the number by \$1,000 and enter the result.

Enter the number of exemptions from Line 12b, Form NJ-1040. Multiply the number by \$1,500 and enter the result.

Add the exemption amounts calculated above and enter the total on Line 29.

Line 30 - Medical Expenses

You may deduct certain medical expenses that you paid during the year for yourself, your spouse or domestic partner, and your dependents. However, you cannot deduct expenses for which you were reimbursed. Only expenses that exceed 2% of your income may be deducted. You may also deduct qualified Archer MSA contributions and certain health insurance costs if you are self-employed. Use Worksheet E on page 29 to calculate your deduction.

Allowable Medical Expenses. *Medical expenses* means nonreimbursed payments for costs such as:

- ♦ Physicians, dental, and other medical fees
- ♦ Prescription eyeglasses and contact lenses
- ♦ Hospital care
- ♦ Nursing care
- ♦ Medicines and drugs
- ♦ Prosthetic devices
- ♦ X-rays and other diagnostic services conducted by or directed by a physician or dentist
- ♦ Amounts paid for transportation primarily for and essential to medical care
- ♦ Insurance (including amounts paid as premiums under Part B of Title XVIII of the Social Security Act, relating to supplementary medical insurance for the aged) covering medical care

In general, medical expenses allowed for Federal tax purposes are allowed for New Jersey purposes.

NOTE: Do not include on line 1, Worksheet E

- ♦ Contributions you made to an Archer MSA or any amounts paid or disbursed from an Archer MSA that have been excluded from income; or
- ♦ Any amounts taken as a deduction for the health insurance costs of the self-employed.

Archer MSA Contributions. New Jersey follows the Federal rules for deducting qualified Archer MSA contributions. Your contribution may not be more than 75% of the amount of your annual health plan deductible (65% if you have a self-only plan). Enclose Federal Form 8853 with your return. Excess contributions that you withdraw before the due date of your tax return are not taxable. However, you must report the earnings associated with the excess contributions you withdraw as wages on Line 14.

Self-Employed Health Insurance Deduction. If you are considered self-employed for Federal tax purposes, or you received wages in 2016 from an S corporation in which you were a more-than-2% shareholder, you may deduct the amount you paid during the year for health insurance for yourself, your spouse or domestic partner, and your dependents. Your deduction may not be more than the amount of your earned income, as defined for Federal tax purposes, from the business under which the insurance plan was established. You may not deduct amounts paid for health insurance coverage for any month that you were eligible to participate in any subsidized health plan maintained by your (or your spouse's or domestic partner's) employer.

NOTE: For Federal purposes you may be able to deduct amounts paid for health insurance for any child of yours who was under age 27 at the end of 2016. However, for New Jersey purposes you may deduct these amounts only if the child was your dependent. For more information, see Technical Advisory Memorandum TAM 2011-14.