

Statement of Net Deferred Tax Liability Deduction

Due Date: July 1, 2020

Name of Managerial Member		Unitary ID Number NU	
Street Address			
City		State	ZIP Code
1.	Enter the combined group's net Deferred Tax Asset (DTA) or net Deferred Tax Liability (DTL) as of the last day of the privilege period ending prior to July 31, 2019, excluding the impact associated with the enactment of combined unitary reporting. Enter a net DTA as a negative number and a net DTL as a positive number.....	1.	
2.	Enter the combined group's net Deferred Tax Asset (DTA) or net Deferred Tax Liability (DTL) as of the last day of the privilege period ending prior to July 31, 2019, including the impact associated with the enactment of combined unitary reporting. Enter a net DTA as a negative number and a net DTL as a positive number.....	2.	
3.	Subtract line 1 from line 2. If the result is zero or less, stop here.....	3.	
4a.	Tax rate of the combined group (see instructions).....	4a.	
4b.	Divide line 3 by line 4a.....	4b.	
5.	Enter the combined group's allocation factor that was used in the calculation of the deferred tax amount on line 2.....	5.	
6.	Divide line 4b by line 5.....	6.	
7.	Yearly Portion (Divide line 6 by ten (10)). This is the Net Deferred Tax Liability Deduction that can be used each year over a 10-year period beginning on or after January 1, 2023.....	7.	

<p>Under penalties of perjury, I declare that I have examined this return, and to the best of my knowledge and belief, it is true and correct and complete.</p> <p>_____</p> <p>Signature Date</p>	<p>This form must be filed with the New Jersey Division of Taxation on or before July 1, 2020. Failure to file this statement by this date will result in a loss of the Net Deferred Tax Liability Deduction. No extensions of time to file this statement will be granted.</p> <p>Use our secure document upload feature to submit this form. This system will be available on or before May 15.</p>
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Purpose

Public Companies With Increased Tax Liability From Combined Reporting

For 10 years beginning with the combined group's first tax year beginning on or after January 1 of the fifth year after the combined reporting rules are effective, a publicly traded combined group will be entitled to a deduction from combined group entire net income equal to one-tenth of the amount necessary to offset the increase in the net deferred tax liability or decrease in the net deferred tax asset, or aggregate change from a net deferred tax asset to a net deferred tax liability. The increase in the net deferred tax liability or decrease in the net deferred tax asset or the aggregate change from a net deferred tax asset to a net deferred tax liability is computed based on the change that would result from the imposition of the unitary reporting requirements excluding this deduction. See N.J.S.A. 54:10A-4(k)(16) and TB-96, *Net Deferred Tax Liability Deduction and Combined Returns*, for more information.

Before you begin, the net deferred tax liability and net deferred tax assets for the purposes of the deduction are computed in accordance with U.S. G.A.A.P. or I.F.R.S., whichever of the two were the generally accepted accounting principles that were used when completing the financial statements that are filed with the U.S. regulatory authorities or the regulatory authorities of a foreign nation with which the federal government has a reciprocal agreement. An example of such agreements would be the cooperative agreements the United States Securities Exchange Commission has with a variety of regulatory authorities for foreign nations. The Division of Taxation does not provide tax or legal advice and is not telling taxpayers how to file or report information on their financial statements.

Instructions

This form must be filed with the Division of Taxation on or before **July 1, 2020**. Failure to file by this date will result in a loss of the Net Deferred Tax Liability Deduction. **No extensions of time to file this statement will be granted.**

Note: The amounts entered on lines 1 and 2 should be the same amounts that were reported for financial reporting purposes from the balance sheet. If they are not (for whatever reason), the amounts must be calculated in accordance with U.S. G.A.A.P. or I.F.R.S., whichever is applicable, on a spreadsheet by entity and included as a rider.

Line 1. Enter the net deferred tax assets or net deferred tax liabilities of the members of the combined group without taking into account the switch to combined reporting.

Line 2. Enter the net deferred tax assets or net deferred tax liabilities of the members of the combined group taking into account the switch to combined reporting.

Line 3. Subtract line 1 from line 2. If **greater** than zero, continue to lines 4a and 4b.

Note: If line 3 is zero or less, do not file this form. The combined group is not eligible for the deduction.

Line 4a. Enter the weighted average tax rate (weighted by the taxable net income of the individual members) of the combined group. Take into account the surtax as part of the calculation of the overall tax rate for individual members that paid the surtax. Include a rider detailing this calculation.

Line 4b. Divide the amount on line 3 by the tax rate of the combined group from line 4a and enter the result.

Line 5. Enter the combined group's allocation factor that was used to calculate line 2. See N.J.S.A. 54:10A-4.7 and N.J.S.A. 54:10A-4.11.c for more information on calculating the combined group allocation factor.

Line 6. Divide line 4b by line 5. This is the total value of the deduction.

Line 7. This is the value of the deduction that the combined group can use in a privilege period beginning with the first privilege period that begins on or after January 1, 2023.

Submitting Form DT-1. Form DT-1 and any accompanying riders must be electronically uploaded at <https://www.njportal.com/DOR/TCM/#/>. The system will be available on or before May 15. Use "Business Tax-Unitary" for the account type, and select PO Box 258 – Net Deferred Tax Liability – Form DT-1. **This is a virtual PO Box and cannot be used to mail documents to the Division.** The Division will not accept paper copies through the mail. Submission of Form DT-1 does **not** guarantee the deduction will be granted.