

*Contributions (Lines 59–64) - continued*

To make a donation, check the appropriate box(es) or enter the amount you want to contribute.

If you are making a donation on Line 64, also enter the code number (01, 02, 03, etc.) for the fund of your choice.

The amount you donate will reduce your refund or increase your balance due. Be sure to enter an amount when making a contribution.

If you are making a donation on Line 59, 60, 61, 62, 63, and/or 64, and you have a balance due, increase the amount of your payment by the amount you want to contribute. If you are paying your tax due by check or money order and including a donation, your check or money order must be made out to “State of New Jersey – TGI,” not to the charity or charities you selected. Your donation will be deposited in the appropriate fund(s) when your return is processed.

**Line 65 - Total Deductions From Overpayment**

Add Lines 58 through 64 and enter the total on Line 65.

**Line 66 - Refund**

Subtract Line 65 from Line 57 and enter the total on Line 66. This is the amount of your refund.

**2016 Schedules A and B****Schedule A - Taxes Paid to Other Jurisdiction**

**Requirements.** As a New Jersey resident, you may be eligible for a tax credit against your New Jersey income tax if you have income from sources outside New Jersey. To qualify, your income must be subject to **both** the New Jersey income tax and the income or wage tax imposed by another jurisdiction outside New Jersey for the same year. For this purpose, “jurisdiction” means any state of the United States or political subdivision of such state, including the District of Columbia. **Pennsylvania residents, see page 42.** No credit is permitted for taxes paid to the U.S. Government, Canada, Puerto Rico, or any foreign country or territory.

To receive the credit for taxes paid to another jurisdiction you must:

1. Complete Schedule A in its entirety. You may be required to complete more than one Schedule A in certain situations. See below.
2. Enclose Schedule A(s) with your NJ-1040 income tax return.

**Completing More Than One Schedule A.** You must complete a separate Schedule A for each jurisdiction for which you are claiming a credit. You must also complete a separate Schedule A for each tax imposed by a jurisdiction.

- ♦ *Two or more jurisdictions (i.e., a state and political subdivision(s) therein) impose tax on the same income.* For example, when both a state and a city within that state tax the same income, you may have to complete and enclose a separate Schedule A for each jurisdiction. (See “Same Income Taxed by More Than One Jurisdiction” on page 41.)
- ♦ *Different jurisdictions impose tax on different income.* For example, if you

had wages from State A and a gain from the sale of property from State B, you must complete a separate Schedule A for each state.

- ♦ *Same jurisdiction imposes more than one type of tax.* For example, if you had wages and business income from a city that imposes both a wage tax and a different tax on business income, you must complete one Schedule A for the wage tax and a separate Schedule A for the tax on business income.

**NOTE:** New Jersey does not require that a copy of the income tax return(s) filed with the other jurisdiction(s) be enclosed with Form NJ-1040. However, you should retain complete copies of any returns filed with other jurisdiction(s). If your return is audited, you will be asked to provide:

- a) A complete copy of the income tax return(s) filed with the other jurisdiction(s) — if one was filed or required to be filed. If you filed electronically in the other jurisdiction, a copy of the Electronic Filing Income Tax Return *along with* schedules, worksheets, etc. that establish the nature and source of the income being taxed by the other jurisdiction must be submitted.
- b) If you participated in a composite return filed in another jurisdiction, you must submit a statement, on the filing entity’s letterhead, that lists the jurisdiction, your share of the gross income taxed by the other jurisdiction, and your share of the tax paid.
- c) If no return is required to be filed with the other jurisdiction, you must submit the following as applicable:
  - ♦ W-2 that lists the wage taxes paid and the name of the taxing jurisdiction.
  - ♦ A statement from the business entity that filed a tax return based on income that lists your share of the gross income taxed by the other jurisdiction, the name of the tax, and your share of the tax paid.

*Schedule A - continued*

**Property Tax Deduction/Credit (Worksheet J).** Schedule A provides taxpayers who are eligible for a property tax benefit with a method for calculating the credit for taxes paid to another jurisdiction both with and without the property tax deduction. If you are eligible to receive a property tax deduction/credit you must complete Schedule A for each jurisdiction for which you are claiming a credit for taxes paid. Then you must complete Worksheet J on page 43 to determine whether you receive a greater benefit from claiming the property tax deduction or taking the property tax credit.

If you are claiming a credit for taxes paid to another jurisdiction but you are not eligible for a property tax benefit (see page 29 for eligibility requirements), only complete Column B of Schedule A. Enter the amount from Line 9, Column B on Line 41, Form NJ-1040. Make no entry on Lines 38 or 49, Form NJ-1040.

### Line 1 - Income Properly Taxed by Both New Jersey and Other Jurisdiction

Enter on Line 1 the amount of gross income you received during the year after adjustments have been made by the other jurisdiction but before personal exemptions and standard and/or other itemized deductions are subtracted that also meets all the criteria listed below. Also enter the name of the taxing jurisdiction in the space provided. Any income included on Line 1 of Schedule A must also be included on Line 2 since to be eligible for the credit, the same income must be taxed by **both** New Jersey and the other jurisdiction.

Include on Line 1 only amounts properly taxable by the other jurisdiction. In general, this includes compensation for services performed; net profits from a business, trade, or profession carried on in the other jurisdiction; S corporation or partnership income allocated to the other jurisdiction **but not allocated to New Jersey**; or income or gains from the ownership or sale of real or personal property in the other jurisdiction.

To be eligible for credit, the income entered on Line 1 must meet *all* of the following criteria:

1. The income must be taxed by **both** New Jersey and the other jurisdiction; and
2. The income must have been properly included and taxed as income by the other jurisdiction; and
3. The individual amount of each item of income taxed by the other jurisdiction cannot exceed the amount of that same item of income being taxed by New Jersey; and
4. The income cannot be deemed "Allocated to New Jersey."

Amounts received as interest, dividends, gains on sale of securities, and other income from intangible personal property such as savings accounts, stocks, bonds, and other securities, cannot be included on Line 1 unless (1) the income was derived from a business, trade, or profession carried on in the other jurisdiction, or (2) you are required to and file a resident return with the other jurisdiction as well as with New Jersey and report the income on both returns.

Do **not** include on Line 1:

- ♦ Income that is not subject to New Jersey income tax (even though the item(s) may be subject to tax by the other jurisdiction, e.g., unemployment compensation).
- ♦ Income that has been excluded or deducted in arriving at the income actually taxed in the other jurisdiction. Items such as IRA and Keogh contributions, employee business expenses, moving expenses, and alimony, if allowed as adjustments to income, would have been deducted from gross income.
- ♦ Income subject to tax by any foreign country, U.S. possession, or territory.
- ♦ If you are required to file a resident return in the other jurisdiction, any amount of S corporation income allocated to New Jersey.

**Same Income Taxed by More Than One Jurisdiction.** Income can only be reported once on Schedule A. When you pay tax to two jurisdictions on the same income, and the amount of income taxed by each jurisdiction is the same, complete only *one* Schedule A. When you pay tax to two jurisdictions on the same income and the amount of income taxed by each jurisdiction differs, you may be eligible to claim two credits. The first credit is based on the amount of income taxed by both jurisdictions, and the second credit is based only on the difference between the amounts taxed by the two jurisdictions.

For example, New Jersey taxed \$150,000 in business income of a business in city Y located in state Z. Both city Y and state Z taxed the business income. If state Z imposed \$8,200 tax on \$120,000 of income, and city Y imposed \$5,600 tax on \$140,000 of income, complete two Schedule As. Line 1, Schedule A of the first credit calculation will be \$120,000 (the amount of income taxed by both city Y and state Z). To determine the credit available on the \$120,000 that was jointly taxed, add together and enter in Box 9a, Line 9 the taxes paid to state Z (\$8,200) and the portion of the city Y tax on \$120,000 (\$4,800). (Do not use \$5,600 for the amount of city Y tax, since that is the tax paid on \$140,000 of income.) Compare the allowable credit calculated on Line 8, Schedule A to the amount in Box 9a (\$13,000). The credit allowed is the lesser of Line 8 or Box 9a. For the second Schedule A, the amount on Line 1 is \$20,000. This is the difference between the amount taxed by both city Y and state Z (\$120,000) on which a credit has already been calculated, and the amount taxed by city Y (\$140,000).

**NOTE:** When calculating the credit for income taxed by more than one jurisdiction and the actual tax paid to the other jurisdiction is less than the allowable credit, enter on Line 9, Box 9a of each Schedule A **only** the tax paid on the amount of income entered on Line 1. In the example above, Line 9, Box 9a of the second Schedule A would show \$800, the tax paid to city Y on \$20,000 of income, not \$5,600, the tax paid on \$140,000 of income.

*Schedule A - continued*

**Income From New York.** New Jersey residents working in or earning taxable income from New York are often taxed on an amount less than their actual income earned in New York due to the many allowable New York income tax adjustments. New York determines the rate (% of tax) that will be imposed by including all the income earned as if the taxpayer was a resident. New York then computes the percentage of the New York source income by dividing the New York State income by the Federal income (worldwide income). The percentage is then multiplied by the total calculated tax liability, as if a resident, to determine the actual tax liability of the nonresident. When claiming credit for taxes paid to New York, Line 1, Schedule A of the NJ-1040 should reflect the "New York State Amount" actually taxed by New York from the New York IT-203. Certain adjustments may be necessary to determine the income actually taxed by New York State.

For New Jersey residents subject to the New York State income tax on lump-sum distributions, separate Schedule A calculations for taxes paid to New York State on first the ordinary income and second on taxes paid to New York State on the lump-sum distribution should be made to arrive at the total credit for taxes paid. Both Schedule As must be enclosed with your return.

**Income From Pennsylvania.** As a result of the Reciprocal Personal Income Tax Agreement between the Commonwealth of Pennsylvania and the State of New Jersey, compensation paid to New Jersey residents employed in Pennsylvania is not subject to the Pennsylvania income tax. Compensation means salaries, wages, tips, fees, commissions, bonuses, and other remuneration received for services rendered as an employee.

You may **not** claim a credit on Schedule A for taxes paid to Pennsylvania on compensation earned in Pennsylvania because these earnings are not subject to tax in Pennsylvania. If Pennsylvania income tax was withheld from your wages, you must file a Pennsylvania return to

obtain a refund. To stop the withholding of Pennsylvania income tax, complete a Pennsylvania Employee's Nonwithholding Application Certificate (Pennsylvania Form REV-419) and give it to your employer. You may obtain Form REV-419 from the Pennsylvania Department of Revenue ([www.revenue.state.pa.us/](http://www.revenue.state.pa.us/)).

The Reciprocal Agreement covers compensation only. If you are self-employed or receive other income (for example, gain from sale of property) that is taxable in both states, you may claim a credit for taxes paid to Pennsylvania on that income by completing Schedule A.

**Income From Philadelphia or Other Pennsylvania Municipalities.** The Reciprocal Agreement between Pennsylvania and New Jersey (see "Income From Pennsylvania" above) does not apply to the wage or income tax imposed and collected by the City of Philadelphia or any other municipality in Pennsylvania. Therefore, income subject to both New Jersey income tax and any municipal wage or income tax may be included on Line 1, Schedule A.

The amount of income taxable to Philadelphia is sometimes different than the New Jersey State wages figure on the W-2 statement. To determine the proper amount of income to enter on Line 1 of Schedule A of the NJ-1040, you must divide the wage tax deducted from your pay by the Philadelphia tax rate as follows:

$$\frac{\text{Philadelphia Wage Tax Paid}}{\text{Philadelphia Wage Tax Rate}} = \text{Line 1, Sched. A}$$

Do not report at Line 1 an amount that is more than the amount reported at Line 14, NJ-1040 as Philadelphia wages.

Information about the Philadelphia wage tax rate is available on the Philadelphia Revenue Department's website at [www.phila.gov/revenue/](http://www.phila.gov/revenue/).

**Sole Proprietorship or Partnership Income From Philadelphia.** If you are a sole proprietor or partner in a partnership whose income is subject to Pennsylvania income tax and Philadelphia Business Income and Receipts Tax and Net Profits

Tax, you must consider the taxes paid (based on income) to all jurisdictions when calculating the credit. The Philadelphia Business Income and Receipts Tax imposes two taxes, one based on income and one based on gross receipts. Only the tax imposed based on income qualifies for the credit calculation.

**S Corporation Income.** If you paid income taxes or wage taxes to another jurisdiction on your S corporation income and that income is also taxed in New Jersey for the same tax year, you may be eligible for a credit. No credit is allowed, however, for tax imposed by another jurisdiction on S corporation income that is allocated to New Jersey. Nor is a credit allowed for the amount of any taxes paid or accrued on or measured by profits or income imposed on or paid on behalf of a person other than you, whether or not you may be held liable for the tax. In addition, you may not claim a credit against New Jersey tax attributable to distributions. Distributions that are taxable to you as dividends or gains from disposition of property are intangible income and not subject to tax in the other jurisdiction.

## Line 2 - Income Subject to Tax by New Jersey

Enter on Line 2 the amount of income reported on Line 28, Form NJ-1040 (New Jersey Gross Income).

## Line 3 - Maximum Allowable Credit Percentage

Divide Line 2 into Line 1 and enter the percentage on Line 3. Carry your results to seven (7) decimal places, rounding up if the seventh place is 5 or more (i.e., .2412378 becomes 24.1238%). Since Line 1 can never be more than Line 2, the result will be 100% or less.

If you are not eligible to claim a property tax deduction or credit, only complete Column B to determine your credit for taxes paid to other jurisdictions. Total the amounts from Line 9, Column B of all Schedule As completed and enter that amount on Line 41, Form NJ-1040. Make no entry on Lines 38 or 49, Form NJ-1040.

**Worksheet J**  
**Which Property Tax Benefit to Use**

	COLUMN A		COLUMN B	
	1.		1.	
1. Tax. Enter amounts from Line 7, Schedule A, Columns A and B here.....				
2. Credit for Taxes Paid to Other Jurisdiction. Enter amounts from Line 9, Schedule A, Columns A and B here. If you completed more than one Schedule A, enter the total of all Line 9 amounts (Columns A and B) in the corresponding column.....				
3. Balance of Tax Due. Subtract line 2 from line 1 in each column .....	3.		3.	
4. Subtract line 3, column A from line 3, column B and enter result here.....			4.	

**5. Is the line 4 amount \$50 or more (\$25 if you and your spouse file separate returns but maintained the same principal residence)?**

Yes. You receive a greater 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 38	Line 5, Column A, Schedule A
Line 39	Line 6, Column A, Schedule A
Line 40	Line 7, Column A, Schedule A
Line 41	Line 2, Column A, Worksheet J
Line 49	Make no entry

No. You receive a greater benefit from the property tax credit. (**Part-year residents**, see page 7 before answering “No.”) Make the following entries on Form NJ-1040.

<i>Form NJ-1040</i>	<i>Enter amount from:</i>
Line 38	Make no entry
Line 39	Line 6, Column B, Schedule A
Line 40	Line 7, Column B, Schedule A
Line 41	Line 2, Column B, Worksheet J
Line 49	\$50 (\$25 if you and your spouse file separate returns but maintained the same principal residence). <b>Part-year residents</b> , see page 7.

**(Keep for your records)**

**Line 4 - Taxable Income**

For each column, enter on Line 4 the amount of your taxable income from Line 36, Form NJ-1040.

amount from line 2 of Worksheet G (see page 34).

**Line 6 - New Jersey Taxable Income**

For each column, subtract Line 5 from Line 4 and enter the result on Line 6.

**Line 7 - Tax on Line 6 Amount**

For each column, enter on Line 7 the amount of tax due on the income entered on Line 6. Use the Tax Table on page 52 or the Tax Rate Schedules on page 61 to calculate the amount of tax due.

If you are not eligible for a property tax benefit, and you are completing only Column B of Schedule A, the amount on Line 7, Column B should be the same as the amount you entered on Line 40, Form NJ-1040.

**Line 8 - Allowable Credit**

For each column, multiply the amount on Line 7 by the percentage on Line 3 and enter the result on Line 8.

**Line 9 - Credit for Taxes Paid to Other Jurisdiction**

Enter in Box 9a the total amount of income or wage tax paid to the other jurisdiction(s) on the amount of income shown on Line 1. Enter the total tax liability to the other jurisdiction from the other jurisdiction’s tax return. If the other jurisdiction does not require the filing of a tax return, Box 9a of Schedule A may be the taxes withheld for the jurisdiction.

If you adjusted the income on Line 1 of this Schedule A because you had income taxed by more than one jurisdiction, enter only the tax paid on the adjusted amount

**Line 5 - Property Tax and Deduction**

If you were a qualified homeowner or tenant during the tax year, you may be eligible for a property tax deduction or property tax credit. See instructions on page 29 to determine if you qualify. If you qualify, complete Line 5 as follows:

**Box 5a.** Enter in Box 5a your property taxes (or 18% of rent) due and paid during 2016 on your principal residence from line 1 of Worksheet G (see page 34).

**Column A (Line 5).** Enter on Line 5 in Column A, your property tax deduction

*Schedule A - continued*

shown on this Schedule. (See example on page 41.)

For each column, enter on Line 9 the lesser of Line 8, Allowable Credit, or the amount in Box 9a, amount of income or wage tax paid to the other jurisdiction(s) on the income shown on Line 1, Schedule A.

If you are eligible for a property tax deduction or credit, complete Worksheet J on page 43. Part-year residents, see instructions on page 7.

If you are not eligible for a property tax deduction or credit, enter the amount from Line 9, Column B, Schedule A on Line 41, Form NJ-1040 and leave Line 38 and Line 49 blank. If you completed more than one Schedule A, total the amounts from Line 9, Column B of all Schedule As and enter on Line 41.

For more information on claiming a credit for taxes paid to another jurisdiction, see Tax Topic Bulletins GIT-3W, *Credit for Taxes Paid to Other Jurisdictions (Wage Income)*, and GIT-3B, *Credit for Taxes Paid to Other Jurisdictions (Business/Nonwage Income)*.

## Schedule B - Disposition of Property

Report your capital gains and income from the sale or exchange of property. You may deduct expenses of the sale and your basis in the property. The basis to be used for calculating gain or loss is the cost or adjusted basis used for Federal income tax purposes.

**NOTE:** Certain gains or losses from the disposition of property owned by a business (sole proprietorship, partnership, or S corporation) or an estate or trust must be reported in other income categories on Form NJ-1040 — not on Schedule B. See “Gains/Losses to be Reported on Other Lines” on page 45 before you complete Schedule B.

New Jersey and Federal depreciation and expense deduction limits are different. A New Jersey depreciation adjustment may be required for assets placed in service

on or after January 1, 2004. Complete the Gross Income Tax Depreciation Adjustment Worksheet GIT-DEP to calculate the adjustment.

The New Jersey allowable IRC Section 199 deduction must be calculated on Form 501-GIT, Domestic Production Activities Deduction. You should take the result into consideration when calculating the gain or loss on disposition of applicable property.

If you had an interest in a partnership, sole proprietorship, or S corporation that sold or disposed of virtually all of its assets in conjunction with the **complete liquidation** of the entity, then you must report your portion of the gain or loss from the sale or disposition of those assets on Schedule B.

If you sold an interest in a partnership, a sole proprietorship, or rental property, you may be required to use a New Jersey adjusted basis. If you sold shares in an S corporation, you **must** use your New Jersey adjusted basis. You must report the gain or loss from your sale or liquidation of a sole proprietorship, a partnership interest, or shares of S corporation stock on Schedule B.

For information on calculating your New Jersey adjusted basis and your New Jersey reportable gain or loss, refer to rules N.J.A.C. 18:35-1(c)(5) (trade or business property), 18:35-1.3(d)(2) (partnerships), or 18:35-1.5(k) (S corporations) and Tax Topic Bulletins GIT-9P, *Income From Partnerships*, or GIT-9S, *Income From S Corporations*.

All gains from installment sales must be reported in the same year as they are reported for Federal purposes. If the New Jersey basis is different from the Federal basis, you must make a New Jersey installment sale calculation and report the New Jersey gain.

If you need more space, enclose a statement with the return listing any additional transactions along with your Schedule B.

**Sale of a Principal Residence.** If you sold your principal residence, you may

qualify to exclude all or part of the gain from your income. Capital gain is calculated the same way as for Federal purposes. Any amount that is taxable for Federal purposes is taxable for New Jersey purposes.

- You can exclude up to \$250,000 of the gain if you met **all** of the following requirements:
  - Ownership Test:** You owned the home for at least 2 years during the 5-year period ending on the date of the sale.
  - Use Test:** You lived in the home as your principal residence for at least 2 years during the 5-year period ending on the date of the sale.
  - During the 2-year period ending on the date of the sale, you did not exclude gain from the sale of another home.
- If you are filing a joint return, you can exclude up to \$500,000 of the gain if:
  - Either you or your spouse met the Ownership Test, **and**
  - Both** you and your spouse met the Use Test, **and**
  - During the 2-year period ending on the date of the sale, neither you nor your spouse excluded gain from the sale of another home.

If only one spouse met the Ownership and Use Tests, that qualified spouse can exclude up to \$250,000 of the gain.

- You may claim a reduced exclusion for New Jersey purposes if, during the 5-year period ending on the date of sale:
  - You owned and used the property as your principal residence for less than 2 years, and you qualify for a reduced Federal exclusion, or
  - You used the exclusion within 2 years of the sale of your principal residence, and you qualify for a reduced Federal exclusion.

*Schedule B - continued*

In both cases, the sale must have been due to: a change in place of employment, health, or unforeseen circumstances.

**Gains/Losses to be Reported on Other Lines.** If you had a gain or loss from the disposition of property owned by a business or an estate or trust, *do not report it on Schedule B.* Your portion of the gain or loss from these sources will be included as follows:

- ♦ *Sole proprietorship:* Schedule NJ-BUS-1, Part I
- ♦ *Partnership:* Schedule NJ-BUS-1, Part II
- ♦ *S Corporation:* Schedule NJ-BUS-1, Part III
- ♦ *Estate or Trust:* Form NJ-1040, Line 25 (Grantor Trusts, see the instructions for Line 25)

**Line 1 - List of Transactions**

List any New Jersey taxable transaction(s) as reported on your Federal Schedule D, indicating the gain or loss for each transaction in Column f. In listing the gain or loss on disposition of rental property, you must take into consideration the New Jersey adjustment from Worksheet GIT-DEP, Part 1, line 6.

Do not include gains or losses from the sale of exempt obligations. For more information, see Tax Topic Bulletin GIT-5, *Exempt Obligations.*

There is no distinction between active and passive losses for New Jersey purposes. You cannot carry back or carry forward such losses when reporting income on Form NJ-1040. You may deduct Federal passive losses in full in the year incurred against any gain within the **same category** of income, but only in the year that it occurred.

**Line 2 - Capital Gains Distributions**

Enter your capital gains distributions from Form 1099-DIV(s) or similar statement(s). Do not include capital gains from a "New Jersey Qualified Investment Fund" that are attributable to qualified exempt obligations or gains from mutual funds to the extent attributable to Federal obligations. For more information on "New Jersey Qualified Investment Funds," see page 21.

**Line 3 - Other Net Gains**

Enter the net gains or income less net losses from disposition of property not included on Lines 1 or 2 of Schedule B.

**Line 4 - Net Gains**

Enter the total of the amounts listed on Line 1, Column f and Lines 2 and 3, netting gains with losses. Enter this amount on Line 18, Form NJ-1040. If the netted amount is a loss, enter zero here and make no entry on Line 18, Form NJ-1040.

**2016 Schedule NJ-BUS-1****Schedule NJ-BUS-1  
Business Income  
Summary Schedule****Part I - Net Profits From  
Business**

Report the net profits or loss from your business, trade, or profession. If you need more space, enclose a statement with the return listing any additional businesses and the related profit or loss.

To determine your New Jersey profit or loss, first complete a Federal Schedule C (or Schedule C-EZ or F) for each business. Use the same accounting method (cash or accrual) that you used for Federal purposes. Then, make the following adjustments:

1. Add any amount you deducted for taxes based on income.
2. Subtract interest you reported on Federal Schedule C (or C-EZ or F) that is exempt for New Jersey

purposes but taxable for Federal purposes.

3. Add interest not reported on Federal Schedule C (or C-EZ or F) from states or political subdivisions outside New Jersey that is exempt for Federal purposes.
4. Deduct the remaining 50% of meal and entertainment expenses that were not allowed on the Federal return.
5. Deduct your qualified contributions to a self-employed 401(k) plan. Contributions that exceeded the Federal limits are not deductible for New Jersey purposes.
6. Add interest and dividends derived in the conduct of a trade or business.
7. Add or subtract income or losses derived in the conduct of a trade or business from rentals, royalties, patents, or copyrights.
8. Add or subtract gains or losses from the sale, exchange, or other dis-

position of the trade or business's property.

9. Add or subtract the net adjustment from the Gross Income Tax Depreciation Adjustment Worksheet GIT-DEP, Part 1, line 7.
10. Subtract the New Jersey allowable IRC Section 199 deduction from Form 501-GIT, Domestic Production Activities Deduction.

If you are a sole proprietor who provides primary care services in a qualified medical or dental practice you own that is located in or within five miles of a designated Health Enterprise Zone (HEZ), you may be able to deduct a percentage of the net income from that practice on Line 33. See Technical Bulletin TB-56 for eligibility requirements and instructions for calculating the HEZ deduction.

If you are engaged in a business, trade, profession, or occupation in New Jersey, you must register with the State for tax purposes by filing a Business Registration

*continued*