



Estimating Income Taxes

Introduction

Residents, nonresidents, and certain estates and trusts must make estimated tax payments if they expect their New Jersey Income Tax liability for the year to be more than \$400 after subtracting any anticipated withholdings, exemptions, deductions, and credits. This bulletin describes: the estimated tax requirements and ways to make the payments; how interest is imposed if you fail to make required payments; and how to complete [Form NJ-2210](#), Underpayment of Estimated Tax by Individuals, Estates or Trusts. The forms and worksheets in this publication are for illustration only.

This document is designed to provide guidance to taxpayers and is accurate as of the date issued. Subsequent changes in tax law or its interpretation may affect the accuracy of this publication.

Tax Year 2018 Changes

- Qualified taxpayers will be able to exclude more pension and other income on the New Jersey return. The increased exclusion amounts are being phased in over a four-year period. For Tax Year 2018, the exclusion amounts will be up to \$60,000 (married/CU couple, filing joint return), \$45,000 (single, head of household, or qualifying widow(er)/surviving CU partner), or \$30,000 (married/CU partner, filing separate return).
- Effective January 1, 2018, the Income Tax rate for income over \$5,000,000 increases from 8.97% to 10.75%.

General Information

- **Withholding.** If you are an employee, your employer *withholds* Income Tax from your pay and sends the tax to the Division of Taxation on your behalf. Tax also may be withheld from other income, including bonuses and gambling winnings. You can request that tax be withheld from pension checks or IRA distributions.
- **Estimated Tax Payments.** *Estimated tax* means the amount of Income Tax you estimate you will owe for the year, after you subtract withholdings and other credits. If you do not pay your tax through withholding, or if you do not have enough tax withheld, you must make estimated tax payments yourself to meet the requirement to pay the Income Tax due periodically throughout the year. You must make estimated tax payments if your *estimated tax* is **more than \$400**.

When filing your Income Tax return, you must report any withholdings, estimated tax payments, and/or other credits. Subtract those amounts from your total New Jersey Income Tax due. If you owe any additional tax, you must pay it at that time.

You may have to make estimated tax payments if you have income that is not subject to withholding. This includes income from self-employment, retirement income (pension, annuity, IRA withdrawal), interest, dividends, capital gains, rental income, prizes, and awards. You also may have to make estimated tax payments if not enough Income Tax is being withheld from your wages or other income. In addition, you may have to make estimated tax payments if you (or you and your spouse) have two or more sources of

income that, when combined, place you in a higher tax bracket than the bracket(s) at which tax was withheld on the income.

You can avoid making estimated tax payments by asking your employer to increase the amount of tax withheld from your wages. To do this, complete [Form NJ-W4](#) and give it to your employer.

If you have pension or annuity income, you can complete [Form NJ-W-4P](#) to request that the payer withhold New Jersey Income Tax from those payments. For more information, see Tax Topic Bulletin [GIT-1, Pensions and Annuities](#).

Nonresident individuals, estates, or trusts that sell or transfer real property in New Jersey must make an estimated Income Tax payment on the gain from the transfer or sale. The estimated payment can be prepaid at any of the Division's [Regional Information Centers](#) or provided to the settlement agent at closing along with the appropriate GIT/REP form. The settlement agent then files the payment and/or documentation with the county recording officer at the time the deed is filed. For more information or to get the GIT/REP forms, see [Realty Transfer Information and Requirements for Sale/Transfer of Real Property in New Jersey](#).

Consider the following when determining whether estimated tax payments are required.

Civil Unions. Any reference in this bulletin to a spouse also refers to a spouse who entered into a valid same-sex marriage in another state or foreign nation and a partner in a [civil union \(CU\)](#) recognized under New Jersey law.

Filing Threshold Amount. You are not required to file a New Jersey Income Tax return or pay tax if your gross income for the entire year from all sources is equal to or less than the filing threshold amount for your filing status. If you are single or a married/CU partner filing separately or are filing on behalf of an estate or trust, the filing threshold amount is \$10,000. If your filing status is married/CU couple filing joint return, head of household, or qualifying widow(er)/surviving CU partner, the filing threshold is \$20,000.

Retirement Income Exclusion. The maximum amount you can exclude depends on your filing status. Increased exclusion amounts are being phased in over a four-year period that began with Tax Year 2017 as shown **below**.

NOTE: Only taxpayers whose total income for the entire year from Line 27, Form NJ-1040 (Line 27, Column A, Form NJ-1040NR) is \$100,000 or less are eligible for the retirement income exclusion.

Filing Status: Married/CU couple filing jointly

Tax Year	Maximum Exclusion
2017	40,000
2018	60,000
2019	80,000
2020	100,000

Filing Status: Single, Head of Household, or Qualifying Widow(er)/Surviving CU Partner

Tax Year	Maximum Exclusion
2017	30,000
2018	45,000
2019	60,000
2020	75,000

Filing Status: Married/CU partner filing separately

Tax Year	Maximum Exclusion
2017	20,000
2018	30,000
2019	40,000
2020	50,000

Estimated Tax Requirements

Any individuals (residents or nonresidents) who can reasonably expect their New Jersey Income Tax liability to be more than \$400 after subtracting withholdings and other credits must make estimated tax payments to New Jersey. This includes estates and trusts other than those meeting the two-year limitation and other criteria under Internal Revenue Code Section 6654(l)(2). You also must file a Declaration of Estimated Tax Voucher ([Form NJ-1040-ES](#)) with your payment if you are paying by check or money order.

You may be required to make estimated tax payments to New Jersey even if you are not required to file federal estimates. Likewise, part-year residents and nonresidents must make New Jersey estimated tax payments if they meet the requirements.

Due Dates. For estimated tax purposes, the year is divided into four payment periods, each with a specific payment due date. For calendar year taxpayers, the periods are January 1 – April 1, April 2 – June 1, June 2 – September 1, and September 2 – December 31. You may be charged interest if you do not pay enough tax on the income you receive for a given period by the payment due date. (See [Interest on Underpayment](#).)

You can pay your New Jersey estimated tax in full on or before April 15 of the current tax year, or in *equal* installments due on or before April 15, June 15, and September 15 of the current tax year, and January 15 of the following year. When a due date falls on a Saturday, Sunday, or legal holiday, that payment is due on the following business day.

Fiscal year taxpayers must estimate their tax for the period covered by their fiscal year, and change the payment due dates to correspond with the 15th day of the fourth, sixth, and ninth month of their fiscal year, and the first month after the end of their fiscal year.

If you were required to make quarterly estimated payments and you did not make estimated payments until the second, third, or fourth quarter, all past installments are due with your first filing, and the remaining installments are payable as if all quarterly estimated payments had been filed on time.

Income Changes. After filing one or two quarterly estimated payments during the year, you may experience an unanticipated increase or decrease in income, credits, exemptions, or deductions. When filing the next quarterly estimate, adjust your payment accordingly. The instructions for Form NJ-1040-ES contain an Estimated Tax Worksheet and an Amended Computation Schedule that will assist you in calculating the amended figures to report. If you no longer need to make estimated payments, you do not have to notify the Division of Taxation.

If you were not originally required to make estimated payments and you unexpectedly receive a sum of money during the year that, when added to your income, necessitates estimated filing, make an estimated payment by the next due date. You can pay the estimated tax in full on the next due date, or in equal installments on the remaining payment due dates. (See [Due Dates](#).)

Farmers. If your estimated New Jersey income from farming (including oyster farming) for the tax year is at least two-thirds of your total estimated income for the tax year, you can file a declaration of estimated tax at any time on or before January 15 of the following year without penalty. Fiscal year filers can file on the 15th day of the first month of the following tax year. However, farmers filing estimated declarations by January 15 must pay estimated tax in full at the same time.

January Payment. You do not have to file your fourth-quarter income tax estimate on January 15 if you decide to pay your balance from the previous calendar year in full by February 15. This is applicable to New Jersey tax returns such as Form NJ-1040, Form NJ-1040NR or Form NJ-1041. This also applies to original estimated payments due because unanticipated income was received after September 1.

Estimating Income

To determine your estimated income for the year, use the Estimated Tax Worksheet in the instructions for [Form NJ-1040-ES](#). An example of a completed worksheet follows.

A taxpayer completes the worksheet before April 15 and makes four estimated payments of \$105 each, beginning with the first on or before April 15. When paying by check or money order, the taxpayer should indicate on each Form NJ-1040-ES (Declaration of Estimated Tax Voucher) the payment amount of \$105 enclosed with each quarterly estimate. A taxpayer who completes the worksheet in August submits two [Form NJ-1040-ES](#) vouchers (Voucher 3 and 4), writes \$210 on each voucher, and encloses a check or money order for \$210 with each voucher. Do not send in the Form NJ-1040-ES vouchers when paying by e-check or credit card. (See [Making Estimated Payments](#).)

You also can use a blank Income Tax return ([Form NJ-1040](#), [Form NJ-1040NR](#), or [Form NJ-1041](#)) to estimate income and tax. Using a blank tax return to calculate estimated tax is recommended since this form has all the income, credit, and deduction lines that will automatically remind you to take all income, credits, deductions, and payments into consideration when calculating estimated tax payments. If you cannot readily project your income for the current year, you should use the previous year's income as a basis for estimating the current year's income.

If you expect an increase (or decrease) in any category of income, increase or decrease your income figures accordingly.

2019 ESTIMATED TAX WORKSHEET FOR INDIVIDUALS (Keep for your records) - DO NOT FILE		
(Estates and trusts should use a Fiduciary Return, Form NJ-1041, to calculate estimated tax)		
1. TOTAL INCOME EXPECTED IN TAX YEAR (before exclusions).....	1.	30,000
2. TOTAL PENSION AND OTHER RETIREMENT INCOME EXCLUSION.....	2.	0
3. NEW JERSEY GROSS INCOME (Subtract Line 2 from Line 1).....	3.	30,000
4. a. Number of Exemptions _____ × \$1,000.....	4a.	2,000
b. Number of Exemptions _____ × \$1,500.....	4b.	
c. Number of Exemptions _____ × \$3,000.....	4c.	
To determine number of exemptions on Lines 4a, 4b, and 4c, see instructions		
5. Medical expenses in excess of 2% (.02) of gross income (Line 3), qualified Archer MSA contributions, and health insurance costs of the self-employed.....	5.	
6. Alimony and separate maintenance payments.....	6.	
7. Qualified Conservation Contribution.....	7.	
8. Health Enterprise Zone Deduction.....	8.	
9. Alternative Business Calculation Adjustment.....	9.	
10. Total exemptions and deductions (Add Lines 4a through 9).....	10.	2,000
11. Taxable Income (Subtract Line 10 from Line 3).....	11.	28,000
12. Property Tax Deduction (See instructions NJ-1040).....	12.	0
13. NEW JERSEY TAXABLE INCOME (Subtract Line 12 from Line 11).....	13.	28,000
14. TAX (See Tax Rate Tables below).....	14.	420
15. Credit for income taxes paid to other jurisdictions (See instructions NJ-1040).....	15.	0
16. BALANCE OF TAX (Subtract Line 15 from Line 14).....	16.	420
17. New Jersey Income Tax to be withheld for the year.....	17.	0
18. Other Credits (See instructions).....	18.	0
19. Total Payments/Credits (Add Lines 17 and 18).....	19.	0
20. ESTIMATED TAX (Subtract Line 19 from Line 16).....	20.	420
If the amount on Line 20 is more than \$400, estimated tax payments are required.		
21. Calculation of installments:		
If your first installment is due to be filed on:		
April 15, 2019	enter ¼ of Line 20 here	
June 17, 2019	enter 1/3 of Line 20 here	
September 16, 2019	enter ½ of Line 20 here, or	
January 15, 2020	enter full amount of Line 20 here	
	and in the spaces on your voucher.....	21. 105
If you are applying an overpayment from 2018 to your 2019 estimated tax, see instructions.		

**The figures shown are for illustration only.*

Making Estimated Payments

If you have made estimated tax payments in the past, you may receive a packet that includes four preprinted estimated tax vouchers (Form NJ-1040-ES) and envelopes. If you are making estimated payments for the first time, or you did not receive preprinted vouchers, you can get [Form NJ-1040-ES](#) vouchers and instructions online.

NOTE: If your circumstances change and you no longer need to make estimated payments, you do not have to notify the Division of Taxation. This is true even if you received a packet of preprinted Form NJ-1040-ES vouchers.

Payment of Estimated Tax

Once you have determined that you are required to make estimated payments, there are a variety of ways to make payments. You can pay estimated tax in full by the first due date or in four equal installments. Estimated payments can be made by:

Electronic Check (e-check). You may be able to make your estimated payments by [e-check](#). If you do not have internet access, you can contact the Division's Customer Service Center (609-292-6400) or visit a [Regional Information Center](#) to make an e-check payment. You do not have to file a Form NJ-1040-ES voucher if you pay by e-check.

You will need your Social Security number and date of birth to make an e-check payment. Estates and trusts use their federal employer identification number and the date of the decedent's death or the date the trust was created. You also can schedule e-check payments of estimated tax in advance.

NOTE: New Jersey will not accept e-check payments made using an account that is funded from a financial institution outside the United States.

Credit Card. You can make your estimated payments by credit card [online](#) or by phone (1-888-673-7694) using a Visa, American Express, MasterCard, or Discover card (fee applies). You also can pay by credit card by contacting the Division's Customer Service Center (609-292-6400) or by visiting a [Regional Information Center](#). You do not have to file a Form NJ-1040-ES voucher if you pay by credit card.

Check or Money Order. Enter your Social Security number(s) or federal employer identification number (estates and trusts) on the voucher, and indicate the amount of the installment payment. Mail each voucher along with your payment for the amount due. If you are not using preprinted vouchers, you must enter your name(s) and address in the spaces provided. If your filing status is married/CU couple, filing a joint return, list each spouse's Social Security number in the order these numbers appear on your Income Tax return. Make your check or money order payable to *State of New Jersey – TGI*.

NOTE: Do not use the preprinted payment vouchers if you filed a joint return last year and this year you are filing using only your Social Security number or you are filing a joint return with a different person.

Write your Social Security number(s) or federal employer identification number (estates and trusts), the form number (NJ-1040-ES), and the tax period the payment applies to on your check or money order. Mail your voucher and payment to:

State of New Jersey
Division of Taxation
Revenue Processing Center
PO Box 222
Trenton NJ 08646-0222

Overpayments Carried Forward

If you overpaid your New Jersey Income Tax last year and you elected to credit all or part of that overpayment to the following year's estimated taxes, include that credit when calculating this year's estimated payment(s). The credit will automatically be applied to your first quarterly installment, but if you prefer, you can apply the credit partially or fully to any installment. Some taxpayers divide the credit evenly so that their installment payments also are equal. When applying your credit, subtract the amount of the credit you are applying from the installment amount due for the period, then pay the balance. *If you are completing a voucher, indicate only the amount you are actually paying.*

Credit for Estimated Tax on Return. When you file your resident, nonresident, or fiduciary tax return, take credit (for all estimated tax payments you made for the tax year. You can take the credit on your return (Line 55, Form NJ-1040; Line 49, Form NJ-1040NR; or Line 33, Form NJ-1041). Amounts to include are:

- Estimated tax payments made for the current tax year, including any payments made by nonresident individuals, estates, and trusts in connection with the sale or transfer of real property in New Jersey;
- Overpayment from last year's return that was credited to this year's estimated tax;
- Payments made by an S corporation on behalf of a nonresident/nonconsenting shareholder (nonresident individuals, estates, and trusts only).

NOTE: Do not include tax paid by a partnership on behalf of a nonresident individual, estate, or trust on the line for reporting estimated payments. A nonresident partner must report such payments on either Line 50 of the nonresident return (Form NJ-1040NR) or on Line 34a of the fiduciary return (Form NJ-1041).

Spouses can make joint estimated tax payments unless they are separated under a court decree of divorce/dissolution or separate maintenance or they have different taxable years. If joint payments are made, but the spouses choose to file separate Income Tax returns, the estimated tax paid can be treated as the estimated tax of either spouse, or it can be divided between them, as they agree. If the spouses make separate estimated tax payments and file separate tax returns, each spouse can take credit only for his or her own payments.

If you changed your name because of marriage/civil union, divorce/dissolution, etc., and you made estimated tax payments using your former name, enclose a statement with your return explaining all the payments you and/or your spouse made for the tax year and the name(s) and Social Security number(s) under which you made payments.

If your spouse died during the year and estimated payment(s) were made under both your Social Security numbers, enclose a statement with your return listing the Social Security numbers and the amounts submitted under each.

Records

Complete the Record of Estimated Tax Payments schedule in the instructions for Form NJ-1040-ES each time you make an estimated payment. This schedule will provide you with a record of your estimated payments when you file your tax return for this year. You also can verify the amounts of your estimated payments [online](#).

Interest on Underpayment

You cannot pay all of your taxes at the end of the year. You must pay them throughout the year, before you file, in the form of withholdings or estimated payments. You will be charged interest on the underpayments **if you do not pay at least 80%** of your tax liability during the year (66 2/3% for farmers) and your total tax is more than \$400 after subtracting any allowable credits. This is true even if you pay all the taxes due by the filing deadline (April 15) for your tax return unless you meet one of the exceptions on Form NJ-2210. The amount of your underpayment is the difference between what you actually paid and the lesser of 80% of this year's total tax (66 2/3% for farmers) or 100% of last year's total tax. However, no interest will be assessed if you meet one of the exceptions discussed later in this bulletin, or you had no tax liability on the previous year's tax return (if it covered a full year).

Example

A taxpayer has a total tax liability on Line 49 of Form NJ-1040 of \$1,000. The taxpayer had \$500 in New Jersey withholdings, made timely estimated payments that totaled \$200, and paid the remaining \$300 of tax due with Form NJ-1040 on April 15. An underpayment of estimated tax exists even though the taxpayer paid all taxes due by the return filing deadline. This is because the taxpayer paid only \$700 in the form of withholdings, timely estimated payments, or other credits — less than the required 80% (\$800) of the total tax liability. Interest will be assessed unless the taxpayer meets one of the exceptions on Form NJ-2210.

If your estimated payments are made late, interest charges will be assessed on the underpayment from the due date of the payment(s) to the actual payment date(s).

Interest is assessed at the rate of 3% above the prime rate from the date the underpayment was incurred (due date of the estimated payment) to the date the underpayment was paid, but only up to April 15.

Calculating Interest on Underpayment

If you think you owe interest on an underpayment of estimated tax, there are two ways to determine the amount due:

- If you do not want to calculate the interest and report it when you file your tax return, the Division of Taxation will calculate the amount due and bill you; or
- You can calculate the interest by completing Form NJ-2210 and enclosing it with your return.

Form NJ-2210

Complete [Form NJ-2210](#) to determine underpayments of estimated tax and to calculate the interest due on the underpayments. If you are completing and enclosing Form NJ-2210, fill in the oval at Line 51 on Form NJ-1040 (or check the box at Line 46, Form NJ-1040NR). Enter the amount due on Line 51, Form NJ-1040 or Line 46, Form NJ-1040NR.

The following example illustrates how to complete Form NJ-2210, Part I, to determine the amount of underpayment for each quarter. The amounts shown in the examples may not reflect current tax and interest rates.

Example

Peter has a tax liability of \$800 on Line 49 of his Form NJ-1040. He has \$360 in New Jersey Income Tax withholdings. He made one estimated payment of \$150 on January 15. Peter completes Form NJ-2210, Part I, as follows:

PART I		FIGURING YOUR UNDERPAYMENT			
1.	Tax (Line 47, Form NJ-1040).....	1.	800		
2.	Enter the total of lines 53, 54, 56, 57, 58, and 59, Form NJ-1040.....	2.	360		
3.	Subtract Line 2 from Line 1 (If less than \$400, do not complete the rest of this form)	3.	440		
4a.	Multiply the amount on Line 1 by .80 (80%) (Two-thirds for qualified farmers.....	4a.	640		
4b.	Enter last year's tax (From last year's Form NJ-1040, Line 44).....	4b.	600		
		PAYMENT DUE DATES			
		(A)	(B)	(C)	(D)
		April 15	June 15	Sept 15	Jan 15
5.	Use the lesser amount on either Line 4a or 4b and divide by four. Enter the result in each column	150	150	150	150
6.	Estimated tax paid and tax withheld per period (see instructions). If each column on Line 6 is greater than the corresponding column on Line 5, do not complete the rest of this form.....	90	90	90	240
7.	Enter the overpayment (Line 13) from the previous column. (Complete Lines 7 through 13 for one column before completing the next column.)		0	0	0
8.	Add Line 6 and Line 7.....	90	90	90	240
9.	Enter the total underpayment (Line 11 plus Line 12) from the previous column.....		60	120	180
10.	Enter Line 8 minus Line 9. If zero or less, enter zero.....	90	30	0	60
11.	Remaining underpayment from previous period. If Line 10 is zero, enter Line 9 minus Line 8. Otherwise, enter zero.....		0	30	0
12.	UNDERPAYMENT (If Line 5 is greater than Line 10, enter Line 5 minus Line 10).....	60	120	150	90
13.	OVERPAYMENT (If Line 10 is greater than Line 5, enter Line 10 minus Line 5).....				

When there is an underpayment in any column on Line 12, complete Form NJ-2210, Part II, to determine if any of the four exceptions eliminate interest charges on the underpayment for the quarter. Peter will complete Part II because he has an underpayment of estimated tax for all four quarters.

The following examples illustrate how to complete Form NJ-2210, Part II and the worksheets for Exceptions 2, 3, and 4.

Exceptions

The law allows certain exceptions that eliminate the imposition of interest charges on underpayments of estimated tax. Complete [Form NJ-2210](#) (and worksheets) to determine if you meet any of the exceptions. Meeting any of the four exceptions for any quarter eliminates interest charges on the underpayment for that quarter. One, two, three, or all four exceptions can be requested if necessary. You may meet different exceptions for each quarter. Once you have met an exception for each of the four quarters, it is not necessary to complete the worksheets for any other exceptions. In general, you should attempt the exceptions in the following order: Exception 1, Exception 4, Exception 3, Exception 2. For this bulletin, the exceptions will be explained in numerical order.

Exception 1

To qualify for Exception 1:

- You must have filed a tax return and had a tax liability with New Jersey for the prior year; and
- Your prior year return must have covered the full year (12 months).

If you meet these qualifications and during the tax year you paid 100% of your prior year’s tax liability (in the form of timely estimated payments in four **equal** installments and/or withholdings), you will meet Exception 1 for one or more quarters. *If you meet Exception 1 for all four quarters, you do not need to file Form NJ-2210. The Division will automatically verify these amounts.*

Example

Peter had a prior year tax liability of \$600. As stated earlier, Peter’s tax on Line 49, Form NJ-1040 was \$800, his New Jersey withholdings were \$360, and he made one estimated payment of \$150 on January 15. This is how Peter completes Form NJ-2210, Part II, for Exception 1.

PART II EXCEPTIONS						
(See instructions, complete worksheets for exceptions 2, 3, and 4 and enclose computations for each exception claimed.)						
If you meet exception 1 at Line 15, do not file this form.						
These amounts will be automatically verified by the Division of Taxation.						
14. Total amount paid and withheld from January 1 through payment due date shown. (Do not include withholdings after December 31.) (See instructions)		APRIL 15	JUNE 15	SEPT 15	JAN 15	
	14.	90	180	270	510	
		25% of Tax	50% of Tax	75% of Tax	100% of Tax	
15. Exception 1 – Enter prior year’s tax.....	\$600	15.	150	300	450	600

You meet an exception and eliminate the interest charge on the underpayment of estimated tax for a quarter when the amount on Line 14 (the amount paid to date) is equal to, or more than, the amount on the exception line (Line 15, 16, 17, or 18) in the same column. Peter did not meet Exception 1 for any quarter.

Exception 2

In Exception 2, you calculate what your tax would be using last year’s income, but with this year’s exemptions and tax rates.

Example

Peter’s gross income (Line 29, Form NJ-1040) last year was \$31,000. He claimed three exemptions (of \$1,000 each) on his return this year. He did not claim a credit for taxes paid to another jurisdiction. Peter completes the Exception 2 Worksheet and Part II as follows:

EXCEPTION II Tax on prior year’s Gross Income using this year’s exemptions and tax rates		
1. Enter last year’s NJ Gross Income (Line 28, NJ-1040)	1.	31,000
2. Enter this year’s Total Exemptions (Line 30, NJ-1040)	2.	3,000
3. Subtract Line 2 from Line 1	3.	28,000
4. Compute Tax on Line 3 (this year’s tax rates)	4.	420
5. Enter Credit for Income Taxes Paid to Other Jurisdictions (Line 42, NJ-1040)	5.	0
6. Subtract Line 5 from Line 4. Enter the applicable percentage of this amount on Line 16, Part II of this form.....	6.	420

PART II EXCEPTIONS						
(See instructions, complete worksheets for exceptions 2, 3, and 4 and enclose computations for each exception claimed.)						
If you meet exception 1 at Line 15, do not file this form.						
These amounts will be automatically verified by the Division of Taxation.						
14. Total amount paid and withheld from January 1 through payment due date shown. (Do not include withholdings after December 31.) (See instructions)	14.	APRIL 15	JUNE 15	SEPT 15	JAN 15	
		90	180	270	510	
		25% of Tax	50% of Tax	75% of Tax	100% of Tax	
15. Exception 1 – Enter prior year’s tax.....	\$600	15.	150	300	450	600
		25% of Tax	50% of Tax	75% of Tax	100% of Tax	
16. Exception 2 – Tax on prior year’s gross income using this year’s exemptions and tax rates.....	16.	105	210	315	420	

Peter did not meet Exception 2 for the first three quarters. However, since Line 14 in the fourth quarter column (January 15) is equal to or more than Line 16 in the same column, Exception 2 “worked” for the fourth quarter underpayment. When Peter submits his Form NJ-2210 with his return, no interest will be assessed on the fourth quarter underpayment. Drawing a single diagonal line across the column (as illustrated in the example) will remind you that you have met an exception for that period. When an exception is met, you do not need to calculate interest for that period.

Exception 3

You calculate Exception 3 by annualizing your income. To annualize your income, calculate Exception 3 for *each* installment period as follows:

1. Determine the amount of your New Jersey Gross Income (Line 29, Form NJ-1040) that is applicable to the months in the tax year that occurred prior to the month in which the installment was due (e.g., actual income from January, February, and March for an installment due April 15, actual income from January, February, March, April, and May for an installment due June 15). These amounts are determined by reviewing actual records (W-2s, pay stubs, bank and other statements, etc.).
2. Enclose a copy of your calculations with Form NJ-2210 if you are using Exception 3 to eliminate interest on an underpayment. For calendar year taxpayers, the time period is indicated in each column of the Exception 3 Worksheet. However, to determine the amount of New Jersey Gross Income for an estate or trust, use period ending dates of February 28, April 30, and July 31;
3. Multiply the income for the period by the number of months in the entire tax year (a full year would be 12). Then divide the result by the number of months that occurred in the tax year prior to the month in which the installment was due. For full-year calendar year taxpayers, the math has already been done on the Exception 3 Worksheet. In this case, simply multiply the income for the period (Line 1, Exception 3 Worksheet) by the multiplier on Line 2 of the Exception 3 Worksheet. For an estate or trust, the multipliers are 6, 3, and 1.7143, respectively. This is your annualized income for each installment period;
4. Subtract the total amount claimed for personal exemptions (Line 30, Form NJ-1040) from the annualized income in each column;
5. Calculate the New Jersey tax on the annualized income and then subtract any credit claimed for taxes paid to other jurisdictions (Line 42, Form NJ-1040) for each period;
6. Multiply the tax calculated for each period by the applicable percentage (20% for the first quarter, 40% for the second quarter, and 60% for the third quarter). **Exception 3 can only be calculated for the first three quarters of the year.**

Example

Peter's gross income for each period was as follows:

January 1 – March 31	\$ 7,890
January 1 – May 31	\$13,500
January 1 – August 31	\$24,650

He claimed three exemptions (of \$1,000 each) on his return this year. He did not claim a credit for taxes paid to another jurisdiction. Peter completes the Exception 3 Worksheet and Part II as follows:

EXCEPTION III		Tax on this year's Annualized Income (attach computations)		
Estates and trusts, do not use the period ending dates shown. Instead, use the following ending dates: 2/28, 4/30, and 7/31. Also, estates and trusts cannot use the annualization amounts shown in Line 2 and must use 6, 3, and 1.7143 respectively.				
		1/1 - 3/31	1/1 - 5/31	1/1 - 8/31
1. Enter the portion of NJ Gross Income (Line 29, NJ-1040) that is applicable to each period shown.....	1.	7,890	13,500	24,650
2. Annualization amounts	2.	4	2.4	1.5
3. Annualized Income (multiply Line 1 by Line 2)	3.	31,560	32,400	36,975
4. Enter Total Exemptions (Line 30, NJ-1040)	4.	3,000	3,000	3,000
5. Subtract Line 4 from Line 3	5.	28,560	29,400	33,975
6. Compute Tax on Line 5	6.	430	445	525
7. Enter the portion of the Credit for Income Taxes Paid to Other Jurisdictions (Line 42, NJ-1040) that is applicable to each period	7.	0	0	0
8. Subtract Line 7 from line 6. Enter the applicable percentage of this amount on Line 7, Part II of this form	8.	430	445	525

PART II EXCEPTIONS					
(See instructions, complete worksheets for exceptions 2, 3, and 4 and enclose computations for each exception claimed.)					
If you meet exception 1 at Line 15, do not file this form.					
These amounts will be automatically verified by the Division of Taxation.					
14. Total amount paid and withheld from January 1 through payment due date shown. (Do not include withholdings after December 31.) (See instructions)	14.	APRIL 15	JUNE 15	SEPT 15	JAN 15
		90	180	270	510
		25% of Tax	50% of Tax	75% of Tax	100% of Tax
15. Exception 1 – Enter prior year's tax.....	15.	150	300	450	600
		25% of Tax	50% of Tax	75% of Tax	100% of Tax
16. Exception 2 – Tax on prior year's gross income using this year's exemptions and tax rates	16.	105	210	315	420
		20% of Tax	40% of Tax	60% of Tax	
17. Exception 3 – Tax on this year's annualized income	17.	86	178	315	

As the Exception 3 Worksheet above shows, Peter met Exception 3 for the first and second quarters. Consequently, no interest charges will be assessed for those two quarters.

Exception 4

In Exception 4, you calculate the tax on your actual New Jersey taxable income for each installment period. To calculate Exception 4 for each period:

1. Determine the amount of your New Jersey taxable income (Line 37, Form NJ-1040) that is applicable to the months in the year that occurred prior to the month in which the installment was due. As in Exception 3, these amounts are determined by reviewing actual records (W-2s, pay stubs, bank and other statements, etc.). Enclose a copy of your calculations with Form NJ-2210 if you are using Exception 4 to eliminate interest on an underpayment. For calendar year taxpayers, the time period is indicated in each column of the Exception 4 Worksheet.

NOTE: Remember, when calculating your actual taxable income for the period, subtract your total exemptions and deductions (Line 36, Form NJ-1040) and property tax deduction (Line 39, Form NJ-1040) applicable to the period, from your actual New Jersey gross income. In other words, subtract prorated exemptions (3/12, 5/12, 8/12 of total) plus the actual alimony paid during the period, the actual deduction for medical expenses, the actual deduction for qualified conservation contributions, the actual health enterprise zone deduction, the actual alternative business calculation adjustment, and actual property tax deduction allowed for the period.

2. Calculate the New Jersey tax on the actual taxable income and then subtract any credit claimed for taxes paid to other jurisdictions (Line 42, Form NJ-1040) applicable to each period.
3. Multiply the tax calculated for each period by 90%. Like Exception 3, Exception 4 can only be calculated for the first three quarters of the year.

Example

Peter's taxable income for each period was as follows:

January 1 – March 31	\$ 7,140
January 1 – May 31	\$12,250
January 1 – August 31	\$22,650

He had no credit for taxes paid to another jurisdiction. Peter would complete the Exception 4 Worksheet and Part II as follows:

EXCEPTION IV		Tax on this year's Actual Taxable Income over 3, 5, and 8-month periods. (attach computations)		
		1/1 - 3/31	1/1 - 5/31	1/1 - 8/31
1. Enter the actual amount of NJ Taxable Income (Line 40, NJ-1040) that is applicable to each period shown.....	1.	7,140	12,250	22,650
2. Compute Tax on Line 1	2.	100	172	327
3. Enter the portion of the Credit for Income Taxes Paid to Other Jurisdictions (Line 42, NJ-1040) that is applicable to each period shown	3.	0	0	0
4. Subtract Line 3 from line 2. Enter 90% of this amount on Line 18, Part II of this form	4.	100	172	327

PART II EXCEPTIONS						
(See instructions, complete worksheets for exceptions 2, 3, and 4 and enclose computations for each exception claimed.)						
If you meet exception 1 at Line 15, do not file this form.						
These amounts will be automatically verified by the Division of Taxation.						
14. Total amount paid and withheld from January 1 through payment due date shown. (Do not include withholdings after December 31.) (See instructions)	14.	APRIL 15	JUNE 15	SEPT 15	JAN 15	
		90	180	270	510	
		25% of Tax	50% of Tax	75% of Tax	100% of Tax	
15. Exception 1 – Enter prior year’s tax.....	\$600	15.	150	300	450	600
		25% of Tax	50% of Tax	75% of Tax	100% of Tax	
16. Exception 2 – Tax on prior year’s gross income using this year’s exemptions and tax rates.....		16.	105	210	315	420
		20% of Tax	40% of Tax	60% of Tax		
17. Exception 3 – Tax on this year’s annualized income		17.	86	178	315	
		90% of Tax	90% of Tax	90% of Tax		
18. Exception 4 – Tax on this year’s income over 3, 5, and 8-month periods		18.	90	154.80	294.30	

After completing all four exceptions on Form NJ-2210, Part II, Peter did not meet an exception for the third quarter. Therefore, Peter owes interest on the underpayment for that quarter.

Calculating Interest Charges

If none of the exceptions eliminated interest charges on the underpayment for a period, calculate the interest due for the period(s) using the Option 1 Table or the Option 2 Interest Rate Schedule in the Form NJ-2210 instructions. You can use Option 1 only if:

- You are a calendar year taxpayer; and
- The estimated payments that you made during the year were paid by the appropriate due dates.

Example

Peter met exceptions for all but the third quarter underpayment. The amount due on [Line 5 of Form NJ-2210](#) is \$150 for each quarter. Payments made for each quarter (Line 6, NJ-2210) were: 1st quarter–\$90; 2nd quarter–\$90; 3rd quarter–\$90, and 4th quarter–\$240. Each installment was paid by the appropriate due date. Peter would complete Option 1 as follows:

OPTION 1*

Q U A R T E R	PERIOD	A	B	C	D	E	F	G
		Amount Due (Line 5, NJ-2210)	Balance Due Previous Qtr. (Col. E)	Total Due (Col A + B)	Total Paid (Line 6, NJ-2210)	Balance (Col C - D)	Multiplier*	Interest (Col E × Col F)
1.	4/16 - 6/15						.010	
2.	6/16 - 9/15						.015	
3.	9/16 - 1/15	150.00	0	150.00	90.00	60.00	.021	1.26
4.	1/16 - 4/15						.015	
TOTAL INTEREST								1.26

Peter enters the total interest amount on Line 19, Form NJ-2210 and on Line 51, Form NJ-1040.

19. TOTAL INTEREST.....

\$	1	26
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Example

If Peter had not met exceptions for any of the four quarters, he would have calculated the interest due as shown below:

Q U A R T E R	PERIOD	A	B	C	D	E	F	G
		Amount Due (Line 5, NJ-2210)	Balance Due Previous Qtr. (Col. E)	Total Due (Col A + B)	Total Paid (Line 6, NJ-2210)	Balance (Col C - D)	Multiplier*	Interest (Col E × Col F)
1.	4/16 - 6/15	150.00		150.00	90.00	60.00	.010	0.60
2.	6/16 - 9/15	150.00	60.00	210.00	90.00	120.00	.015	1.80
3.	9/16 - 1/15	150.00	120.00	270.00	90.00	180.00	.021	3.78
4.	1/16 - 4/15	150.00	180.00	330.00	240.00	90.00	.015	1.35
TOTAL INTEREST								7.53

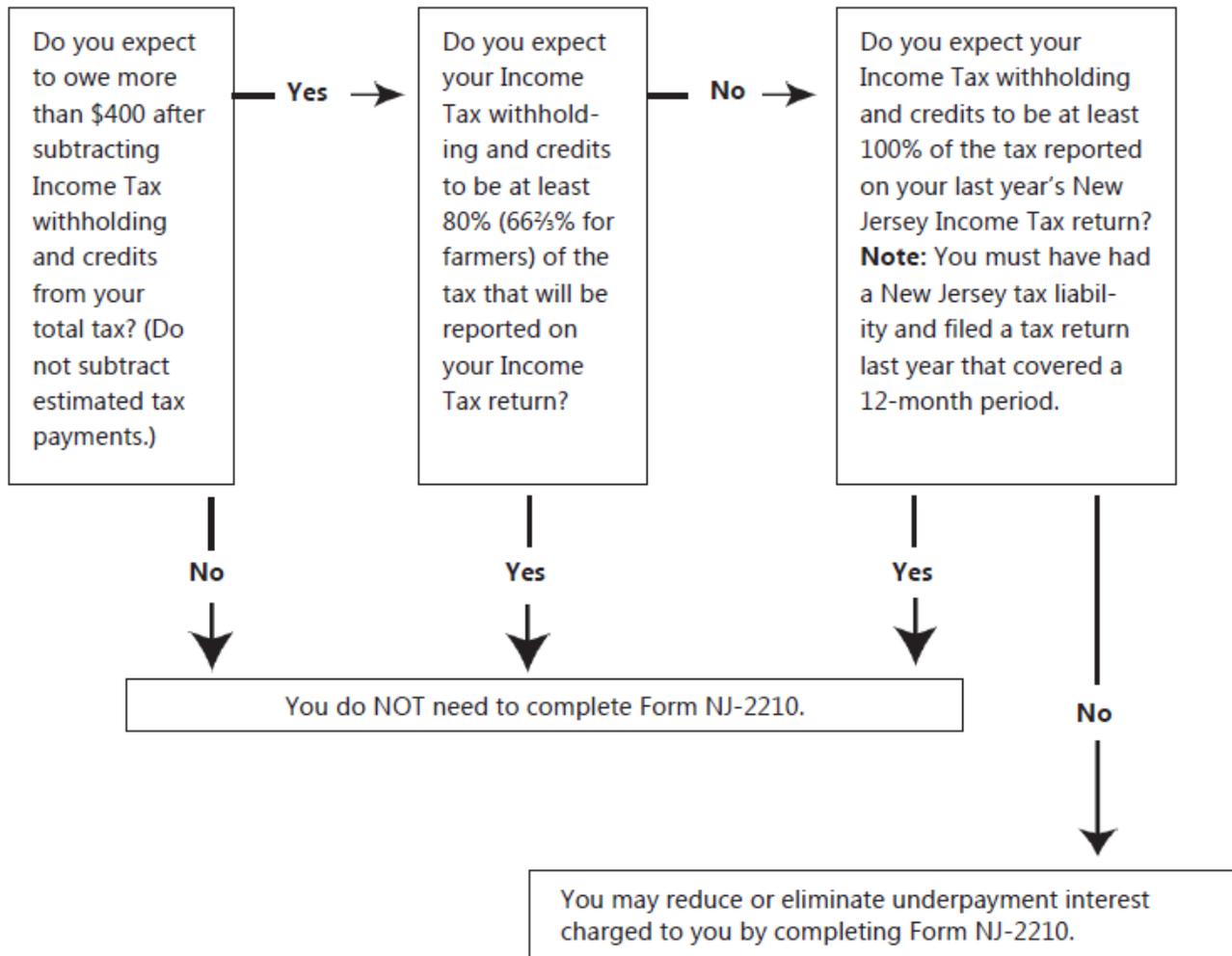
Peter enters the total interest amount on Line 19, Form NJ-2210 and on Line 51, Form NJ-1040.

19. TOTAL INTEREST.....

\$	7	53
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* This worksheet may not reflect current interest rates. The figures shown are for illustration only.

Should You File Form NJ-2210?



For More Information

Online

- Division of Taxation [website](#);
- [Email](#) general State tax questions.
Do not include confidential information such as Social Security or federal tax identification numbers, liability or payment amounts, dates of birth, or bank account numbers in your email;
- Subscribe to [NJ Tax E-News](#), the Division of Taxation's online information service.

By Phone

- Call the Division of Taxation's Customer Service Center at **609-292-6400**;
- Text Telephone Service (TTY/TDD) for Hearing-Impaired Users: **1-800-286-6613** (toll-free within NJ, NY, PA, DE, and MD) or **609-984-7300**. These numbers are accessible *only* from TTY devices. Submit a text message on any New Jersey tax matter and receive a reply through NJ Relay Services (711).

In Person

Visit a New Jersey Division of Taxation Regional Information Center. For the address of the center nearest you, visit our [website](#) or call the Automated Tax Information System at 1-800-323-4400.

Forms and Publications

- See our [forms](#) and [publications](#) pages;
- Call the Forms Request System at **1-800-323-4400** (within NJ, NY, PA, DE, and MD) or **609-826-4400** (touch-tone phones only) to have printed forms or publications mailed to you. **Note:** Due to budgetary constraints, supplies are limited and only certain forms and publications can be ordered through this system.