TAX TOPIC

Military Personnel

Bulletin GIT-7

OBSOLETE

Introduction

This bulletin provides New Jersey income tax information for members of the United States Armed Forces who are residents of New Jersey. It also explains the income tax obligations of nonresident military personnel who are stationed here.

This bulletin will help you understand whether or not you (and/or your spouse/civil union partner) must file a New Jersey income tax return. It also explains who is a resident and who is a nonresident for New Jersey income tax purposes, so that you will know which return (resident or nonresident) to use. Special provisions for military personnel in the New Jersey Gross Income Tax Act are also discussed, as well as the treatment of their spouses/civil union partners under the Military Spouses Residency Relief Act.

Instructions regarding how to prepare a particular line of your New Jersey income tax return can be found in the instructions in the resident or nonresident income tax return booklets. See **page 14** *for how to get forms and information.*

The forms and amounts referred to in this bulletin are those for tax year 2011.

Note**: Any reference in this publication to a spouse also refers to a partner in a* ***civil union (CU) recognized under New Jersey law.

Definitions

The terms "domicile," "home of record," and "permanent home" have different meanings, although they may all refer to the same place in some circumstances. The following definitions are provided to aid you in understanding these sometimes confusing terms.

Domicile means the place you regard as your permanent home, the place you intend to return to after you have been away — on vacation, educational leave, military assignment, etc.

Home of Record is the place that is used for fixing travel and transportation allowances. Your "home of record" should not be confused with your domicile, even though they may be the same in certain circumstances.

Permanent Home means a residence (house, building, or structure where a person can live) that you maintain permanently as your principal residence, whether you own it or not. It usually includes a residence your spouse or civil union partner owns or leases.

A residence, whether inside or outside of New Jersey, is not permanent if you maintain it only during a temporary or limited period of time for the accomplishment of a particular purpose (e.g., temporary job assignment, military assignment, etc.). Likewise, a home used only for vacations is not considered your permanent home, nor is a property which you own but rent or offer for rent to others. You have only one permanent home, although you may have more than one residence.

Domicile

To determine whether you are a resident or a nonresident for New Jersey income tax purposes, it is necessary to know your domicile. This is true whether you are a member of the Armed Forces or not.

You have only one domicile, although you may have more than one place to live. Once established, your domicile continues until you move to a new location with the intent to establish a new permanent home and to abandon your old one. Moving to a new location, even for a long time, does not change your domicile unless you intend to remain there permanently. Military assignments do not affect your domicile.

Example
John Smith was a New Jersey resident when he joined the army. He is assigned overseas for three years, and rents an apartment in a town near his base. If John plans to return to New Jersey when his tour of duty is over, New Jersey will remain his domicile, even though he may not have a current New Jersey address.

Resident and Nonresident Defined

Residents. If your home of record (and domicile) was New Jersey when you entered the service, you remain a resident of New Jersey for income tax purposes, unless you qualify for nonresident status (see below). Your domicile does not change when you are temporarily assigned to duty in another state or country.

If you are a member of the Armed Forces whose home of record (and domicile) is New Jersey, and you are residing aboard ship or in barracks, billets, or bachelor officer quarters, you remain a New Jersey resident for income tax purposes.

You are not considered to be maintaining a *permanent home* outside of New Jersey if you are living in such accommodations.

However, if you pay for and maintain, either by out-of-pocket payments or forfeiture of quarters allowance, an apartment or a home (either owned or rented) outside New Jersey, such facilities will constitute a *permanent home* outside of New Jersey. In this case you will no longer be considered a New Jersey resident for tax purposes.

If you are a member of the Armed Forces and your domicile is New Jersey, but you meet all three of the following conditions for the entire year, you are considered a nonresident for income tax purposes if:

1. You did not maintain a permanent home in New Jersey; and
2. You did maintain a permanent home outside of New Jersey; and
3. You did not spend more than 30 days in New Jersey during the taxable year.

Nonresidents. A member of the Armed Forces whose home of record (and domicile) is outside of New Jersey does not become a resident of this State when assigned to a duty station here. He or she is a nonresident for income tax purposes. See ***Income Tax Filing Requirements*** on page 3 for a discussion of when a nonresident serviceperson is required to file a New Jersey income tax return.

Spouses/Civil Union Partners. Nonmilitary spouses/civil union partners whose domicile is New Jersey are residents for income tax purposes unless they meet the three qualifications for nonresident status above. See ***Income Tax Filing Requirements*** on page 3 for a discussion of when a

OBSOLETE

nonmilitary spouse/civil union partner is required to file a New Jersey income tax return.

A place of abode, whether in this State or elsewhere, is not considered to be permanent if it is maintained only during a temporary stay for the accomplishment of a particular purpose. Therefore, a nonmilitary spouse/civil union partner who is not domiciled in New Jersey, and who moves to this State on a *temporary* basis to accompany a military spouse/civil union partner who is stationed here, does not become a New Jersey resident unless he or she intends to remain here permanently. He or she will be considered a nonresident for New Jersey income tax purposes, and will be subject to tax only on income earned from New Jersey sources.

Beginning with tax year 2009, Federal law, known as the Military Spouses Residency Relief Act (P.L. 111-97), allows a military servicemember's nonmilitary spouse/civil union partner to keep a tax domicile while moving from state to state, as long as he or she moves into a state to be with a spouse/civil union partner who is in the state on military orders. Consequently, if a nonmilitary spouse/civil union partner was not domiciled in New Jersey at the time the couple married or entered into a civil union, he or she is *not* considered a resident of New Jersey if:

- The principal reason for moving to this State was the transfer of the military spouse/civil union partner; and
- The nonmilitary spouse/civil union partner maintains a domicile in another state; and
- It is the nonmilitary spouse's/civil union partner's intention to leave New Jersey when the military spouse/civil union partner is transferred or leaves the service.

Under the Military Spouses Residency Relief Act, a nonmilitary spouse/civil union partner who meets these requirements is not subject to New Jersey gross income tax on income (wages) earned from services performed in this State. See ***Spouses/Civil Union Partners of Military Personnel*** on page 6 for more information about income tax filing requirements.

Income Tax Filing Requirements

Your filing status and gross income determine whether you have to file a New Jersey income tax return. Age is not a factor; even minors (including students), members of the Armed Forces, and senior citizens must file if they meet the filing requirements. Use the "Who Must File" chart in the resident or nonresident income tax return booklet to find out whether or not you are required to file a New Jersey income tax return.

Filing Status

You must use the same filing status for New Jersey gross income tax purposes as for Federal income tax purposes, unless you are a partner in a civil union. A married couple filing a joint Federal return must file a joint New Jersey return. However, if one spouse/civil union partner is a New Jersey resident and the other is a nonresident for the entire year, the resident may file a separate return even if the couple files a joint Federal return. The resident computes income and exemptions as if a Federal married filing separate return had been filed. The spouses/civil union partners have the option of filing a joint return as residents, but if they do so, their joint income will be taxed as if both were residents.

OBSOLETE

For more information on filing status and New Jersey income tax, see Tax Topic Bulletin **GIT-4**, *Filing Status*.

Using the Correct Form

New Jersey has two personal income tax returns for individuals: **Form NJ-1040** for residents and **Form NJ-1040NR** for nonresidents. Some full-year New Jersey residents may be able to file electronically using NJ WebFile or approved vendor software.

There are no part-year tax returns. You must use either Form NJ-1040, Form NJ-1040NR, or both, depending on your residency status and your sources of income. See the income tax return instructions and Tax Topic Bulletin **GIT-6**, *Part-Year Residents*, for information on how to complete a part-year return.

New Jersey Residents

New Jersey residents are subject to tax on all their income, regardless of where the income is earned. If you are a New Jersey resident, all your income, including your military pay and cost-of-living allowance, is taxable. However, mustering-out payments, subsistence and housing allowances are exempt. U.S. military pension and survivor's benefit payments are also exempt. See ***Pensions*** on page 11.

You, and your spouse/civil union partner if he or she is also a New Jersey resident, must file **Form NJ-1040** for tax year 2011 if your income for the entire taxable year from all sources, including your military pay, is more than $20,000 ($10,000 if filing status is single or married/CU partner, filing separate return).

Note: A member of the Armed Forces whose home of record (and domicile) is New Jersey, and who resides aboard ship, or in barracks, billets, or bachelor officer quarters, is considered a New Jersey resident for income tax purposes. See ***Resident and Nonresident Defined*** on page 2.

New Jersey Nonresidents

Nonresidents are taxed only on the income they receive from New Jersey sources. If your home of record (and domicile) was not New Jersey when you entered the military, and you are assigned to a duty station in New Jersey, you are a nonresident of New Jersey. As a nonresident, the military compensation you receive while stationed here is not subject to New Jersey income tax. Mustering-out payments, subsistence and housing allowances, and U.S. military pension and survivor's benefit payments are also exempt. For more information on military pension and survivor's benefit payments see ***Pensions*** on page 11.

A nonresident is subject to tax on income received from New Jersey sources and must file a New Jersey nonresident return (**Form NJ-1040NR**). A nonresident's tax is computed on income from all sources (as if he or she was a New Jersey resident) and then prorated according to the ratio that New Jersey income bears to income from all sources (both inside and outside of New Jersey). However, in accordance with Federal law, nonresident servicepersons are not required to include their military pay when calculating their New Jersey income tax liability. Therefore, when completing Form NJ-1040NR, do not include your military pay on the wages line in either Column A (amount of gross income everywhere) or Column B (amount from New Jersey sources).

OBSOLETE

You, and your spouse/civil union partner if he or she is also a nonresident, must file a New Jersey nonresident return (Form NJ-1040NR) if you (or your spouse/civil union partner) have income from New Jersey sources* *other than your military pay* and your income from all sources *other than your military pay* is more than $20,000 ($10,000 if filing status is single or married/CU partner, filing separate return). Examples of New Jersey source income include, but are not limited to:

a. Nonmilitary income a servicemember earns from a job in off-duty hours in New Jersey;

b. Income or gain from property located in New Jersey, whether owned by the servicemember or the nonmilitary spouse/civil union partner; or

c. Income from a business, trade, or profession carried on in this State, whether earned by the servicemember or the nonmilitary spouse/civil union partner.

***New Jersey source income does not include** income (wages) from services performed in New Jersey by a civilian spouse/civil union partner who qualifies as a nonresident under the Military Spouses Residency Relief Act. When filing Form NJ-1040NR, the nonmilitary spouse/civil union partner reports New Jersey wage income in Column A (amount of gross income everywhere) but not in Column B (amount from New Jersey sources).

Income Tax Withheld from Military Pay

If your permanent home (domicile) was New Jersey when you entered the military, you are considered a New Jersey resident, and New Jersey income tax will be withheld from your military pay. However, if you have changed your state of domicile from New Jersey to some other place, or you satisfy the three conditions for nonresident status (see **page 2**), your military pay is not subject to New Jersey income tax.

If you meet the three conditions for nonresident status, file Form DD-2058-1, State Income Tax Exemption Test Certificate, with your payroll or finance officer to stop New Jersey income tax from being withheld from your military pay. Form DD-2058-1 is a U.S. Government form which is used as a basis for not withholding New Jersey income tax from military pay. Do not file this certificate with the New Jersey Division of Taxation.

Native American servicemen and women use Form DD-2058-2 to claim exemption from state income tax withholding on their service pay. This form requires the individual to provide the name of the tribe to which he or she belongs as well as the name of the reservation or location in Indian Country claimed as the individual's primary residence.

If New Jersey income tax was withheld from your military pay in error, you must file a nonresident return (**Form NJ-1040NR**) to obtain a refund of the tax withheld. The income section of the New Jersey nonresident return has two columns — Column A, income from everywhere, and Column B, income from New Jersey sources. If you had no income from New Jersey sources other than your military pay, complete your nonresident return as follows:

- Enter in Column A the amount of your gross income from everywhere (excluding your military pay).

OBSOLETE

- Enter zeros on the wages line and on the gross income line in Column B for the amount of income from New Jersey sources.
- Enter the amount of New Jersey income tax withheld on the appropriate line and complete the "overpayment" and "refund" lines.
- Enclose a statement explaining how you satisfied the conditions for nonresident status.

Spouses/Civil Union Partners of Military Personnel

Under New Jersey income tax law, a person who maintains a permanent home in New Jersey and spends more than 183 days of the taxable year in this State is a resident for income tax purposes, even if New Jersey is not their domicile. This provision does not apply to members of the Armed Forces and their spouses/civil union partners who are not domiciled in New Jersey. They remain nonresidents for income tax purposes if New Jersey is not their domicile.

Under the provisions of the Military Spouses Residency Relief Act, beginning with tax year 2009, a qualified nonresident civilian spouse/civil union partner of a servicemember stationed here is not subject to New Jersey gross income tax on income (wages) earned from services performed in this State. Nonmilitary spouses/civil union partners whose wages are exempt from New Jersey gross income tax may claim an exemption from New Jersey income tax withholding by filing **Form NJ-165**, Employee's Certificate of Nonresidence in New Jersey, with their employers. They must notify their employers if conditions for the withholding exemption no longer apply.

The Military Spouses Residency Relief Act applies only to income (wages) from services performed by a nonresident civilian spouse/civil union partner of a servicemember. Nonresident civilian spouses/civil union partners are subject to New Jersey gross income tax on all other types of income earned from New Jersey sources (e.g., gain from sale of property located in New Jersey). See ***New Jersey Nonresidents*** on page 4 for more information about income tax filing requirements.

In addition, wages earned in New Jersey by a nonresident civilian spouse/civil union partner who lives outside the State are subject to New Jersey gross income tax and must be reported as income from New Jersey sources in Column B of Form NJ-1040NR. A nonresident civilian spouse/civil union partner who lives outside New Jersey may not use Form NJ-165 to claim an exemption from New Jersey gross income tax withholding on wages earned in this State as the nonmilitary spouse/civil union partner of a servicemember.

If you are a qualified nonresident civilian spouse/civil union partner whose wages are exempt from New Jersey gross income tax under the Military Spouses Residency Relief Act, and tax was withheld or estimated payments were made in error, you must file a nonresident return (Form NJ-1040NR) to obtain a refund. The income section of the New Jersey nonresident return has two columns — Column A, income from everywhere, and Column B, income from New Jersey sources. If you (and your military spouse/civil union partner if filing a joint return) had no income from New Jersey sources other than your own New Jersey wages, complete your nonresident return as follows:

OBSOLETE

- Enter in Column A the amount of your gross income from everywhere (if filing a joint return, do not include the military pay of your spouse/civil union partner).
- Enter zeros on the wages line and on the gross income line in Column B for the amount of income from New Jersey sources.
- Enter the amount of New Jersey income tax withheld or estimated payments made on the appropriate lines and complete the "overpayment" and "refund" lines.
- Enclose a statement of explanation that references the Military Spouses Residency Relief Act along with a copy of your spousal military identification card. If filing a paper return, print "Military Spouse" at the top of the return.

However, when a nonmilitary spouse/civil union partner who is a resident of New Jersey had income during the year, he or she must file a resident return (**Form NJ-1040**) and report income from all sources (both inside and outside New Jersey), including wages.

When to File

Your New Jersey income tax return is due when your Federal income tax return is due. For calendar year filers (taxpayers who use a calendar year, January 1–December 31, to record their income), the due date is April 15 following the end of the tax year. The exact due date may vary from year to year if April 15 falls on a holiday or weekend. Fiscal year filers must file their New Jersey income tax return by the 15th day of the fourth month following the close of the fiscal year. If the due date falls on a holiday or weekend, the return is due the next business day.

Postmark Date. All New Jersey tax returns postmarked on or before the due date of the return are considered to be filed on time. Tax returns postmarked after the due date are considered to be filed late. When a return is postmarked after the due date, the filing date for that return is the date the return was received by the Division of Taxation, not the postmark date. Interest on unpaid liabilities is assessed from the due date of the return.

Example

If the postmark on your New Jersey income tax return was April 10, but the Division of Taxation did not receive it until April 20, your return would be treated as filed on time since the due date of the return is April 15.

If the postmark date was April 20 and the Division received the return on April 25, the return would be treated as filed on April 25. Penalties and interest would be assessed from April 15, the original due date of the return.

Extensions of Time to File

Special rules apply to members of the Armed Forces of the United States and civilians providing support to the Armed Forces.

A person on active duty with the Armed Forces of the United States who cannot file timely because of distance, injury, or hospitalization as a result of this service, will automatically receive a six-month extension by enclosing an explanation with the return when filed. Otherwise, the normal rules apply. See ***Automatic Extension*** on page 8.

OBSOLETE

Combat Zone Extension
New Jersey allows extensions of time to file income tax returns and pay any tax due for members of the Armed Forces and civilians providing support to the Armed Forces serving in an area which has been declared a "combat zone" by executive order of the President of the United States or a "qualified hazardous duty area" by Federal statute. Once you leave the combat zone or qualified hazardous duty area, you have 180 days to file your tax return and pay any tax due. Enclose a statement with your return to explain the reason for the extension.

In addition, if you are hospitalized outside of the State of New Jersey as a result of injuries you received while serving in a combat zone or qualified hazardous duty area, determine your extension by adding to the period of service in the combat zone or qualified hazardous duty area, the period of continuous hospitalization outside of New Jersey, plus 180 days.

Qualifying military and support personnel, as defined above, are granted an extension of time for paying tax for the period of combat service or hospitalization, plus 180 days.

Enclose a statement of explanation with your return when you file. No interest or penalties will be assessed during a valid extension for service in a combat zone or qualified hazardous duty area. This extension is also granted to a taxpayer's spouse/civil union partner who files a joint return.

Automatic Extension
You may receive a six-month extension of time to file your New Jersey income tax return if at least 80% of your tax liability computed on your New Jersey income tax return when filed is paid in the form of withholdings, estimated payments, or other payments by the original due date, and

1. If a Federal extension is filed, you enclose a copy of your Federal Application for Automatic Extension with your return and fill in the oval at the top of your NJ-1040 or check the box at the top of your NJ-1040NR (or, your confirmation number is entered in the space provided at the top of the return if the extension application or payment was filed online or by phone)

   or

2. If no Federal extension is filed, you request a six-month extension by filing an Application for Extension of Time to File New Jersey Gross Income Tax Return (**Form NJ-630**), by the original due date of the return.

If a Federal extension is filed, Form NJ-630 must still be filed by the original due date if you are required to make a payment to meet the 80% requirement.

Civil union partners filing a joint return must either provide copies of the Federal extension application (or confirmation number) for both partners, or they must file Form NJ-630.

An extension of more than six months will not be granted unless there are exceptional circumstances.

Death Related to Duty

When a member of the Armed Forces serving in a combat zone or qualified hazardous duty area dies as a result of wounds, disease, or injury received there, no income tax is due for the

OBSOLETE

taxable year the death occurred, nor for any earlier years served in the combat zone or qualified hazardous duty area. Income tax returns do not have to be filed for the deceased or the estate for these years.

If the deceased paid any tax while in the combat zone or qualified hazardous duty area, the full amount of the tax paid will be refunded to the estate or surviving spouse/civil union partner. If any tax was assessed, but not paid, the assessments will be canceled.

Income Tax Refunds

New Jersey Income Tax Erroneously Withheld

From Military Pay — If New Jersey is your domicile but you satisfied the three conditions for nonresident status, and New Jersey income tax was withheld from your military pay, file a New Jersey nonresident return (**Form NJ-1040NR**) to obtain a refund. Do not report your military pay on the wages line in either Column A (amount of income from everywhere) or Column B (amount of income from New Jersey sources). If you had no income from New Jersey sources other than your military pay, enter zero on the wages line in both Column A and Column B. Complete the balance of the return, indicating the amount of New Jersey income tax withheld on the appropriate lines and enclose a statement describing how you met the three conditions for nonresident status.

From New Jersey Wages Earned by Nonmilitary Spouse/Civil Union Partner — Qualified nonresident civilian spouses/civil union partners (see **page 2**) may request a refund of New Jersey income taxes erroneously withheld or paid by filing a New Jersey nonresident return (**Form NJ-1040NR**). Enter the amount of wages earned from everywhere (both inside and outside New Jersey) on the wages line in Column A. Enter zero on the wages line in Column B (unless you are filing a joint return and your military spouse/civil union partner had wage income from New Jersey sources other than military pay). Complete the balance of the return, indicating the amount of New Jersey income tax withheld or estimated payments made on the appropriate lines. If you are filing a paper return, print "Military Spouse" in ink at the top of the return and enclose a copy of your spousal military identification card along with a statement of explanation that references the Military Spouses Residency Relief Act. You may be required to provide additional documentation to support your refund claim.

Time Period for Refunds

You have three years after the return is filed or two years after the tax is paid, whichever is later, to claim a refund for overpayment of New Jersey income tax.

Interest Paid on Refunds

If the Division of Taxation takes more than six months to send you your income tax refund, you have the right to receive interest on that refund. Interest at the prime rate, compounded annually, will be paid six months after the later of:

- The date the refund claim was filed;
- The date the tax was paid; or
- The due date of the return.

OBSOLETE

Homestead Benefit Program

All property tax relief program information, including information regarding the Homestead Benefit Program, is subject to change. View current **Homestead Benefit Program Information.**

The Homestead Benefit Program provides benefits for homeowners who owned and occupied their principal residence in New Jersey on October 1, paid property taxes on that dwelling, and whose gross income for the entire year does not exceed certain limits.

Nonresidents

Members of the Armed Forces and their spouses/civil union partners whose home of record (and domicile) is *outside of New Jersey* are not eligible for the homestead benefit even if they own a home in this State. An applicant must be domiciled in New Jersey to be eligible for a homestead benefit. However, the spouse/civil union partner of a nonresident serviceperson may be eligible for a homestead benefit if the spouse's/civil union partner's domicile is New Jersey and he or she meets all the other qualifications.

Residents

Tenants. Tenant rebates were suspended for 2009 and 2010. As a result, no tenant rebate application for 2011 is included in the income tax resident return booklet for 2011.

Homeowners. If your home of record (and domicile) is New Jersey and you owned, occupied, and paid property taxes on a home in New Jersey that was your principal residence on October 1, you may be eligible for the homeowner benefit provided your gross income for the entire year (*including* your military pay) does not exceed the income limits. Be aware that benefit amounts and qualifications for eligibility are subject to restrictions due to State budgetary constraints. View current **information for homeowners.**

Part-Year Residents. If you are a part-year resident whose home of record (and domicile) was New Jersey and you owned a principal residence in New Jersey on October 1, you may be eligible for a homestead benefit provided you meet all the other eligibility requirements.

Residing outside of New Jersey. A member of the Armed Forces whose home of record (and domicile) is New Jersey who remains a New Jersey resident and files a New Jersey resident income tax return, and who owns a home in New Jersey that is their principal residence on October 1 may be eligible for a homestead benefit. Eligibility also depends upon the use of the residence during your period of absence from New Jersey.

- If you leave your home vacant and continue to pay property taxes during your tour of duty outside of New Jersey, you remain eligible for a homestead benefit if the New Jersey home was your principal residence on October 1.
- If your family remains in the dwelling during your tour of duty outside of New Jersey and the home was your principal residence on October 1, you are eligible for a homestead benefit.
- If on October 1, the property was rented to others, you are not eligible for a homestead benefit. If the dwelling is not available to you and your family for occupancy on that date, it is not considered your principal residence for purposes of the homestead benefit, even though New Jersey remains your domicile.

OBSOLETE

Pensions

U.S. military pension and survivor's benefit payments are not taxable for New Jersey gross income tax purposes, regardless of the recipient's age or disability status. The exemption of military pensions from New Jersey gross income tax began in tax year 2001. For tax years 1998–2000, these payments were excludable only if the recipient was 62 years of age or older or disabled under the Federal Social Security Act. Prior to 1998, military pensions were taxable in the same manner as other pensions.

Military pensions are those resulting from service in the U.S. Army, Navy, Air Force, Marine Corps, or Coast Guard. This exemption does not apply to civil service pensions or annuities, even if the pension or annuity is based on credit for military service. Most military pensions and survivor's benefit payments are received from the U.S. Defense Finance and Accounting Service, while a civil service annuity is received through the U.S. Office of Personnel Management. If your military pension or survivor's benefit is exempt from New Jersey income tax, do not include such payments on your New Jersey return.

Pension income received by residents of this State that is not exempt military pension income is subject to New Jersey income tax. You must include such pension benefits in your gross income in the year you receive them, whether the benefits are paid to you as a retiree or to your beneficiary either periodically or in a lump sum.

New Jersey provides certain exclusions and benefits for persons 62 years of age or older and disabled individuals that are receiving pension income. See Tax Topic Bulletin **GIT-1**, *Pensions and Annuities,* for details.

Disability Payments

Total and permanent disability income is exempt from tax and should not be reported as pension income. If you are disabled under the Federal Social Security Act and are receiving a U.S. military disability pension or survivor's benefit payments, the military disability pension or survivor's benefits are not taxable for New Jersey gross income tax purposes.

Veterans Administration Disability Compensation is also exempt from tax and should not be included as income.

Withholding Tax from Military Pensions

Even though U.S. military pension and survivor's benefit payments are no longer taxable, voluntary withholding of New Jersey income tax from retirement pay is permitted for retirees from the uniformed services. There is no age or disability requirement for voluntary withholding of New Jersey income tax. Contact your branch of the Armed Forces if you wish to have income tax withheld.

Surviving Spouse/Civil Union Partner Benefits

Where a surviving spouse/civil union partner receives pension benefits resulting from the employment of a deceased retiree who dies on or after May 22, 1981, and the transfer is not subject to New Jersey transfer inheritance tax, the beneficiary is entitled to exclude from their New Jersey income the remaining contributions of the decedent. Prior to tax year 1998, if the decedent's contributions to the retirement plan had already been exhausted, all pension income received by the beneficiary was includable as New Jersey income. For tax years 1998–2000, if the

OBSOLETE

decedent's contributions had been exhausted, all pension income received by the beneficiary was includable as New Jersey income until the beneficiary reached age 62.

When a military retiree has elected to take a reduction in their U.S. military pension as a result of joining the Survivors' Benefit Plan, beginning in tax year 2001, the reduced pension amount received is ***not*** taxable for New Jersey income tax purposes regardless of the recipient's age or disability status. Upon the death of the military retiree, the amount paid to the surviving beneficiary is also ***not*** taxable as pension income. For tax years 1998–2000, the reduced pension amount paid to a military retiree in the Survivor's Benefit Plan was taxable for New Jersey gross income tax purposes until the recipient reached age 62. The amount paid to the surviving beneficiary upon the death of the military retiree was also taxable until the recipient reached age 62. Prior to 1998, the reduced pension amount and any amount paid to a surviving beneficiary were taxable as pension income, but once recipients reached age 62, they were eligible for the pension and other retirement income exclusions.

See Tax Topic Bulletin **GIT-1**, *Pensions and Annuities*, for information on the benefits New Jersey provides for those who are 62 years of age or older or disabled, and who are receiving pension income.

Other Benefits for Veterans

Veteran's Deduction

New Jersey resident veterans honorably discharged with active wartime service in the U.S. Armed Forces or their surviving spouses/surviving civil union partners/surviving domestic partners or the surviving spouses/surviving civil union partners/surviving domestic partners of certain wartime servicepersons who died on active duty may be eligible for an annual deduction of $250 from property taxes due on any property they own. There are no income limits with respect to the veteran's deduction.

If both husband and wife/civil union partners/domestic partners are veterans, each may claim a deduction. The surviving spouse/surviving civil union partner/surviving domestic partner of a veteran who is also a veteran himself or herself may claim a deduction for each status. A taxpayer may claim both a veteran's deduction and a senior/disabled/survivor real property tax deduction in the same year in addition to any of the State's other property tax relief program benefits provided by law.

To apply for the veteran's deduction contact your local tax assessor or collector.

Disabled Veteran's Exemption

Certain totally and permanently disabled war veterans or the surviving spouses/surviving civil union partners/surviving domestic partners of such disabled war veterans or the surviving spouses/surviving civil union partners/surviving domestic partners of certain wartime servicepersons who died on active duty may be eligible for exemption from real property taxes on their principal residence and the lot or curtilage on which that residence is situated and which is necessary for its fair enjoyment.

To qualify for a real property tax exemption as a veteran, you must be honorably discharged with active wartime service in the U.S. Armed Forces and be certified by the U.S. Veterans' Administration as having wartime

OBSOLETE

service-connected total or 100% permanent disability. You must be the full owner of and a permanent resident in the dwelling house for which exemption is claimed and a legal or domiciliary resident of New Jersey. As a surviving spouse/surviving civil union partner/surviving domestic partner of a disabled veteran who met all of the above eligibility requirements, you must not have remarried or entered into a new civil union or a new registered domestic partnership, must also be a New Jersey resident, and owner-occupant of the claimed dwelling.

To apply for the disabled veteran's exemption contact your local tax assessor.

OBSOLETE

For More Information

By Phone

- Call the Division of Taxation's Customer Service Center at **609-292-6400.**
- Text Telephone Service (TTY/TDD) for Hard-of-Hearing 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 tax matter and receive a reply through NJ Relay Services (711).

Online

- Division of Taxation Web site: **www.state.nj.us/treasury/taxation/**
- E-mail: **nj.taxation@treas.state.nj.us**
- Subscribe to *NJ Tax E-News,* the Division of Taxation's online information service, at: **www.state.nj.us/treasury/taxation/listservice.shtml**

In Writing

New Jersey Division of Taxation
Technical Information Branch
PO Box 281
Trenton, NJ 08695-0281

Forms and Publications

- Visit the Division of Taxation's Web site:
  Forms — **www.state.nj.us/treasury/taxation/forms.shtml**
  Publications — **www.state.nj.us/treasury/taxation/pubs.shtml**
- Call NJ TaxFax at **609-826-4500** from your fax machine's phone.
- 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.