Revised 10/25

Gross Income Tax Depreciation Adjustment Worksheet GIT-DEP
General Instructions

The Gross Income Tax Act was amended by P.L. 2004, c.65 to include Section 5-1.2. This section applies to tax years beginning on or after January 1, 2004, and decouples the Gross Income Tax Act from some federal changes to depreciation and to IRC section 179 for assets placed in service on or after January 1, 2004.

For Gross Income Tax purposes,

- The federal 30% Special Depreciation Allowance is allowed if the asset meets Internal Revenue Code requirements. For example, if a federal 30% deduction is permissible but is precluded by the federal 179 deduction, the 30% deduction is allowed.
- The federal 50% Special Depreciation Allowance is **not** allowed. If in lieu of the 50% deduction, the 30% deduction is taken federally, the 30% deduction is allowed.
- The maximum Section 179 deduction is $25,000. The federal reduced dollar limitation for asset cost applies and is calculated using the New Jersey maximum deduction of $25,000. There are no business income limitations. Unused deductions cannot be carried forward. Instructions for each category of income are listed below.
- For Liberty Zone property, the maximum Section 179 deduction is $60,000 (the New Jersey maximum of $25,000 plus the federally allowed increased amount up to a maximum of $35,000). The Liberty Zone Depreciation Allowance is allowed if the asset meets Internal Revenue Code requirements. Calculation is based on the total New Jersey Section 179 deduction.
- Unused depreciation adjustment cannot be carried forward, carried back, or applied against another category of income.
- There is an alternate depreciation deduction for certain affordable housing developments placed in service during privilege periods beginning on and after January 1, 2025. Housing developments are eligible if construction on the development begins on or after March 20, 2024; at least 20% of the units qualify as affordable housing; property taxes are not abated or exempted under the Long Term Tax Exemption Law, and the taxpayer does not receive an affordable housing subsidy for construction of the development. Capital expenditures incurred by the taxpayer in connection with the construction of a new affordable housing development owned by the taxpayer qualify for the alternate calculation. The percentage of expenditures that can be deducted is calculated by dividing the affordable housing units in the development by the housing units in the development and multiplying the result by 2. A taxpayer can depreciate a percentage of eligible expenditures over a 10-year period.

For tax years beginning on or after January 1, 2004, if assets were placed in service on or after January 1, 2004, and the federal 50% Special Depreciation Allowance or Section 179 expense were deducted, then a New Jersey depreciation adjustment is required. A New Jersey adjustment is not required for assets placed in service within a tax year beginning prior to January 1, 2004.

The Gross Income Tax Depreciation Adjustment Worksheet GIT-DEP must be used to calculate the New Jersey Section 179 expense allowable, New Jersey Special Depreciation Allowance, New Jersey depreciable basis, New Jersey depreciation allowable and New Jersey depreciation adjustment required. For subsequent years, Worksheet GIT-DEP must be used to calculate New Jersey depreciation adjustments until the asset is fully depreciated or disposed of, adjustments to federal Section 179 recapture income, and adjustments to the gain or loss from disposition of the assets.

Note: If the initially required New Jersey depreciation adjustment for an asset was not reported, whether due to a reporting error that was not corrected by the Division of Taxation or because the partnership, S corporation, sole proprietor or the owner of rental property or other income producing depreciable asset did not have a New Jersey filing requirement, then the asset's New Jersey basis and allowable depreciation will be the same as for federal tax purposes, and a New Jersey depreciation adjustment is neither required nor allowable in subsequent years.

New Jersey depreciation adjustments will affect an individual's, estate's, or trust's determination of income reportable in the categories of net profits from business; net gains or income from disposition of property; net gains or net income from rents, royalties, patents, and copyrights; net gains or income derived from estates or trusts; distributive share of partnership income; and net pro rata share of S corporation income. Partnerships and S corporations with a New Jersey filing requirement will calculate the entity's adjustments to New Jersey depreciation, federal Section 179 recapture income, and gain or loss from disposition of the assets. Each partnership and S corporation is limited to a maximum Section 179 deduction of $25,000 (see instructions for Liberty Zone Property). The entity will take the New Jersey adjustment into consideration in calculating the partner's distributive share and the shareholder's net pro rata share of income reported on their NJK-1 or NJ-K-1.

If the partnership or S corporation does not file a New Jersey return, the partner or shareholder will enter their New Jersey depreciation adjustment on Worksheet A, publication GIT-9P or Worksheet B or Worksheet B Liquidated, publication GIT-9S following the instructions provided in those publications and using information that must be provided by the entity.

Partners will report the total distributive share of income from all partnerships, as calculated by the entities and reported on their NJK-1s or as calculated on Worksheets A, as distributive share of partnership income on their Form NJ-1040, NJ-1040NR, or NJ-1041. Shareholders will report the total net pro rata share of income from all S corporations, as calculated by the entities and reported on their NJ-K-1s or as calculated on Worksheet B or Worksheet B Liquidated as net pro rata share of S corporation income on their Form NJ-1040, NJ-1040NR, or NJ-1041.

For determining the New Jersey income reportable in each of the income categories of net profits from business and net gains or net income from rents, royalties, patents and copyrights, an individual, estate, or trust's total Section 179 deduction is limited to a maximum of $25,000 (or New York Liberty Zone amount federally deducted). One Worksheet GIT-DEP is to be prepared for each of the categories and the worksheet must include all reportable activity. For example, an individual with three rental properties, one of which was disposed of, will calculate the New Jersey 179 deduction, New Jersey Special Depreciation Allowance, New Jersey basis, New Jersey depreciation allowable, adjustment to federal Section 179 recapture income, and adjustment to gain or loss on disposition applicable to assets within all three properties on one Worksheet GIT-DEP. The resulting adjustments will be applied according to the instructions on Worksheet GIT-DEP.

An individual, estate, or trust should report its income from estates and trusts as reported on its NJK-1, provided by the estate or trust, or based on its federal K-1 after taking into account all New Jersey adjustments.

All Worksheets GIT-DEP should be retained for future reference.

GIT-DEP – Gross Income Tax Depreciation Adjustment Worksheet Revised 10/25

Name	Social Security Number/FEIN

For tax years beginning on or after January 1, 2004, use this worksheet to calculate the New Jersey depreciation adjustment required for assets placed in service on or after January 1, 2004, and for which any of the following criteria apply:

- Federal Section 179 expense was deducted
- Federal 50% Special Depreciation Allowance was deducted
- Federal income includes Section 179 recapture income
- Federal income includes a gain or loss from disposition of an asset for which an NJ depreciation adjustment was previously required.

Part I Complete Parts II, III, and IV as required and enter results on this worksheet

1.	Total federal depreciation from Part II, column C	1.	
2.	Total NJ Section 179 deduction allowable from Part II, column E; total cannot exceed $25,000 unless Liberty Zone Property is included	2.	
3.	Total NJ depreciation allowable from Part II, column K	3.	
4.	Subtotal (Subtract lines 2 and 3 from line 1)	4.	
5.	Adjustment for alternate depreciation of new affordable housing developments from Part II(a)	5.	
6.	Total NJ adjustment to federal 179 recapture income from Part III, column E	6.	
7.	Total NJ adjustment to federal gain (loss) on disposition of asset(s) from Part IV, column F	7.	
8.	New Jersey Depreciation Adjustment (total of lines 4, 5, 6 and 7)	8.	

Enter the amount from line 8, New Jersey Depreciation Adjustment, as a positive or negative amount on the applicable form, schedule, or worksheet as follows:

S corporation income
CBT-100S, Schedule K or Schedule K Liquidated, Part II, line 7
Publication GIT-9S, Worksheet B or Worksheet B – Liquidated, Part I, line 7

Partnership income
NJ-1065 – If a net addition, include on line 13c; if a net subtraction, include on line 15f.
Publication GIT-9P, Worksheet A – If a net addition, include on line 14b; if a net subtraction, include on line 16e.

Net profits from business
Enter on a schedule detailing the calculation of NJ net profits from business and attach to Forms NJ-1040, NJ-1040NR, NJ-1041

Income from rents, royalties, patents, and copyrights
Enter the total adjustments to income from lines 4 and 6 on:
NJ-1040, NJ-BUS-1, Part IV
NJ-1040NR, NJ-BUS-1, Part II
NJ-1041, NJ-BUS-1, Part II

Enter the adjustment to federal gain or loss on disposition from line 7 on:
NJ-1040, Schedule NJ-DOP
NJ-1040NR, Part I
NJ-1041, Schedule A

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Part II Calculation of New Jersey Depreciation

For tax years beginning on or after January 1, 2004, use this section to calculate the NJ basis for depreciation and the NJ depreciation allowable for assets placed in service on or after January 1, 2004, and for which Section 179 expense or federal 50% special depreciation allowance were deducted.

A	B	C	D	E	F	G	H	I	J	K
Description of Property	Date Placed in Service	Current Year Federal Depreciation/179 Deducted	Federal Basis For Depreciation	NJ Section 179 Deduction	NJ Basis	Prior Year New Jersey Depreciation	NJ Current Year Basis	Federal Method of Depreciation	Life or Rate	New Jersey Depreciation Allowable
Totals										

Instructions (for Liberty Zone Property, see General Instructions)

Column A: Classify consistent with Internal Revenue Code.

Column B: Clearly segregate property placed in service during each year.

Column C: Enter the total special depreciation allowance, 179 expense, and depreciation deducted for federal purposes for this year.

Column D: Enter federal basis for depreciation prior to special depreciation allowance, 179 expense, or depreciation deduction.

Column E: For the year placed in service, enter the NJ allowable Section 179 deduction, limited to a maximum of $25,000 for all assets unless Liberty Zone Property is included.

Column F: Subtract column E from column D

Column G: Enter amounts from prior years' worksheets.

Column H: For the year placed in service, enter the amount from column F. For subsequent years, subtract column G from column D.

Column I: Use the same method that was used for federal purposes.

Column J: Use the same life that was used for federal purposes.

Column K: Calculate the NJ depreciation. The 30% special depreciation allowance is allowed only if it was taken for federal tax purposes.

The 50% special depreciation allowance is not permitted.

Enter the total of column C on Part I, line 1.

Enter the total of column E on Part I, line 2; total cannot exceed $25,000 unless Liberty Zone Property is included.

Enter the total of column K on Part I, line 3.

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Part II(a) Calculation of New Jersey Alternate Depreciation for Certain Affordable Housing Developments

For tax years beginning on or after January 1, 2025, use this section to calculate the NJ basis for alternate depreciation and the NJ depreciation allowable for capital expenditures for construction on developments beginning on or after March 20, 2024.

A	B	C	D	E	F	G	H	I	J
Description of Property	Date Placed in Service	NJ Basis	Federal Basis For Depreciation	Current Year Federal Depreciation	Prior Year New Jersey Depreciation	NJ Current Year Basis	Federal Method of Depreciation	Life or Rate	NJ Alternate Depreciation Allowable
Totals									

Adjustment for alternate depreciation of new affordable housing developments (Subtract total of column J from column E)	

Instructions:

Column A: Classify consistent with Internal Revenue Code.

Column B: Clearly segregate property placed in service during each year.

Column C: Provide calculation for eligible capital expenditures.

Column D: Enter the federal basis for the depreciation. This is the same amount that is in column C.

Column E: Enter the federal depreciation for the amount in column D

Column F: Enter amounts from prior years' worksheets.

Column G: For the year placed in service, enter the amount from column C. For subsequent years, subtract column F from column D.

Column H: Use the same method that was used for federal purposes.

Column I: Use 10-year life.

Column J: Calculate the NJ Alternate Depreciation allowable.

Enter the adjustment for alternate depreciation of new affordable housing developments on Part I, line 5.

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Part III Calculation of Adjustment to Federal 179 Recapture Income

For tax years beginning on or after January 1, 2004, if reported income includes the recapture of Section 179 expense on property placed in service on or after January 1, 2004, use this section to calculate the New Jersey adjustment to federal recapture income. A separate adjustment must be calculated for each asset on which there was recapture income.

A	B	C	D	E
Asset	Date Placed In Service	NJ Section 179 Recapture Income	Federal Section 179 Recapture Income	New Jersey Adjustment to Federal Recapture Income
Totals				

Instructions

Column A: Identify the asset for which the federal recapture income was required.

Column B: Enter date the asset was placed in service.

Column C: Based on federal rules, calculate NJ Section 179 recapture income using amounts allowable for NJ tax purposes.

Column D: Enter the federal Section 179 recapture income that is included in income reported to NJ.

Column E: Subtract column D from column C. This is the NJ recapture income adjustment.

Enter the total of column E, as either a negative or positive, on Part I, line 5.

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Part IV Calculation of Adjustment to Federal Gain or Loss on Disposition of Asset

For tax years beginning on or after January 1, 2004, use this section to calculate the NJ adjustment to federal gain or loss on disposition of an asset placed in service on or after January 1, 2004, for which Section 179 expense or federal 50% Special Depreciation Allowance were deducted.

A	B	C	D	E	F
Asset	Date Placed In Service	Date of Disposition	Total NJ Depreciation Deducted	Total Federal Depreciation Deducted	Adjustment to Federal Gain (Loss)
Totals					

Instructions

Column A: Identify the asset disposed of.

Column B: Enter date the asset was placed in service.

Column C: Enter date of disposition.

Column D: Enter the total federal Section 179 expense, special allowance, and depreciation deducted for NJ tax purposes.

Column E: Enter the total federal Section 179 expense, special allowance, and depreciation deducted for federal tax purposes.

Column F: Subtract column E from column D. This is the NJ adjustment to the federal gain (loss) included in income.

Enter the total of column F, as either a negative or positive, on Part I, line 6.