**NJ-NR-A**
(10-24)

# New Jersey Gross Income Tax
# Business Allocation Schedule
## For Tax Years Beginning On and After January 1, 2023

Use this schedule if business activities are carried on both inside and outside New Jersey or if business activities are carried on 100% outside New Jersey.
**For tax years beginning on and after January 1, 2023, services are sourced based on market sourcing, not cost of performance.**

**This form must be enclosed and filed with your New Jersey Income Tax return.**

| Enter name, address, and Social Security/federal employer identification number as shown on Form NJ-1040NR, NJ-1041, or NJ-1065. | |
|---|---|
| Legal name of taxpayer | Social Security Number/Federal EIN |
| Trade name of business if different from legal name above | For the Tax Year Ending (Month, Day, Year) |
| Address (number and street or rural route) | |
| City or Post Office / State / ZIP Code | |

## Allocation Factor

| Receipts: | | Amounts (omit cents) |
|---|---|---|
| 1. From sales of tangible personal property shipped to points within New Jersey | 1. | |
| 2. From services, if the benefit of the service is received in New Jersey. | 2. | |
| 3. From rentals of property situated in New Jersey. | 3. | |
| 4. From royalties for the use in New Jersey of patents, copyrights, and trademarks. | 4. | |
| 5. All other business receipts earned in New Jersey | 5. | |
| 6. Total New Jersey receipts (Total of lines 1 through 5). | 6. | |
| 7. Total receipts from all sales, services, rentals, royalties, and other business transactions everywhere. | 7. | |
| 8. Allocation Factor (Divide line 6 by line 7) Carry the fraction to 6 decimal places. | 8. | |

If business activities are carried on *both inside and outside New Jersey*, use this form to determine the allocation factor. This will be applied to the business's operational income to determine the amount from New Jersey sources.

The allocation factor uses market-based sourcing, not cost of performance, to determine the portion of the business income sourced to New Jersey. The allocation factor is calculated using a single sales factor formula rather than a three-factor formula. See N.J.A.C. 18:7-7.1 through N.J.A.C. 18:7-10.1 and Technical Bulletin TB-112(R), *Gross Income Tax Allocation Sourcing for the Receipts of Business Income,* for more information.

Only activities related to operational activity are to be used when calculating the allocation factor. **Do not include nonoperational activity or income from nonunitary partnerships.**

Nonoperational income is income or loss generated by activities outside the regular trade or operating activities of a business. See N.J.S.A. 54:10A-6.1 for more information.

Receipts from lower tier nonunitary partnerships do not flow through to the taxpayer and are not included on the NJ-NR-A. However, receipts from lower tier unitary partnerships flow through and are included in the receipts reported on the NJ-NR-A.

**Be sure that Form NJ-NR-A is enclosed with Form NJ-1040NR, NJ-1041, or NJ-1065, and that the name and address on the Business Allocation Schedule agree exactly with the name and address on the return with which it is enclosed.**

**Lines 1–5 – Receipts**
**Receipts Allocated to New Jersey**

- Receipts from sales of tangible personal property if the goods are shipped to points within New Jersey
- Receipts from the sale of goods if shipped to a New Jersey or a non-New Jersey customer where possession is transferred in New Jersey
- Receipts from the sale of goods shipped to a taxpayer from outside New Jersey to a New Jersey customer by a common carrier
- Services performed if the benefit of the service is received in New Jersey
- Rentals from property situated in New Jersey
- Royalties from the use in New Jersey of patents, copyrights, and trademarks
- All other business receipts earned in New Jersey

**Receipts Not Allocated to New Jersey.** Receipts from the sale of goods shipped from outside New Jersey to a New Jersey

location where the goods are picked up by a common carrier and transported to a customer outside New Jersey are not allocated to New Jersey.

**Receipts From Sales of Capital Assets.** Receipts from sales of capital assets not held for sale to customers in the regular course of business, either within or outside New Jersey, should be included in the numerator and the denominator based on the net gain recognized and not on gross selling prices. If the taxpayer's business is the buying and selling of real estate or of securities for trading purposes, gross receipts from the sales of such assets should be included in the numerator and the denominator of the receipts fraction.

**Lines 6 – Total Receipts From All Sales, Services, and Other Business Transactions In New Jersey**
Add lines 1 through 5 and enter the total.

**Line 7 – Total Receipts From All Sales, Services, and Other Business Transactions Everywhere**
Enter on line 7 the total receipts from all sales made, services performed, and business transactions conducted both inside and outside New Jersey during the period covered by the return.

**Line 8 – Allocation Factor**
Divide line 6 by line 7 and enter the result. Also enter this decimal on the appropriate line of the following returns:

- Part III, Form NJ-1040NR;
- Schedule D, Form NJ-1041;
- Line 19b, Form NJ-1065; and
- Partnership Filing Fee, Form NJ-1065.