



STATE OF NEW JERSEY  
INCOME TAX  
NONRESIDENT RETURN

For Tax Year January 1, 2018 - December 31, 2018  
Or Other Tax Year Beginning \_\_\_\_\_, 2018  
Ending \_\_\_\_\_, 2019

5-N

Check box  if application for federal extension is attached or enter confirmation number \_\_\_\_\_

<b>FOR PRIVACY ACT NOTIFICATION SEE INSTRUCTIONS</b>	Your Social Security Number	Last Name, First Name, and Initial (Joint filers enter first name and initial of each - Enter spouse/CU partner last name only if different)			<b>NJ RESIDENCY STATUS</b> If you were a New Jersey resident for ANY part of the taxable year, give the period of New Jersey residency.  From _____ MONTH DAY YEAR To _____ MONTH DAY YEAR
	Spouse's/CU Partner's Social Security Number	Home Address (Number and Street, incl. apt. # or rural route) Change of address <input type="checkbox"/>			
	State of Residency (outside NJ)	City, Town, Post Office	State	Zip Code	

<b>FOR PRIVACY ACT NOTIFICATION SEE INSTRUCTIONS</b>	<b>Filing Status</b> (Check only ONE box)	<b>EXEMPTIONS</b>	6. Regular <input checked="" type="checkbox"/> Yourself <input type="checkbox"/> Spouse/CU Partner <input type="checkbox"/> Domestic Partner	6					
	1. <input type="checkbox"/> Single		7. Age 65 or over <input type="checkbox"/> Yourself <input type="checkbox"/> Spouse/CU Partner	7					
	2. <input type="checkbox"/> Married/CU Couple, filing joint return		8. Blind or Disabled <input type="checkbox"/> Yourself <input type="checkbox"/> Spouse/CU Partner	8					
	3. <input type="checkbox"/> Married/CU Partner, filing separate return		9. Veteran Exemption <input type="checkbox"/> Yourself <input type="checkbox"/> Spouse/CU Partner					9	
	Name and SSN of Spouse/CU Partner _____		10. Number of your qualified dependent children				10		
	4. <input type="checkbox"/> Head of Household		11. Number of other dependents				11		
	5. <input type="checkbox"/> Qualifying Widow(er)/ Surviving CU Partner		12. Dependents attending colleges (See Instructions)		12				
			13. For Line 13a - Add Lines 6, 7, 8, and 12. For Line 13b - Add Lines 10 and 11. For Line 13c - Enter amount from Line 9.		13a		13b		13c

<b>DEPENDENT INFORMATION</b>	14. Dependent's Last Name, First Name, Middle Initial	Dependent's Social Security Number	Birth Year
	a _____	_____ / _____ / _____	_____
	b _____	_____ / _____ / _____	_____
	c _____	_____ / _____ / _____	_____
	d _____	_____ / _____ / _____	_____

<b>GUBERNATORIAL ELECTIONS FUND</b>	Do you wish to designate \$1 of your taxes for this fund? If joint return, does your spouse/CU partner wish to designate \$1?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	<b>Note:</b> If you check the "Yes" box(es), it will not increase your tax or reduce your refund.
		Yes <input type="checkbox"/>	No <input type="checkbox"/>	

	Driver's License # (Voluntary)		State		(Column A) AMOUNT OF GROSS INCOME (EVERYWHERE)	(Column B) AMOUNT FROM NEW JERSEY SOURCES
	15. Wages, salaries, tips, and other employee compensation Check box if you completed lines 64 through 70 <input type="checkbox"/>					15
16. Interest.....					16	
17. Dividends.....					17	
18. Net profits from business (Schedule NJ-BUS-1, Part I, Line 4).....					18	
19. Net gains or income from disposition of property (From Line 63).....					19	
20. Net gains or income from rents, royalties, patents, and copyrights (Schedule NJ-BUS-1, Part II, Line 4).....					20	
21. Net gambling winnings (See Instructions) .....					21	
22. Pensions, Annuities, and IRA Withdrawals.....						
23. Distributive Share of Partnership Income (Schedule NJ-BUS-1, Part III, Line 4).....					23	
24. Net pro rata share of S Corporation Income (Schedule NJ-BUS-1, Part IV, Line 4).....					24	
25. Alimony and separate maintenance payments received .....						
26. Other - State Nature and Source .....					26	
27. TOTAL INCOME (Add Lines 15 through 26) .....					27	
28a. Pension Exclusion (See Instructions).....						
28b. Other Retirement Income Exclusion (See Worksheet and Instructions).....					28b	
28c. Total Exclusion Amount (Add Line 28a and Line 28b) .....					28c	
29. Gross Income (Subtract Line 28c from Line 27).....					29	



Name(s) as shown on Form NJ-1040NR		Your Social Security Number	
30. Gross Income (From page 1, Line 29).....	30		30
31. Total Exemption Amount (See Instructions).....	31		
32. Medical Expenses (See Worksheet and Instructions).....	32		
33. Alimony and separate maintenance payments.....	33		
34. Qualified Conservation Contribution.....	34		
35. Health Enterprise Zone Deduction .....	35		
36. Alternative Business Calculation Adjustment (Schedule NJ-BUS-2, Line 11) .	36		
37. Total Exemptions and Deductions (Add Lines 31 through 36) .....	37		
38. TAXABLE INCOME (Subtract Line 37 from Line 30, Column A).....	38		
39. Tax on amount on Line 38 (From Tax Table page 34) .....	39		
40. Income Percentage     B. (Line 30)     =     _____ % A. (Line 30)			
41. NEW JERSEY TAX (Multiply amount from Line 39 _____ x _____ % from Line 40)	41		
42. Sheltered Workshop Tax Credit (Enclose GIT-317. See Instructions).....	42		
43. Balance of Tax (Subtract Line 42 from Line 41) .....	43		
44. Gold Star Family Counseling Credit (See Instructions).....	44		
45. Balance of Tax After Credits (Subtract Line 44 from Line 43).....	45		
46. Penalty for Underpayment of Estimated Tax. Check box <input type="checkbox"/> if Form NJ-2210 is enclosed.....	46		
47. Total Tax and Penalty (Add Line 45 and Line 46).....	47		
48. Total New Jersey Income Tax Withheld (From enclosed Forms W-2 and 1099)	48		Also enter on line 49: • Payments made in connection with sale of NJ real property • Payments by S corporation for nonresident shareholder
49. New Jersey Estimated Tax Payments/Credit from 2017 return.....	49		
50. Tax paid on your behalf by Partnership(s).....	50		
51. EXCESS NJ UI/WF/SWF Withheld (Enclose Form NJ-2450) .....	51		
52. EXCESS NJ Disability Insurance Withheld (Enclose Form NJ-2450) .....	52		
53. EXCESS NJ Family Leave Insurance Withheld (Enclose Form NJ-2450)	53		
54. Total Payments/Credits (Add Lines 48 through 53).....	54		
55. If Line 54 is LESS THAN Line 47, enter AMOUNT YOU OWE.....	55		
56. If Line 54 is MORE THAN Line 47, enter OVERPAYMENT.....	56		
57. Deductions from Overpayment on Line 56 that you elect to credit to:			<b>NOTE:</b> <b>AN ENTRY ON LINE 57A, B, C, D, E, F, OR G WILL REDUCE YOUR TAX REFUND</b>
(A) Your 2019 Tax .....	57A		
(B) N.J. Endangered Wildlife Fund <input type="checkbox"/> \$10, <input type="checkbox"/> \$20, <input type="checkbox"/> Other	57B		
(C) N.J. Children's Trust Fund <input type="checkbox"/> \$10, <input type="checkbox"/> \$20, <input type="checkbox"/> Other	57C		
(D) N.J. Vietnam Veterans' Memorial Fund <input type="checkbox"/> \$10, <input type="checkbox"/> \$20, <input type="checkbox"/> Other	57D		
(E) N.J. Breast Cancer Research Fund <input type="checkbox"/> \$10, <input type="checkbox"/> \$20, <input type="checkbox"/> Other	57E		
(F) U.S.S. N.J. Educational Museum Fund <input type="checkbox"/> \$10, <input type="checkbox"/> \$20, <input type="checkbox"/> Other	57F		
(G) Designated Contribution <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> \$10, <input type="checkbox"/> \$20, <input type="checkbox"/> Other	57G		
58. Total Deductions From Overpayment (Add Lines 57A through 57G) .....	58		
59. REFUND (Amount to be sent to you. Subtract Line 58 from Line 56).....	59		

<b>SIGN HERE</b>	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. If prepared by a person other than taxpayer, this declaration is based on all information of which the preparer has any knowledge.		<b>Pay amount on Line 55 in full. Write Social Security number(s) on check or money order and make payable to :</b> <b>State of New Jersey - TGI</b> <b>Division of Taxation</b> <b>Revenue Processing Center</b> <b>PO Box 244</b> <b>Trenton, NJ, 08646-0244</b>  <b>You may also pay by e-check or credit card.</b>	
	_____ Your Signature	_____ Date		_____ Spouse's/CU Partner's Signature (if filing jointly,BOTH must sign)
	If enclosing copy of death certificate for deceased taxpayer, check box (See instructions page 10) <input type="checkbox"/>			
	I authorize the Division of Taxation to discuss my return and enclosures with my preparer (below) <input type="checkbox"/>			
	_____ Paid Preparer's Signature	_____ Federal Identification Number		
	_____ Firm's name	_____ Federal Employer Identification Number		

Name(s) as shown on Form NJ-1040NR	Your Social Security Number
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<b>PART I</b>	<b>NET GAINS OR INCOME FROM DISPOSITION OF PROPERTY</b>	List the net gains or income, less net loss, derived from the sale, exchange, or other disposition of property including real or personal whether tangible or intangible.
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(a) Kind of property and description	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Gross sales price	(e) Cost or other basis as adjusted (see instructions) and expense of sale	(f) Gain or (loss) (d less e)
60.					

61. Capital Gains Distribution .....	61	
62. Other Net Gains.....	62	
63. Net Gains (Add Lines 60, 61, and 62) (Enter here and on Line 19) (If Loss, enter ZERO).....	63	

<b>PART II</b>	<b>ALLOCATION OF WAGE AND SALARY INCOME EARNED PARTLY INSIDE AND OUTSIDE NEW JERSEY</b>	(See instructions if compensation depends entirely on volume of business transacted or if other basis of allocation is used.)
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64. Amount reported on Line 15 in Column A required to be allocated .....	64	
65. Total days in taxable year .....	65	
66. Deduct nonworking days (Sundays, Saturdays, holidays, sick leave, vacation, etc.) .....	66	
67. Total days worked in taxable year (subtract Line 66 from 65) .....	67	
68. Deduct days worked outside New Jersey.....	68	
69. Days worked in New Jersey (subtract Line 68 from Line 67) .....	69	

70. ALLOCATION FORMULA  $\frac{\text{(Line 69)}}{\text{(Line 67)}} \times \frac{\text{(Line 64)}}{\text{(Enter amount from Line 64)}} = \frac{\text{}}{\text{(Salary earned inside N.J.)}}$  (Include this amount on Line 15, Col. B)

<b>PART III</b>	<b>ALLOCATION OF BUSINESS INCOME TO NEW JERSEY</b>	(See instructions if other than Formula Basis of allocation is used.)
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**BUSINESS ALLOCATION PERCENTAGE (From Schedule NJ-NR-A)**  
 Enter below the line number and amount of each item of business income reported in Column A that is required to be allocated and multiply by allocation percentage to determine amount of income from New Jersey sources.

From Line No. \_\_\_\_\_ \$ \_\_\_\_\_ x \_\_\_\_\_ % = \$ \_\_\_\_\_

From Line No. \_\_\_\_\_ \$ \_\_\_\_\_ x \_\_\_\_\_ % = \$ \_\_\_\_\_

From Line No. \_\_\_\_\_ \$ \_\_\_\_\_ x \_\_\_\_\_ % = \$ \_\_\_\_\_

Name(s) as shown on Form NJ-1040NR

Social Security Number

**Schedule NJ-BUS-1**  
(Form NJ-1040NR)New Jersey Gross Income Tax  
Business Income Summary Schedule**2018**

<b>Part I</b> Net Profits From Business		List the net profit (loss) from business(es). See Instructions.		
	Business Name	Social Security Number/ Federal EIN	Profit or (Loss)	
1.				
2.				
3.				
4.	Net Profit or (Loss). (Add Lines 1, 2, and 3) (Enter here and on Line 18, Column A. If loss, enter ZERO on Line 18, Column A.)		4.	
<b>Part II</b> Net Gains or Income From Rents, Royalties, Patents, and Copyrights		List the net gains or net income, less net loss, derived from or in the form of rents, royalties, patents, and copyrights. See instructions. Type of Property: 1-Rental real estate 2-Royalties 3-Patents 4-Copyrights		
	Source of Income or Loss. If rental real estate, enter physical address of property.	Social Security Number/ Federal EIN	Type - Enter number from list above	Income or (Loss)
1.				
2.				
3.				
4.	Net Income or (Loss). (Add Lines 1, 2, and 3.) (Enter here and on Line 20, Column A. If loss, enter ZERO on Line 20, Column A.)		4.	
<b>Part III</b> Distributive Share of Partnership Income		List the distributive share of income (loss) from partnership(s). See instructions.		
	Partnership Name	Federal EIN	Share of Partnership Income or (Loss)	Share of tax paid on your behalf by Partnerships (Column D)
1.				
2.				
3.				
4.	Distributive Share of Partnership Income or (Loss). (Add Lines 1, 2, and 3.) (Enter here and on Line 23, Column A. If loss, enter ZERO on Line 23, Column A.)			
5.	Total Share of tax paid on your behalf by Partnerships (Add lines 1, 2, and 3 of Column D.) Enter total here and include on Line 50.			
<b>Part IV</b> Net Pro Rata Share of S Corporation Income		List the pro rata share of income (usable loss) from S corporation(s). See instructions.		
	S Corporation Name	Federal EIN	Pro Rata Share of S Corporation Income or (Usable Loss)	
1.				
2.				
3.				
4.	Net Pro Rata Share of S Corporation Income or (Usable Loss). (Add Lines 1, 2, and 3.) (Enter here and on Line 24, Column A. If loss, enter ZERO on Line 24, Column A.)		4.	

Keep a copy of this schedule for your records

## Name and Address

Print or type your name (last name first), complete address, and zip code in the spaces provided. If you are filing jointly, include your spouse's name. Your refund and next year's form will be sent to the address you provide. If your legal residence and the address on the return are different, enclose a statement of explanation to avoid a processing delay.



Check the "Change of Address" box if your address has changed since you last filed a New Jersey return.

filed a New Jersey return.

## Social Security Number

Enter your Social Security number in the spaces provided on the return. If you are filing jointly, enter both filers' numbers in the same order as the names.

If you (or your spouse) do not have a Social Security number, file Form SS-5 with the Social Security Administration to apply for one. Taxpayers who are not eligible for a Social Security number must file Form W-7 with the Internal Revenue Service to get an individual taxpayer identification number (ITIN). Enter on your NJ-1040NR the same number (Social Security number or ITIN) that you entered on your federal return. If you (or your spouse) applied for but have not received an ITIN by the return due date, enclose a copy of your federal Form W-7 application with your New Jersey return.

**NOTE:** You cannot use a copy of Form W-7 (or W-7A) in place of a valid Social Security number, ITIN, or ATIN for a dependent when completing Line 14, Dependents' Information.

## State of Residency

Indicate the place outside New Jersey where you resided for the period covered by this return.

## NJ Residency Status

If you were a New Jersey resident for any part of the tax year, list the month, day, and year your residency began and the month, day, and year it ended.

## Filing Status (Lines 1–5)

In general, you must use the same filing status on your New Jersey return as you do for federal purposes. Indicate the appropriate filing status. Check **only** one box.

**Civil Unions.** Partners in a civil union recognized under New Jersey law **must file** their New Jersey Income Tax returns using the same filing statuses as spouses under New Jersey Gross Income Tax Law. Civil union partners cannot use the filing status single.

More information on civil unions, including legally sanctioned same-sex relationships established outside New Jersey, is available on the Division's website ([www.njtaxation.org](http://www.njtaxation.org)).

**Any reference in this booklet 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.**



**Single.** Your filing status is single if you are not married or not a partner in a civil union on the last day of the tax year, and you do not qualify to file as head of household or qualifying widow(er)/surviving CU partner (see below).

**Married/Civil Union Couples.** If both you and your spouse were nonresidents for the entire tax year, and only one of you had income from New Jersey sources, that spouse can file a separate New Jersey return even if a joint federal return was filed. The spouse with income from New Jersey sources calculates income and exemptions as if a federal married, filing separate return had been filed. You have the option of filing a joint return, but in that case, your joint income would be reported in Column A of Form NJ-1040NR.

If one spouse was a nonresident and the other a resident during the entire tax year and both had income from New Jersey sources, separate New Jersey returns can be filed (the nonresident files a nonresident return and the resident files a resident return). Each calculates income and

exemptions as if federal married, filing separate returns had been filed. You have the option of filing a joint resident return, but in that case, your joint income would be taxed as if you both were residents.

If you are filing separately, enter your spouse's Social Security number in the spaces provided under Line 3.

**NOTE:** You can file jointly or separately only if you were married or a partner in a civil union on the last day of the tax year.

**Head of Household.** If you meet the requirements to file as head of household for federal purposes, you can file as head of household for New Jersey. Certain married individuals/civil union partners living apart can file as head of household for New Jersey if they meet the requirements for federal purposes.

**Qualifying Widow(er)/Surviving CU Partner.** If your spouse died during 2018, you can file a joint return for the two of you as long as you did not remarry or enter into a new civil union before the end of the year. You can use the filing status "qualifying widow(er)/surviving CU partner" for 2018 **only** if your spouse/ CU partner died in either 2016 or 2017, you did not remarry or enter into a new civil union before the end of 2018, and you met the other requirements to file as qualifying widow(er) with dependent child for federal purposes.

**Domestic Partners.** If you were a member of a domestic partnership registered in New Jersey, you are not considered to be married or in a civil union. Do not use either the joint or separate filing statuses at Lines 2 and 3. However, if you also entered into a legally sanctioned same-sex relationship outside New Jersey, you may still be able to use the joint or separate filing statuses for married/CU couples.

For more information, see the Division's website ([www.njtaxation.org](http://www.njtaxation.org)) and Tax Topic Bulletin GIT-4, *Filing Status*.

## Exemptions

### Line 6: Regular Exemptions

You can claim a personal exemption for yourself, even if you can be claimed as a dependent on someone else's return (e.g.,



your parents claim you as a dependent on their return). The box for “Yourself” is already checked. Also check the spouse/CU partner box if you are married or in a civil union and filing a joint return.

You can claim an exemption for your domestic partner if you were a member of a domestic partnership that was registered in New Jersey on the last day of the tax year, but **only if he or she does not file a New Jersey return.** *You must enclose a copy of your New Jersey Certificate of Domestic Partnership the first time you claim the exemption, and you may be asked to provide additional information.* Check the domestic partner box if you are claiming this exemption. Add the number of boxes checked and enter the total in the box on Line 6.

### Line 7: Age 65 or Older

You are eligible for an additional exemption if you were 65 or older on the last day of the tax year. An additional exemption also is available for your spouse if he/she was 65 or older on the last day of the tax year and you are filing a joint return. You cannot claim this exemption for a domestic partner or for your dependents. *You must enclose proof of age such as a copy of a birth certificate, driver’s license, or church records with your return the first time you claim the exemption(s).* Check the appropriate box(es). Add the number of boxes checked and enter the total on Line 7.

### Line 8: Blind or Disabled

You are eligible for an additional exemption if you were blind or disabled on the last day of the tax year. An additional exemption also is available for your spouse if he/she was blind or disabled on the last day of the tax year and you are filing a joint return. You cannot claim this exemption for a domestic partner or for your dependents. “Disabled” means total and permanent inability to engage in any substantial gainful activity because of any physical or mental impairment, including blindness. *You must enclose a copy of the doctor’s certificate or other medical records evidencing legal blindness or total and permanent disability with your return the first time you claim the exemption(s).*

This information does not need to be submitted each year as long as there is no change in your condition. Check the appropriate box(es). Add the number of boxes checked and enter the total on Line 8.

### Line 9: Veteran Exemption

You are eligible for an additional exemption if you are a military veteran who was honorably discharged or released under honorable circumstances from active duty in the Armed Forces of the United States by the last day of the tax year. An additional exemption also is available for your spouse if he/she is a military veteran who was honorably discharged or released under honorable circumstances and you are filing a joint return. You cannot claim this exemption for a domestic partner or for your dependents. You must provide official documentation showing that you were honorably discharged or released under honorable circumstances from active duty the first time you claim the exemption(s). Your documentation must list your character of service (discharge). A list of acceptable documentation and ways to submit it is available on our website at [www.njtaxation.org](http://www.njtaxation.org). You must check the box(es) for the number of exemptions you are claiming or the exemption(s) will be disallowed. Also, enter the total number of veteran exemptions in the box on Line 9. The number of boxes checked must equal the number of exemptions claimed.

### Line 10: Dependent Children

You can claim an exemption for each dependent child who qualifies as your dependent for federal tax purposes. Enter the number of your dependent children on Line 10.

### Line 11: Other Dependents

You can claim an exemption for each other dependent who qualifies as your dependent for federal tax purposes. Enter the number of your other dependents on Line 11.

### Line 12: Dependents Attending Colleges

You can claim an additional exemption for each dependent student if all the requirements below are met. **You cannot claim this exemption for yourself or your spouse or your domestic partner.**

#### Requirements

- ◆ Student must be claimed as your dependent on Line 10 or 11.
- ◆ Student must be **under age 22** on the last day of the tax year. (This means the student will not turn 22 until 2019 or later.)
- ◆ Student must attend full-time. “Full-time” is determined by the school.
- ◆ Student must spend at least some part of each of five calendar months of the tax year at school.
- ◆ The educational institution must be an accredited college or postsecondary school, maintain a regular faculty and curriculum, and have a body of students in attendance.
- ◆ You must have paid one-half or more of the tuition and maintenance costs for the student. Financial aid received by the student is not calculated into your cost when totaling one-half of your dependent’s tuition and maintenance. However, the money earned by students in College Work Study programs is income and is taken into account.

Enter the number of exemptions for your qualified dependents attending colleges on Line 12.

### Lines 13a, 13b, and 13c: Totals

Add Lines 6, 7, 8, and 12 and enter the total on Line 13a.

Add Lines 10 and 11 and enter that total on Line 13b.

Enter the amount from Line 9 on Line 13c.

### Line 14: Dependents’ Information

Enter the full name, Social Security number, and birth year for each dependent

**Gross Income** includes the following:

- ♦ Wages and other compensation;
- ♦ Interest and dividends;
- ♦ Earnings on nonqualified distributions from (1) qualified state tuition program accounts, including the New Jersey Better Educational Savings Trust program (NJBEST) accounts, or (2) qualified state 529A Achieving a Better Life Experience program (ABLE) accounts;
- ♦ Net profits from business, trade, or profession;
- ♦ Net gains or income from sale or disposition of property;
- ♦ Pensions, annuities, and IRA withdrawals;
- ♦ Net distributive share of partnership income;
- ♦ Net pro rata share of S corporation income;
- ♦ Net rental, royalty, and copyright income;
- ♦ Net gambling winnings, including New Jersey Lottery winnings from prize amounts over \$10,000;
- ♦ Alimony;
- ♦ Estate and trust income;
- ♦ Income in respect of a decedent;
- ♦ Prizes and awards, including scholarships and fellowships (unless they satisfy the conditions on page 22);
- ♦ Value of residence provided by employer;
- ♦ Fees for services rendered, including jury duty;

New Jersey gross income also **includes** the following that are not subject to federal income tax:

- ♦ Interest from obligations of states and their political subdivisions, other than New Jersey and its political subdivisions;
- ♦ Income earned from foreign employment;
- ♦ Certain contributions to pensions and tax-deferred annuities;
- ♦ Employee contributions to federal Thrift Savings Funds, 403(b), 457, SEP, or any other type of retirement plan other than 401(k) Plans.

child or other dependent you claimed on Lines 10 and/or 11. If you have more than four dependents, enter the information for your first four dependents on Lines 14a–d. Enclose a statement with the return listing the information for your *additional* dependents.

The dependents you list also must qualify as your dependent children or other dependents for federal tax purposes. Enter the same Social Security number, individual taxpayer identification number (ITIN), or adoption taxpayer identification number (ATIN) for each dependent that you entered on your federal return. If you do not provide a valid Social Security number, ITIN, or ATIN for a dependent claimed on Lines 10 and/or 11, the exemption will be denied.

To get an ATIN, file Form W-7A, Application for Taxpayer Identification Number for Pending U.S. Adoptions, with the

Internal Revenue Service. See page 12 for information on getting a Social Security number or ITIN.

### Gubernatorial Elections Fund

The Gubernatorial Elections Fund, financed by taxpayer-designated \$1 contributions, provides partial public financing to qualified candidates for the office of Governor of New Jersey. With its contribution and expenditure limits, the Gubernatorial Public Financing program has since 1977 assisted in 75 candidates, allowing candidates to conduct their campaigns free from the improper influence of excessive campaign contributions. Operation of the program also has permitted candidates of limited financial means to run for election to the State's highest office. As a condition of their receipt of public financing, candidates must agree to participate in two debates, which provide the public with an opportunity to hear the

views of each candidate. For more information on the Gubernatorial Public Financing Program, contact the New Jersey Election Law Enforcement Commission at 1-888-313-ELEC (toll-free within New Jersey) or 609-292-8700 or write to:

NJ ELECTION LAW ENFORCEMENT COMMISSION  
PO BOX 185  
TRENTON NJ 08625-0185

Lists of contributors to gubernatorial candidates and copies of reports filed by gubernatorial candidates are available on the Election Law Enforcement Commission website at: [www.elec.state.nj.us](http://www.elec.state.nj.us).

Participation in the \$1 Income Tax check-off protects the continuity and integrity of the Gubernatorial Elections Fund by providing that funds will be reserved for future gubernatorial elections, thereby deterring the use of needed funding for other purposes. If you want to designate \$1 to go to help candidates for governor pay campaign expenses, check the "Yes" box in the Gubernatorial Elections Fund section of the return. If you are filing a joint return, your spouse also may designate \$1 to this fund by checking "Yes." **Checking the "Yes" box will not in any way increase your tax liability or reduce your refund.**

### Driver's License Number

Enter your Driver's License or state Non-Driver Identification Card number, including the two-letter abbreviation of the issuing state. Providing this information is voluntary. If filing jointly, enter the number of the person whose Social Security number is listed first on the return. If that spouse does not have an identification number, enter the other spouse's. If you and/or your spouse do not have one of these, *leave the boxes blank*. We may use this information to validate your identity in our effort to combat identity theft and fraudulent filing.

### Income (Lines 15–27)

Enter on Lines 15 through 27 any income received as a nonresident of New Jersey during the tax year.

In Column A, report your gross income from all sources (both inside and outside New Jersey). **These amounts cannot**

**be copied from the amounts reported on the federal return.** The income you report is what would be taxable if you were a New Jersey resident. Married/civil union couples filing a joint return must report the income of both spouses in

Column A, even if only one had income from New Jersey.

In Column B, enter your income from New Jersey sources. For every entry in Column A, there must be an entry on the corresponding line in Column B. If

none of your income is from New Jersey sources, enter "0" in Column B. Your final tax liability is based on the percentage of your income from New Jersey sources.

*Gross income* means all income you received in the form of money, goods, property, and services unless specifically exempt by law.

### Exempt (Nonreportable) Income

The following income is not taxable to residents or nonresidents. These items should **not** appear anywhere on your nonresident return (Column A or Column B).

- ♦ Federal Social Security;
- ♦ Railroad Retirement (Tier 1 and Tier 2);
- ♦ United States military pensions and survivor's benefit payments;
- ♦ Life insurance proceeds received because of a person's death;
- ♦ Employee's death benefits;
- ♦ Permanent and total disability, including VA benefits;
- ♦ Temporary disability received from the State of New Jersey or as third-party sick pay;
- ♦ Workers' Compensation;
- ♦ Gifts and inheritances;
- ♦ Qualifying scholarships or fellowship grants;
- ♦ New Jersey Lottery winnings from prizes in the amount of \$10,000 or less;
- ♦ Unemployment Compensation received from the state (but not supplemental unemployment benefit payments);
- ♦ Family Leave Insurance (FLI) benefits;
- ♦ Interest and capital gains from: (a) Obligations of the State of New Jersey or any of its political subdivisions; **or** (b) Direct federal obligations exempt under law, such as U.S. Savings Bonds and Treasury Bills, Notes, and Bonds;
- ♦ Earnings on qualified distributions from (1) qualified state tuition program accounts, including the New Jersey Better Educational Savings Trust program (NJBEST) accounts, or (2) qualified state 529A Achieving a Better Life Experience program (ABLE) accounts;
- ♦ Distributions paid by mutual funds to the extent the distributions are attributable to interest earned on federal obligations;
- ♦ Certain distributions from "New Jersey Qualified Investment Funds";
- ♦ Employer and employee contributions to 401(k) Salary Reduction Plans (but **not** federal Thrift Savings Funds);
- ♦ Some benefits received from certain employer-provided cafeteria plans (but not salary reduction or premium conversion plans). See Technical Bulletin TB-39;
- ♦ Benefits received from certain employer-provided commuter transportation benefit plans (but not salary reduction plans). See Technical Bulletin TB-24R;
- ♦ Contributions to and distributions from Archer MSAs if they are excluded for federal income tax purposes;
- ♦ Direct payments and benefits received under homeless persons assistance programs;
- ♦ Income tax refunds (New Jersey, federal, and other jurisdictions);
- ♦ Welfare;
- ♦ Child support;
- ♦ Amounts paid as reparations or restitution to Nazi Holocaust victims;
- ♦ Assistance from a charitable organization, whether in the form of cash or property;
- ♦ Cancellation of debt;
- ♦ Amounts received as damages for wrongful imprisonment;
- ♦ Qualified disaster relief payments excluded under IRC §139;
- ♦ Payments from the September 11th Victim Compensation Fund.

**Reporting Losses.** If you have a net loss in any category of income, follow these principles when completing Lines 15–26 of your NJ-1040NR:

- ♦ You cannot report a loss as such (e.g., in parentheses or as a negative number) on your NJ-1040NR.
- ♦ You can apply a loss in one category against other income in the same category. For example, you can subtract gambling losses from gambling winnings during the tax year.
- ♦ You cannot apply a net loss in one category of income against income or gains in a different category on your NJ-1040NR. For example, you cannot subtract a net loss from the sale of property from net income in any other categories (wages, partnership income, etc.).
- ♦ If you have a net loss in any income category, make no entry on that line of your NJ-1040NR. Do not enter zero. Do not enter the amount of the loss in parentheses or as a negative number.
- ♦ No carryback or carryover of losses is allowed when reporting income on your NJ-1040NR.

### Line 15: Wages, Salaries, Tips, etc.

#### COLUMN A

Enter the total wages, salaries, tips, fees, commissions, bonuses, and other payments you received for services performed as an employee. Include all payments, whether in cash, benefits, or property.

Enter the total of State wages, salaries, tips, etc., from **all** employment both inside and outside New Jersey. **Take the amount from the "State wages" box on your W-2s.** (See Box 16 on the sample W-2 on page 16.) You must enclose all W-2s with your tax return.



**NOTE:** The “State wages” figure on your W-2s from employment outside New Jersey may need to be adjusted to reflect New Jersey tax law.

Nonresident servicepersons, see page 6.

**Do not include pension and annuity income or early retirement benefits on Line 15.** Report this income on Line 22.

**Retirement Plans.** Under New Jersey law, contributions to retirement plans (other than 401(k) Plans) are included in State wages on the W-2 in the year the wages are earned. This may cause your State wages (Box 16) to be higher than your federal wages (Box 1).

**Meals and/or Lodging.** You can exclude meals and/or lodging reported as wages on your W-2 if:

1. The meals and/or lodging were provided on the business premises of your employer; and
2. The meals and/or lodging were provided for the convenience of your employer; and  
*For lodging only:*
3. You were required to accept the lodging as a condition of your employment.

If you exclude the value of meals and/or lodging from your wages, you **must** enclose a signed statement explaining how you met these conditions. If you do

not enclose the statement, your wages will be changed back to the full amount shown on your W-2.

New Jersey State Police officers **cannot** exclude food and maintenance payments received as part of their union contract. These payments do not meet the criteria above.

**Employee Business Expenses.**

Employee business expenses are **not** deductible for New Jersey tax purposes. However, you can exclude reimbursements for employee business expenses reported as wages on your W-2 if:

1. The reimbursements are for job-related expenses;
2. You are required to and do account for these expenses to your employer; and
3. You are reimbursed by your employer in the exact amount of the allowable expenses.

If you received excludable reimbursements for employee business expenses that were included in wages on your W-2, enclose a statement explaining the amount you are excluding and your reasons. Also enclose a copy of your federal Form 2106.

**Federal Statutory Employees.** If you are considered a “statutory employee” for federal tax purposes, you cannot deduct your business expenses unless you are self-employed or an independent

contractor under New Jersey law. The federal label of “statutory employee” has no meaning for New Jersey tax purposes. Business expenses can only be deducted from the business income of a self-employed individual. See the instructions for Schedule NJ-BUS-1, Part I (Net Profits From Business) on page 31.

**Moving Expenses.** Moving expenses are not, and have never been, deductible for New Jersey Income Tax purposes. Therefore, the treatment of moving expenses was not affected by the recent elimination of the deduction for federal purposes. The tax treatment of these expenses for New Jersey purposes remains the same.

You can, however, exclude reimbursements for the following moving expenses if you met the federal requirements to claim moving expenses that were in effect on December 31, 2017, and the expenses were included in wages on your W-2:

1. The cost of moving your household goods and personal effects from the old home to the new home.
2. The actual expenses you incurred for traveling, meals, and lodging when moving yourself and your family from your old home to your new home.

Reimbursements for any other moving expenses **cannot** be excluded from income.

If you received excludable reimbursements for moving expenses that were included in wages on your W-2, enclose a statement explaining the amount you are excluding and your reasons.

**Compensation for Injuries or Sickness.** Certain amounts received for personal injuries or sickness are not subject to tax. You can exclude such amounts included as wages on your W-2 if:

1. The payments were compensation for wage loss that resulted from absence due to your injury or sickness; and
2. The payments were due and payable under an enforceable contractual obligation under the plan; and
3. The payments were not related to sick leave wage continuation, which is largely discretionary and payments are

**Sample W-2 (This form is for illustration only and is not reproducible.)**

22222	Void <input type="checkbox"/>	a Employee's social security number	For Official Use Only OMB No. 1545-0008			
b Employer identification number (EIN)		1 Wages, tips, other compensation	2 Federal income tax withheld			
c Employer's name, address, and ZIP code		3 Social Security wages	4 Social Security tax withheld			
		5 Medical and dental payments	6 Medicare tax withheld			
		7 Social Security tips	8 Allocated tips			
d Control Number		9 State unemployment tax	10 Federal unemployment tax	11 Retirement benefits		
e Employee's name and address		12a See instructions for box 12				
		12b				
		12c				
		12d				
f Employee's address and ZIP code		13 Statutory employee <input type="checkbox"/>	14 Other UI/WF/SWF - \$143.23			
		14 Retirement plan <input type="checkbox"/>	DI - \$64.03			
		14 Third-party sick pay <input type="checkbox"/>	DI P.P. # (Private Plan No.)			
15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name
NJ	234-567-890/000	42,250.00	525.00			
FLI P.P. #		(Private Plan No.)	30.33 - FLI			
<b>Form W-2 Wage and Tax Statement</b>		<b>2018</b>		Department of the Treasury—Internal Revenue Service For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.		

made regardless of the reason for absence from work.

If such payments are included in wages on your W-2, enclose Form NJ-2440.

### COLUMN B

Enter the portion of your wages, salaries, etc. that comes from New Jersey sources. If zero, enter "0."

Pennsylvania residents, see page 4. Non-resident servicepersons and nonmilitary spouses of military personnel, see page 6.

If you had wage/salary income earned partly inside and partly outside New Jersey, and you cannot easily determine the amount of income from New Jersey, see Part II on page 31.



Check the box at Line 15 if you complete Lines 64-70 (Part II, Allocation of Wage and Salary Income Earned Partly Inside and Outside New Jersey).

Do not use Part II if your wage/salary income is based on volume (the amount of sales or amount of business transacted). Instead, enter on Line 15 the portion of your wage/salary income calculated using the following formula:

$$\frac{\text{NJ Vol.}}{\text{Total Vol.}} \times \text{Vol. Income} = \text{Line 15, Col. B}$$

The location where the services or sales were actually performed is the deciding factor when determining where the business was transacted. You must enclose an explanation of how you calculated the amount of wage/salary income.

## Line 16: Interest Income

### COLUMN A

Enter all of your reportable interest from sources both inside and outside New Jersey on Line 16, Column A. New Jersey reportable interest income includes interest from the following:

- ♦ Banks;
- ♦ Savings and loan associations;
- ♦ Credit unions;
- ♦ Savings accounts;
- ♦ Earnings on nonqualified distributions from qualified state tuition program accounts, including the New Jersey

Better Educational Savings Trust program (NJBEST) accounts;

- ♦ Earnings on nonqualified distributions from qualified state 529A Achieving a Better Life Experience program (ABLE) accounts;
- ♦ Distributions from Coverdell education savings accounts (ESAs), but only the earnings portion;
- ♦ Checking accounts;
- ♦ Bonds and notes;
- ♦ Certificates of deposit;
- ♦ Ginnie Maes;
- ♦ Fannie Maes;
- ♦ Freddie Macs;
- ♦ Repurchase agreements;
- ♦ Life insurance dividends;
- ♦ Obligations of states and their political subdivisions, other than New Jersey;
- ♦ Any other interest not specifically exempt.

If the amount on Line 16, Column A, is more than \$1,500, enclose a copy of Schedule B, federal Form 1040 or 1040A.

### Interest to be Reported on Other Lines.

If you received interest that was earned and paid to a sole proprietorship, a partnership, an S corporation, or an estate or trust, do not include the interest on Line 16. Your portion of the interest from these sources will be included as follows:

- ♦ *Sole proprietorship*: Schedule NJ-BUS-1, Part I.
- ♦ *Partnership*: Schedule NJ-BUS-1, Part III.
- ♦ *S Corporation*: Schedule NJ-BUS-1, Part IV.
- ♦ *Estate or Trust*: Form NJ-1040NR, Line 26 (Grantor Trusts, see the instructions for Line 26.)

**NOTE:** If you received a Form 1099 from a partnership or an S corporation for interest paid or deemed to have been paid to you, you must include that interest on Line 16, Column A.

For more information on reporting partnership or S corporation income, see Tax Topic Bulletins GIT-9P, *Income From Partnerships*, or GIT-9S, *Income From S Corporations*.

**Forfeiture Penalty for Early Withdrawal.** If you incur a penalty by withdrawing a time deposit early, you can subtract the amount of the penalty from your interest income.

**Tax-Exempt Interest Income.** Do not report tax-exempt interest on Line 16. New Jersey tax-exempt interest income includes interest from:

- ♦ Obligations of the State of New Jersey or any of its political subdivisions;
- ♦ Direct federal obligations such as U.S. Savings Bonds and Treasury Bills, Notes, and Bonds;
- ♦ Earnings on qualified distributions from qualified state tuition program accounts, including the New Jersey Better Educational Savings Trust program (NJBEST) accounts;
- ♦ Earnings on qualified distributions from qualified state 529A Achieving a Better Life Experience program (ABLE) accounts;
- ♦ Sallie Maes;
- ♦ CATS;
- ♦ TIGRs;
- ♦ Certain distributions from "New Jersey Qualified Investment Funds";
- ♦ Distributions paid by mutual funds to the extent the distributions are attributable to interest earned on federal obligations.

**New Jersey Qualified Investment Funds.** A New Jersey Qualified Investment Fund is a regulated investment company in which at least 80% of the fund's investments (other than cash or receivables) are obligations issued either directly by the federal government or the State of New Jersey or any of its political subdivisions. The Fund must complete and keep Form IF-1, Certification of Qualified Investment Fund, to document its status. This certification does not need to be filed with the Division of Taxation but must be made available upon request.

If you received a distribution from a qualified investment fund, you can exclude from your income the portion of the distribution that comes from the qualified exempt obligations. Report any taxable portion as dividends on Line 17.

By February 15, shareholders should be notified by the New Jersey qualified investment fund of the portion of their distribution that can be excluded from income. Contact your broker to determine whether your fund qualifies.

**Do not include interest earned on your IRA(s) on Line 16.** If you made a withdrawal from your IRA, see the instructions for Line 22.

For more information on tax-exempt interest income, see Tax Topic Bulletin GIT-5, *Exempt Obligations*.

#### COLUMN B

**Do not report interest from personal accounts.** Only report interest received as a result of a business or profession carried on in New Jersey and not properly reportable as net profits from business, distributive share of partnership income, net income from estates or trusts, or net pro rata share of S corporation income on Line 16, Column B. (See instructions for Line 16, Column A.)

### Line 17: Dividends

#### COLUMN A

Enter the dividends you received during the year from investments (e.g., from stocks, mutual funds) or other income-producing activities that do not constitute a trade or business. The total reportable dividends received, **regardless of where earned**, must be included.

**Dividends to be Reported on Other Lines.** If you received dividends that were earned and paid to a sole proprietorship, a partnership, an S corporation, or an estate or trust, do not include the dividends on Line 17. Your portion of the dividends from these sources will be included as follows:

- ♦ *Sole proprietorship:* Schedule NJ-BUS-1, Part I.
- ♦ *Partnership:* Schedule NJ-BUS-1, Part III.
- ♦ *S Corporation:* Schedule NJ-BUS-1, Part IV.
- ♦ *Estate or Trust:* Form NJ-1040NR, Line 26 (Grantor Trusts, see the instructions for Line 26).

For more information on reporting partnership or S corporation income, see Tax Topic Bulletins GIT-9P, *Income From Partnerships*, or GIT-9S, *Income From S Corporations*.

**Capital Gains Distributions.** Do not report capital gains distributions you received from mutual funds or other regulated investment companies on this line. This income is reported on Line 61, Part I (see page 30).

**Tax-Free Distributions.** A distribution that is a return of your investment or capital and does not come from earnings or profits is a nontaxable capital or tax-free distribution. These distributions reduce the basis of the stock or investment and are not taxable until your investment is fully recovered.

**Insurance Premiums.** Dividends you received from insurance companies are not reportable unless the amount you received is more than the premiums paid. Any interest from accumulated insurance dividends is reportable and you must include it on Line 16, Column A.

#### COLUMN B

**Do not report dividends from personally held securities.** Only report dividends received as a result of a business or profession carried on in New Jersey and not properly reportable as net profits from business, distributive share of partnership income, net income from estates or trusts, or net pro rata share of S corporation income on Line 17, Column B. (See instructions for Line 17, Column A.)

### Line 18: Net Profits From Business

#### COLUMN A

Complete Part I of Schedule NJ-BUS-1, Business Income Summary Schedule, and enter on Line 18, Column A, the amount from Line 4 of Part I. **If the amount on Line 4 is a loss, enter "0" on Line 18, Column A.** Enclose Schedule NJ-BUS-1 and a copy of the federal Schedule C (or C-EZ or F) for each business with your return (see page 32).

#### COLUMN B

Enter the portion of your business income that comes from New Jersey sources. If zero, enter "0." If you carry on business both inside and outside New Jersey, you must complete and enclose Form NJ-NR-A for each business.

Do not include in Column B net profits (or losses) that you received from a business entity located in New Jersey if the business entity's only activity is the purchase, holding, or sale of intangible personal property, such as securities or commodities, and such intangible personal property is not held for sale to customers. You must include such net profits in Column A.

### Line 19: Net Gains or Income From Disposition of Property

#### COLUMN A

Enter your net gains from Part I, Line 63. **If the amount on Line 63 is zero, enter "0" on Line 19, Column A** (see page 30).

#### COLUMN B

Enter your net gains or income from New Jersey sources. If zero, enter "0."

### Line 20: Net Gains or Income From Rents, Royalties, Patents, and Copyrights

#### COLUMN A

Complete Part II of Schedule NJ-BUS-1, Business Income Summary Schedule, and enter on Line 20, Column A, the amount from Line 4 of Part II. **If the amount on Line 4 is a loss, enter "0" on Line 20, Column A.** Enclose Schedule NJ-BUS-1 with your return (see page 32).

#### COLUMN B

Enter your net gains or income from New Jersey sources. If zero, enter "0."

### Line 21: Net Gambling Winnings

#### COLUMN A

Enter your net gambling winnings from both inside and outside New Jersey. You can deduct your gambling losses from your winnings that occurred in the same year. If the net amount is zero or less, enter "0."



New Jersey Lottery winnings from prize amounts over \$10,000 are taxable for New Jersey purposes. The individual prize amount determines taxability, not the total New Jersey Lottery winnings over the year. Do not include any New Jersey Lottery winnings from prizes of \$10,000 or less. However, you can subtract your New Jersey Lottery losses from your other gambling winnings.

You must be able to prove the gambling losses you used to reduce the winnings reported on your New Jersey return. Proof of losses may include a daily log or journal of wins and losses, canceled checks, losing race track pari-mutuel tickets, losing lottery tickets, etc. Letters from casinos that “rate” the gambling activity of an individual or “estimate” losses are acceptable as part of the evidence required to prove losses.

If you net gambling winnings with gambling losses, you should enter the total winnings and total losses on a supporting schedule. Although no specific schedule is required to prove gambling losses, it may eliminate certain questions if your return is selected for audit.

For more information, see Technical Bulletin TB-20(R).

**COLUMN B**

Enter your net gambling winnings from New Jersey sources. Gambling losses from sources outside New Jersey cannot be used to offset gambling winnings from New Jersey sources. If zero, enter “0.”

**Line 22: Pensions, Annuities, and IRA Withdrawals**

**COLUMN A**

Enter on Line 22, Column A, your reportable pensions, annuities, and certain IRA withdrawals. See page 20 for information on Roth IRAs. Pensions, annuities, and IRA withdrawals are reportable on the New Jersey return, although the reportable amount may be different from the federal amount.



If you (and/or your spouse if filing jointly) were 62 or older or disabled, you may be able to use the exclusions on

Lines 28a and 28b to reduce your income. (See the instructions on page 23.)

All state and local government, teachers’, and federal pensions, and Keogh Plans are treated the same way as pensions from the private sector. Amounts received as “early retirement benefits” and amounts reported as pension on Schedule NJK-1, Partnership Return Form NJ-1065, also are reportable.

Social Security and Railroad Retirement benefits are **not** taxable. Do not include these amounts on Form NJ-1040NR.

Pension payments received because of total and permanent disability are not reportable until the year you reach age 65. If you continue to receive pension payments after you turn 65, your disability pension is treated as ordinary pension income beginning that year. (See definition of “disabled” on page 13.)

Military pensions and survivor’s benefit payments are not reportable. Do not include these payments on Form NJ-1040NR. Military pensions are those resulting from service in the United States Army, Navy, Air Force, Marine Corps, or Coast Guard. However, civil service pensions and annuities are reportable, even if they are 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.

**Reportable Amounts**

Retirement plans are either

noncontributory or contributory. The amount you report depends on the type of plan you have.

**Noncontributory Plans.** If you did not make any contributions to your plan, it is a noncontributory plan. Amounts received from noncontributory plans are fully reportable. Enter the total amount from your 1099-R on Line 22, Column A.

**Contributory Plans (Other Than IRAs).** If you made contributions to your plan, it is a contributory plan. Your contributions are usually made through payroll deductions and, in general, were taxed when they were made. Your contributions are *not* reportable when withdrawn (except for 401(k) Plans). Contributory plans also include employer contributions (if any) and earnings, which have not been taxed. Therefore, you must determine the reportable part of your distribution.

There are two methods of calculating the reportable amount: Three-Year Rule Method and General Rule Method. Complete Worksheet A below to determine which method you should use.

**NOTE:**

- ♦ If you received a distribution from a 401(k) Plan, see page 20 before continuing.
- ♦ If you made a withdrawal from an IRA, complete Worksheet C on page 21. **Do not use Worksheet A or B for an IRA withdrawal.**

**Three-Year Rule Method.** You can use the Three-Year Rule Method if:

- ♦ You will recover *all* your contributions within 36 months from the date you

**Worksheet A**  
**Which Pension Method to Use**

1. Amount of pension you will receive during the first three years (36 months) from the date of the first payment ..... 1. \_\_\_\_\_

2. Your contributions to the plan ..... 2. \_\_\_\_\_

3. Subtract line 2 from line 1 ..... 3. \_\_\_\_\_

(a) If line 3 is “0” or more, *and* both you and your employer contributed to the plan, you can use the **Three-Year Rule Method**.

(b) If line 3 is less than “0,” or your employer did not contribute to the plan, you must use the **General Rule Method**.

**(Keep for your records)**



### Worksheet B General Rule Method

- |  |            |
|--|------------|
| 1. Your previously taxed contributions to the plan .....   | 1. _____   |
| 2. Expected return on contract* .....  | 2. _____   |
| 3. Percentage excludable (Divide line 1 by line 2) .....   | 3. _____ % |
| 4. Amount received this year .....   | 4. _____   |
| 5. Amount excludable (Multiply line 4 by line 3) .....   | 5. _____   |
| 6. Reportable amount (Subtract line 5 from line 4).<br>Enter here and on Line 22, Form NJ-1040NR ..... | 6. _____   |

\*The expected return on the contract is the amount receivable. If life expectancy is a factor under your plan, you must use federal actuarial tables to calculate the expected return. The federal actuarial tables are contained in the Internal Revenue Service's Publication 939, *General Rule for Pensions and Annuities*. Contact the IRS for this publication. If life expectancy is not a factor under your plan, the expected return is found by totaling the amounts to be received.

**(Keep for your records)**

receive your first payment from the plan; **and**

- ♦ Both you *and* your employer contributed to the plan.

When you use the Three-Year Rule Method, do not report your pension and annuity payments as income on Line 22 until you have recovered all of your contributions. Once you have recovered your contributions, the payments you receive are fully reportable and must be entered on Line 22. The amount reportable for New Jersey purposes will be different from the amount you report on your federal return when using this method, unless you retired on or before July 1, 1986.

**General Rule Method.** You must use the General Rule Method if:

- ♦ You will not recover your contributions within 36 months from the date you receive your first payment from the plan; or
- ♦ Your employer did not contribute to the plan.

When you use the General Rule Method, part of your pension is excludable and part is reportable every year. The excludable amount represents your contributions. Complete Worksheet B the year you receive your first pension payment. Keep Worksheet B for your records. You will need it to calculate your reportable

amount in future years. Recalculate the percentage on line 3 of the worksheet only if your annual pension payments decrease.

**401(k) Plans.** New Jersey's treatment of 401(k) Plan contributions changed on January 1, 1984. Beginning on that date, employee contributions were no longer taxed when earned.

- 1. Contributions made on or after January 1, 1984.** If all of your contributions were made on or after that date, your distributions are fully reportable unless your contributions exceeded the federal limit. If your contributions exceeded the federal limit, you must calculate the reportable portion of your distributions using one of the methods described under contributory plans.
- 2. Contributions made before January 1, 1984.** If you made contributions before that date, you must calculate the reportable portion of your distributions using one of the methods described under contributory plans.

**Lump-Sum Distributions and Rollovers.** When you receive a lump-sum distribution of the entire balance from a qualified employee pension, annuity, profit-sharing, or other plan, any amount that exceeds your previously taxed contributions must be included in your income in the year received. New Jersey has no provision for income averaging of

lump-sum distributions. Enter the reportable amount on Line 22, Column A.

If you roll over a lump-sum distribution from an IRA or a qualified employee pension or annuity plan into an IRA or other eligible plan, do not report the rollover on Line 22 if it qualifies for deferral for federal tax purposes. The amount rolled over (minus previously taxed contributions) will be reportable when it is withdrawn.

For more information, see Tax Topic Bulletin GIT-1, *Pensions and Annuities*.

#### **Traditional IRAs**

Your IRA consists of your contributions and earnings plus certain amounts rolled over from pension plans. In general, your contributions were taxed when you made them and are not reportable to New Jersey when withdrawn. The portion of your distribution that represents earnings is reportable. Earnings credited to your IRA, as well as tax-free rollovers, are not reportable until withdrawn.

Use Worksheet C on page 21 to calculate the reportable portion of your IRA withdrawal. Report the taxable amount on Line 22. If you made withdrawals from multiple IRAs, you can use a separate worksheet for each or combine all IRAs on one worksheet.

**Lump-Sum Withdrawal.** If you withdraw the total amount from an IRA, all the earnings and any amounts rolled over tax-free are reportable. You must report these amounts in the year you make the withdrawal.

**Periodic Withdrawals.** If you make withdrawals over a period of years, the part of the annual distribution that represents earnings is reportable. The amount reportable for New Jersey purposes may be different from the amount you report on your federal return.

**Roth IRAs.** Your contributions to a Roth IRA are reportable as part of your income when they are made. Distributions from a Roth IRA that meet the requirements of a "qualified distribution" are excludable. Do not include qualified distributions on Line 22, Column A, of Form NJ-1040NR.

## Worksheet C - IRA Withdrawals 2018

**Part I**

1. **Value of IRA** on 12/31/18.  
Include contributions made for the tax year from 1/1/19–4/15/19 ..... 1. \_\_\_\_\_
  2. **Total distributions from IRA during the tax year.** Do not include tax-free rollovers..... 2. \_\_\_\_\_
  3. **Total value of IRA.**  
Add lines 1 and 2 ..... 3. \_\_\_\_\_
- Unrecovered Contributions:**  
Complete **either** line 4a or 4b:
- 4a. **First year of withdrawal from IRA:**  
Enter the total of IRA contributions that were previously taxed ..... 4a. \_\_\_\_\_
  - 4b. **After first year of withdrawal from IRA:** Complete Part II. Enter amount of unrecovered contributions from Part II, line (g)\* ..... 4b. \_\_\_\_\_
5. **Accumulated earnings in IRA on 12/31/18.** Subtract either line 4a or 4b from line 3 ..... 5. \_\_\_\_\_
  6. Divide line 5 by line 3 and enter the result as a decimal ..... 6. \_\_\_\_\_
  7. **Taxable portion of this year's withdrawal.**  
Multiply line 2 by decimal amount on line 6.  
Enter here and on Line 22, Column A, Form NJ-1040NR ..... 7. \_\_\_\_\_

**Part II—Unrecovered Contributions**

(For Second and Later Years)

- (a) **Last year's unrecovered contributions.**  
From line 4 of last year's worksheet \* ..... (a) \_\_\_\_\_
- (b) **Amount withdrawn last year.**  
From line 2 of last year's worksheet ..... (b) \_\_\_\_\_
- (c) **Taxable portion of last year's withdrawal.** From line 7 of last year's worksheet ..... (c) \_\_\_\_\_
- (d) **Contributions recovered last year.** Subtract line (c) from line (b) ..... (d) \_\_\_\_\_
- (e) **This year's unrecovered contributions.**  
Subtract line (d) from line (a) ..... (e) \_\_\_\_\_
- (f) **Contributions to IRA during current tax year.** Do not include tax-free rollovers ..... (f) \_\_\_\_\_
- (g) **Total unrecovered contributions.**  
Line (e) plus line (f). Enter here and on Part I, line 4b ..... (g) \_\_\_\_\_

\*If you did not complete a worksheet in prior year(s), skip Part II and calculate the amount of unrecovered contributions as follows:

- A. Determine the total amount of **withdrawal(s)** made from the IRA in previous years.
- B. Total the portion(s) of these previous year withdrawal(s) already reported as income on prior New Jersey tax returns.
- C. Subtract the amount of previous year withdrawals reported (B) from the total amount of previous year withdrawals (A).  
This difference is the amount of contributions that have been *recovered* thus far.
- D. Subtract the amount of *recovered* contributions (C) from the *total* amount of contributions made to the IRA.  
This is the amount of **unrecovered** contributions to enter on **line 4b** of **Part I**.

**(Keep for your records)**

A "qualified distribution" is one made after the five-year period beginning with the first tax year for which a contribution was made to the IRA, **and** that is:

1. Made on or after the date the individual reaches age 59½; or
2. Made to a beneficiary (or the individual's estate) after the individual's death; or
3. Made because the individual became disabled; or
4. Made as a qualified first-time home buyer distribution as defined by the Internal Revenue Code.

A distribution that is considered non-qualified for federal purposes is also considered nonqualified for New Jersey purposes.

A distribution of an allowable rollover contribution (or income earned on the amount rolled over) from an IRA other than a Roth IRA, is not a qualified distribution if it is made within the five-year period that begins with the year the rollover contribution was made.

If you received a nonqualified distribution, you must report the earnings on Line 22, Column A.

If you converted an existing IRA to a rollover Roth IRA during Tax Year 2018,

any amount from the existing IRA that would be reportable if withdrawn must be included on Line 22, Column A.

For more information, see Tax Topic Bulletin GIT-2, *IRA Withdrawals*, and Technical Bulletin TB-44.

**COLUMN B**

You will not enter an amount on Line 22, Column B because pension, annuity, and IRA withdrawal income is not taxable to nonresidents.

### Line 23: Distributive Share of Partnership Income

#### COLUMN A

Complete Part III of Schedule NJ-BUS-1, Business Income Summary Schedule, and enter on Line 23, Column A, the amount from Line 4 of Part III. **If the amount on Line 4 is a loss, enter "0" on Line 23, Column A.** Enclose Schedule NJ-BUS-1 and a copy of Schedule NJK-1, Form NJ-1065, for each partnership with your return. If you did not receive a Schedule NJK-1, enclose a copy of the federal Schedule K-1 (see page 32).

#### COLUMN B

Enter the portion of the partnership income that comes from New Jersey sources. If zero, enter "0."

Do not include in Column B distributive share of partnership income that you received from a partnership, LLP, or LLC located in New Jersey if the business entity's only activity is the purchase, holding, or sale of intangible personal property, such as commodities or securities, and such intangible personal property is not held for sale to customers. You must include such partnership income in Column A.

### Line 24: Net Pro Rata Share of S Corporation Income

#### COLUMN A

Complete Part IV of Schedule NJ-BUS-1, Business Income Summary Schedule, and enter on Line 24, Column A, the amount from Line 4 of Part IV. **If the amount on Line 4 is a loss, enter "0" on Line 24, Column A.** Enclose Schedule NJ-BUS-1 and a copy of Schedule NJ-K-1, Form CBT-100S, for each S corporation with your return. If you did not receive a Schedule NJ-K-1, enclose a copy of the federal Schedule K-1 (see page 32).

#### COLUMN B

Enter the portion of the net pro rata share of S corporation income that comes from New Jersey sources. If zero, enter "0."

### Line 25: Alimony and Separate Maintenance Payments Received

#### COLUMN A

Enter any court-ordered alimony or separate maintenance payments you received. Do not include payments received for child support.

#### COLUMN B

You will not enter an amount on Line 25 Column B because alimony and separate maintenance payments are not taxable to nonresidents.

### Line 26: Other

#### COLUMN A

Include the following income:

**Amounts Received as Prizes and Awards.** A prize won in a raffle, drawing, television or radio quiz show, contest, or any other event is reportable and must be included on Line 26, Column A. Any prizes or awards received in goods or services must be included as income at fair market value.

**Income in Respect of a Decedent.** If you had the right to receive income that the deceased person would have received had he or she lived, and it was not included on the decedent's final return, you must report the income on your own return when you receive it. Include the income on Line 26, and enclose a listing of each item of income.

**Income From Estates and Trusts.** If you are a beneficiary who received income from an estate or trust, include the Total Distribution from Schedule NJK-1, Form NJ-1041. If you did not receive a Schedule NJK-1, net the items listed on the federal K-1, and include the total on Line 26. Interest, dividends, capital gains, business or partnership income, etc., as listed on the federal K-1(s) must be adjusted to reflect New Jersey tax law. Include income that is not subject to federal income tax but is subject to New Jersey Income Tax, such as interest from and losses on the disposition of obligations of states and their political subdivisions, other than New Jersey and its political subdivisions. Exclude income and losses not subject

to New Jersey tax, such as gains on New Jersey tax-exempt securities.

New Jersey and federal depreciation and expense deduction limits are different. Complete the Gross Income Tax Depreciation Adjustment Worksheet GIT-DEP to determine the income reportable in the various net income categories.

Enclose a copy of the NJK-1(s) or federal K-1(s).

If the income from a grantor trust is reportable by or taxable to the grantor for federal purposes, it also is taxable to the grantor for New Jersey purposes. The grantor must report interest, capital gains, business income, etc., in the categories of income as required for New Jersey purposes and not as income from Estates and Trusts. Enclose a copy of the New Jersey or federal Grantor Trust Attachment.

For more information, see Tax Topic Bulletin GIT-12, *Estates and Trusts*.

**Scholarships and Fellowship Grants** are taxable and must be included on Line 26, Column A, unless they meet **all** of the following conditions:

1. The primary purpose of the grant is to further the recipient's education or training; and
2. The grant does not represent payments for past, present, or future services or payments for services that are subject to the direction or supervision of the grantor (e.g., a fellowship given in exchange for teaching); and
3. The grant is not for the benefit of the grantor.

**Residential Rental Value or Allowance Paid by Employer.** Include on Line 26, Column A, either the rental value of a residence provided by an employer or the rental allowance paid by an employer to provide a home. The rental value of the residence is excludable and should not be reported if:

1. The lodging is provided on the business premises of the employer; and
2. The lodging is furnished for the convenience of the employer; and

3. The employee is required to accept such lodging as a condition of employment.

**Other.** Include on Line 26, Column A any taxable income for which a place has not been provided somewhere else on the return. Income from both legal and illegal sources is subject to tax.

**COLUMN B**

Enter the portion of your other income that comes from New Jersey sources. If zero, enter "0."

**Amounts Received as Prizes and Awards.**

Do not include in Column B a prize won in a raffle, drawing, television or radio quiz show, or contest. You must include such amounts in Column A.

**Income From Estates and Trusts.** Include on Line 26 the Total New Jersey Source Income Distributed reported on Schedule NJK-1, Form NJ-1041. If a Schedule NJK-1 was not received, include on Line 26 the net of the New Jersey source income listed on the federal Schedule K-1 form. Do not include in Column B income you receive from an estate or trust if the estate or trust received such income from a business entity (i.e., sole proprietorship, partnership, LLP, or LLC) located in New Jersey and the only activity of the business entity is the purchase, holding, or sale of intangible personal property, such as commodities or securities, and such intangible personal property is not held for sale to customers. You must include such income in Column A.

**Line 27: Total Income**

**COLUMN A**

Add Lines 15–26, Column A, and enter the total on Line 27, Column A.

**COLUMN B**

Add Lines 15–26, Column B, and enter the total on Line 27, Column B.

**Line 28a: Pension Exclusion**

**COLUMN A**

**New for 2018** For Tax Year 2018, you may be eligible for an exclusion of up to \$60,000 (filing status married/CU couple,

filing jointly), \$45,000 (filing status single, head of household or qualifying widow(er)/surviving CU partner), or \$30,000 (filing status married/CU partner, filing separately).

You qualify for the pension exclusion if:

- ◆ You (and/or your spouse if filing jointly) were 62 or older or disabled as defined by Social Security guidelines on the last day of the tax year; **and**
- ◆ Your income on Line 27, Column A, is \$100,000 or less. (Part-year nonresidents, use income for the entire year. See page 4.)

**NOTE:** If the amount on Line 27, Column A, is more than \$100,000, you are not eligible for the pension exclusion. You may still be eligible for a special exclusion of up to \$6,000. See the instructions for Line 28b to determine if you qualify.

If you qualify for the pension exclusion, you can exclude all or a part of the income you received during the year from taxable pensions, annuities, and IRA withdrawals. You can exclude up to the maximum amount for your filing status (see Maximum Pension Exclusion chart below).

Enter on Line 28a, Column A, the *lesser* of:

Amount from Line 22, Column A \_\_\_\_\_

Amount for your filing status from chart below \_\_\_\_\_

Part-year nonresidents, see page 4.

When you and your spouse file a joint return and only one of you is 62 or older or disabled, you can still claim the maximum pension exclusion. However, you can exclude only the pension, annuity, or

IRA withdrawal of the spouse who is 62 or older or disabled.



If you and/or your spouse were 62 or older on the last day of the tax year and did not use your maximum pension exclusion, you may still qualify for other income exclusions on Line 28b. Part-year nonresidents, see page 4.

**COLUMN B**

You will not enter an amount on Line 28a, Column B because pension, annuity, and IRA withdrawal income is not taxable to nonresidents.

**Line 28b: Other Retirement Income Exclusion**

If you (and/or your spouse if filing jointly) were 62 or older on the last day of the tax year, you may qualify to exclude other income on Line 28b. There are two parts to the total exclusion. Part I is the unclaimed portion of your pension exclusion. Part II is a special exclusion for taxpayers who cannot receive Social Security or Railroad Retirement benefits. Each part has different eligibility requirements. Use Worksheet D on page 24 to calculate your total exclusion. If you were a part-year nonresident, do not complete the worksheet (see page 4).

**I. Unclaimed Pension Exclusion.** You qualify to use the unclaimed portion of your pension exclusion on Line 28b if:

- ◆ You (and/or your spouse if filing jointly) were 62 or older on the last day of the tax year; **and**
- ◆ Your income on Line 27 is \$100,000 or less (part-year nonresidents, use income for the entire year); **and**

Maximum Pension Exclusion	
Amount:	For Filing Status:
\$60,000	Married/CU couple, filing joint return
\$45,000	Single Head of household Qualifying widow(er)/surviving CU partner
\$30,000	Married/CU partner, filing separate return



**Worksheet D**  
**Other Retirement Income Exclusion**  
**Age Requirement: 62 or older**

Part-year nonresidents, do **not** complete this worksheet. (See instructions on page 4.)

**Part I – Unclaimed Pension Exclusion**

Is income on Line 27, Column A, NJ-1040NR **MORE than \$100,000?**

- Yes. Do not complete Part I. Enter “0” on line 8 and continue with Part II.
- No. Continue with line 1.

1. Enter the amount from Line 15, Col. A, NJ-1040NR ..... 1. \_\_\_\_\_
2. Enter the amount from Line 18, Col. A, NJ-1040NR ..... 2. \_\_\_\_\_
3. Enter the amount from Line 23, Col. A, NJ-1040NR ..... 3. \_\_\_\_\_
4. Enter the amount from Line 24, Col. A, NJ-1040NR ..... 4. \_\_\_\_\_
5. Add lines 1, 2, 3, and 4 ..... 5. \_\_\_\_\_

**Is the amount on line 5 MORE than \$3,000?**

- Yes. Enter “0” on line 8 and continue with Part II.
- No. Continue with line 6.

6. **Enter: if your filing status is:**  
 \$60,000 Married/CU couple, filing joint return  
 \$45,000 Single; Head of household; Qualifying widow(er)/  
 surviving CU partner  
 \$30,000 Married/CU partner, filing separate return ..... 6. \_\_\_\_\_
7. Enter amount from Line 28a, Column A, NJ-1040NR ..... 7. \_\_\_\_\_
8. Unclaimed Pension Exclusion. Subtract line 7 from line 6.  
 If zero, enter “0.” Continue with Part II ..... 8. \_\_\_\_\_

**Part II – Special Exclusion**

9a. Are you (and/or your spouse if filing jointly) now receiving, or will you (and/or your spouse if filing jointly) ever be eligible to receive Social Security or Railroad Retirement Benefits?

- No — Continue with item 9b
- Yes — Enter “0” on line 9 and continue with line 10

9b. Would you (and your spouse if filing jointly) be receiving or ever be eligible to receive Social Security or Railroad Retirement Benefits if you had participated in either program?

- No — Enter “0” on line 9 and continue with line 10
- Yes — Enter on line 9 the amount of exclusion for your filing status shown below and continue with line 10

- Enter: if your filing status is:**  
 \$ 6,000 Married/CU couple, filing joint return; Head of household;  
 Qualifying widow(er)/surviving CU partner  
 \$ 3,000 Single; Married/CU partner,  
 filing separate return ..... 9. \_\_\_\_\_

10. **Your Other Retirement Income Exclusion**  
 Add lines 8 and 9. Enter here and on Line 28b,  
 Column A and Column B, NJ-1040NR..... 10. \_\_\_\_\_

**(Keep for your records)**

- ♦ Your income from wages, net profits from business, distributive share of partnership income, and net pro rata share of S corporation income totals \$3,000 or less; **and**
- ♦ You did not use the maximum pension exclusion for your filing status on Line 28a.

**II. Special Exclusion for Taxpayers Who Cannot Receive Social Security or Railroad Retirement Benefits.** If you qualify, you can claim this benefit whether or not you use your maximum pension exclusion. You qualify for this additional exclusion if:

- ♦ You (and/or your spouse if filing jointly) were 62 or older on the last day of the tax year; **and**
- ♦ You (and your spouse if filing jointly) cannot receive Social Security or Railroad Retirement benefits, but you would have been eligible for benefits if you had fully participated in either program.

**NOTE:** If you file a joint return and only one of you is 62 or older, you can claim the full exclusion. However, only the income of the person who is age 62 or older can be excluded.

For more information, see Tax Topic Bulletin GIT-1, *Pensions and Annuities*.

**Line 28c: Total Exclusion Amount**

**COLUMN A**

Add Lines 28a and 28b, Column A, and enter the total on Line 28c, Column A.

**COLUMN B**

Enter on Line 28c, Column B, the amount from Line 28b, Column B.

**Line 29: Gross Income**

**COLUMN A**

Subtract Line 28c, Column A, from Line 27, Column A, and enter the result on Line 29, Column A. If zero or less, enter “0.”

**Required to File a Return**

If your income on Line 29 is more than \$20,000 (\$10,000 if your filing status is

single or married/CU partner filing separate return), continue with Line 30.

**Not Required to File a Return**

If your income for the entire year is *not* more than \$20,000 (\$10,000 if your filing status is single or married/CU partner filing separate return), you have no tax liability to New Jersey and are not *required* to file a return.

Even if you have no tax liability, you need to file to claim a refund if you:

- ♦ Had New Jersey Income Tax withheld; or
- ♦ Paid estimated taxes.

Enter zero on Lines 38 and 39 and complete the return.

If you were a New Jersey resident for any part of the year, see “Part-Year Nonresidents” on page 4.

*Withholding Exemption.* If you expect to have no New Jersey Income Tax liability for 2019, complete Form NJ-W4 and give it to your employer to claim an exemption from withholding.

**COLUMN B**

Subtract Line 28c, Column B, from Line 27, Column B, and enter the result on Line 29, Column B. If zero or less, enter “0.”

**Line 30: Gross Income**

**COLUMN A**

Enter on Line 30, Column A, the gross income from Line 29, Column A.

**COLUMN B**

Enter on Line 30, Column B, the gross income from Line 29, Column B.

**Exemptions and Deductions (Lines 31–37)**

New Jersey allows deductions only for:

- ♦ Personal exemptions (Line 31);
- ♦ Certain medical expenses (Line 32);
- ♦ Qualified Archer medical savings account (MSA) contributions (Line 32);
- ♦ Health insurance costs of the self-employed (Line 32);
- ♦ Alimony and separate maintenance payments (Line 33);
- ♦ Qualified conservation contributions (Line 34);
- ♦ A Health Enterprise Zone deduction for taxpayers who own a qualified medical or dental practice (Line 35); and
- ♦ An alternative business calculation adjustment for taxpayers with business losses (Line 36).

No deduction is allowed for adjustments taken on the federal return such as

employee business expenses, IRA contributions, and Keogh Plan contributions. However, you should keep records of all contributions to IRAs and Keogh Plans. You will need this information when you make withdrawals. Part-year nonresidents, see page 4.

**Line 31: Total Exemption Amount**

Calculate your total exemption amount as follows (part-year nonresidents, see page 4):

From Line 13a \_\_\_\_\_ × \$1,000 = \_\_\_\_\_

From Line 13b \_\_\_\_\_ × \$1,500 = \_\_\_\_\_

From Line 13c \_\_\_\_\_ × \$3,000 = \_\_\_\_\_

Total Exemption Amount \_\_\_\_\_

Enter the number of exemptions from Line 13a. Multiply the number by \$1,000 and enter the result.

Enter the number of exemptions from Line 13b. Multiply the number by \$1,500 and enter the result.

Enter the number of exemptions from Line 13c. Multiply the number by \$3,000 and enter the result.

Add the exemption amounts calculated above and enter the total on Line 31.

**Line 32: Medical Expenses**

You can deduct certain medical expenses that you paid during the year for yourself, your spouse or domestic partner, and your dependents. However, you cannot deduct expenses for which you were reimbursed. Only expenses that exceed 2% of your income can be deducted. You also can deduct qualified Archer MSA contributions and certain health insurance costs if you are self-employed. Use Worksheet E to calculate your deduction.

**Allowable Medical Expenses.** *Medical expenses* means nonreimbursed payments for costs such as:

- ♦ Physicians, dental, and other medical fees;
- ♦ Prescription eyeglasses and contact lenses;
- ♦ Hospital care;
- ♦ Nursing care;

**Worksheet E  
Deduction for Medical Expenses**

1. Total nonreimbursed medical expenses ..... 1. \_\_\_\_\_
2. Enter Line 30, Column A, Form NJ-1040NR \_\_\_\_\_ × .02 = ..... 2. \_\_\_\_\_
3. Medical Expenses Deduction. Subtract line 2 from line 1 and enter result here. If zero or less, enter zero ..... 3. \_\_\_\_\_
4. Enter the amount of your qualified Archer MSA contributions from federal Form 8853 ..... 4. \_\_\_\_\_
5. Enter the amount of your self-employed health insurance deduction ..... 5. \_\_\_\_\_
6. **Total Deduction for Medical Expenses.** Add lines 3, 4, and 5. Enter the result here and on Line 32, Form NJ-1040NR. If zero, enter zero here and make no entry on Line 32, Form NJ-1040NR ..... 6. \_\_\_\_\_

(Keep for your records)

- ♦ Medicines and drugs;
- ♦ Prosthetic devices;
- ♦ X-rays and other diagnostic services conducted by or directed by a physician or dentist;
- ♦ Amounts paid for transportation primarily for and essential to medical care;
- ♦ Insurance (including amounts paid as premiums under Part B of Title XVIII of the Social Security Act, relating to supplementary medical insurance for the aged) covering medical care.

In general, medical expenses allowed for federal tax purposes are allowed for New Jersey purposes.

**NOTE: Do not include** on line 1, Worksheet E

- ♦ Contributions you made to an Archer MSA or any amounts paid or disbursed from an Archer MSA that have been excluded from income; or
- ♦ Any amounts taken as a deduction for the health insurance costs of the self-employed.

**Archer MSA Contributions.** New Jersey follows the federal rules for deducting qualified Archer MSA contributions. Your contribution cannot be more than 75% of the amount of your annual health plan deductible (65% if you have a self-only plan). Enclose federal Form 8853 with your return. Excess contributions that you withdraw before the due date of your tax return are not taxable. However, you must report the earnings associated with the excess contributions you withdraw as wages on Line 15, Column A and Column B.

**Self-Employed Health Insurance Deduction.** If you are considered self-employed for federal tax purposes, or you received wages in 2018 from an S corporation in which you were a more-than-2% shareholder, you can deduct the amount you paid during the year for health insurance for yourself, your spouse or domestic partner, and your dependents. Your deduction cannot be more than the amount of your earned income, as defined for federal tax purposes, from the business under which the insurance plan was established. You cannot deduct amounts

paid for health insurance coverage for any month that you were eligible to participate in any subsidized health plan maintained by your (or your spouse's or domestic partner's) employer.

**NOTE:** For federal purposes you may be able to deduct amounts paid for health insurance for any child of yours who was under age 27 at the end of 2018. However, for New Jersey purposes you can deduct these amounts only if the child was your dependent. For more information see Technical Advisory Memorandum TAM 2011-14.

### Line 33: Alimony and Separate Maintenance Payments

Enter any court-ordered alimony and separate maintenance payments you made. Do not include payments for child support.

### Line 34: Qualified Conservation Contributions

Enter any contribution you made for conservation purposes of a qualified real property interest in property located in New Jersey. The deduction is the amount of the contribution allowed as a deduction in calculating your taxable income for federal purposes. If you file federal Form 8283, enclose a copy.

### Line 35: Health Enterprise Zone Deduction

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

If you are a partner in a qualified practice, enter on Line 35 the HEZ deduction from Part III of the Schedule NJK-1, Form NJ-1065, you received from the practice. If you are an S corporation shareholder in a qualified practice, enter the HEZ deduction from Part V of the Schedule NJ-K-1,

Form CBT-100S, you received from the practice.

If you are a sole proprietor who owns a qualified practice, you must determine your allowable HEZ deduction each year. Enclose a schedule with your return showing how you calculated the HEZ deduction.

**NOTE:** Do not claim unreimbursed medical expenses, health insurance premiums, or other personal or business expenses as a deduction on this line.

### Line 36: Alternative Business Calculation Adjustment

If you completed Schedule NJ-BUS-1 and had a loss on Line 4 of either Part I, II, III, or IV, you may be eligible for an income adjustment. You also may be eligible if you had a loss carryforward on Schedule NJ-BUS-2 from a prior year. Complete Schedule NJ-BUS-2, Alternative Business Calculation Adjustment. Enter on Line 36 the amount from Schedule NJ-BUS-2, Line 11.

Enclose Schedule NJ-BUS-2 with your return, and keep a completed copy for your records. **You may need the information from this schedule to complete future returns.**

### Line 37: Total Exemptions and Deductions

Add Lines 31 through 36 and enter the total on line 37.

### Line 38: Taxable Income

Subtract Line 37 from Line 30, Column A, and enter the result on Line 38. If Line 38 is zero or less, enter "0."

### Line 39: Tax on Amount on Line 38

Calculate your tax using one of the following methods:

**Tax Table.** If Line 38 is less than \$100,000, you can use the New Jersey Tax Table on page 34 or the New Jersey Tax Rate Schedules on page 43 to find your tax. When using the tax table, make sure you use the correct column. Enter your tax amount on Line 39.

**Tax Rate Schedules.** If Line 38 is \$100,000 or more you must use the New Jersey Tax Rate Schedules on page 43. Use the correct schedule for your filing status. Enter your tax amount on Line 39.

### Line 40: Income Percentage

To calculate your income percentage, divide the amount on Line 30 in Column B by the amount on Line 30 in Column A.

Carry your result to four decimal places. For example, if the amounts used were \$20,000 (Line 30, Column B) divided by \$30,000 (Line 30, Column A), the result would be 66.67% or .6667. In certain situations the income percentage can be more than 100%.

**NOTE: The income percentage can exceed 100%.** For example, a taxpayer realizes a \$50,000 gain from the sale of real property in New Jersey and sustains a \$10,000 loss from the sale of property in Florida. This nonresident (who has no other income) reports \$40,000 as his/her income from everywhere (Column A) and \$50,000 as income from New Jersey sources (Column B). The income percentage is 125% (or 1.25) calculated as follows: \$50,000 (Line 30, Column B) divided by \$40,000 (Line 30, Column A).

### Line 41: New Jersey Tax

Multiply the amount on Line 39 by the income percentage on Line 40, and enter the result on Line 41. This is your New Jersey tax.

### Line 42: Sheltered Workshop Tax Credit

Enter your Sheltered Workshop Tax Credit for the current year from Part IV, line 12 of Form GIT-317. Enclose Form GIT-317 with your return.

### Line 43: Balance of Tax

Subtract Line 42 from Line 41 and enter the result on Line 43.

### Line 44: Gold Star Family Counseling Credit

**New for 2018** If you are a mental health care professional who provided counseling through the Gold Star Family Counseling program, complete the following calculation to determine the amount of your credit:

1. Enter the number of hours of counseling you provided through the program.....
2. Enter the TRICARE rate for the service.....
3. Multiply line 1 by line 2. Enter this amount on Line 44.....

### Line 45: Balance of Tax After Credits

Subtract Line 44 from Line 43 and enter the result on Line 45.

### Line 46: Penalty for Underpayment of Estimated Tax

New Jersey's Income Tax is a "pay-as-you-go" tax. You must pay the tax as you earn or receive income throughout the year. If you do not pay enough tax on your income, you may owe interest (see "Estimated Tax" on page 10).

To calculate the amount of interest for the underpayment of estimated tax, complete Form NJ-2210, Underpayment of Estimated Tax by Individuals, Estates or Trusts. Enter on Line 46 the amount of interest due from line 19, Form NJ-2210. Check the box at Line 46 and enclose Form NJ-2210 with your return.

### Line 47: Total Tax and Penalty

Add Lines 45 and 46 and enter the total on Line 47.

### Line 48: Total New Jersey Income Tax Withheld

Enter the total New Jersey Income Tax withheld as shown on your W-2, W-2G, and/or 1099 statement(s). These statements

must include your Social Security number. If your Social Security number is missing or incorrect, you must get a corrected statement from your employer/payer. If you have not received a W-2 or 1099 form by February 15, or if the form you received is incorrect, contact your employer/payer immediately.

**Form W-2.** Your W-2 must show the amount of New Jersey tax withheld. The "State" box must indicate that the tax withheld was for New Jersey. (See Boxes 15 and 17 on the sample W-2 on page 16.) **Enclose the State copy of each W-2 and/or W-2G.**

**Do not** include New Jersey unemployment insurance/workforce development partnership fund/supplemental workforce fund contributions (UI/WF/SWF), New Jersey disability insurance contributions (DI), or New Jersey family leave insurance contributions (FLI). These are **not** Income Tax withholdings.

See instructions for Lines 51, 52, and 53 for information on excess UI/WF/SWF, DI, and/or FLI contributions.

**Form 1099.** If your 1099-R or 1099-MISC shows New Jersey Income Tax withholdings, enclose the State copy with your return.

**Schedule NJK-1, Form NJ-1065.** Do not include tax paid on your behalf by partnership(s) on this line. Report these amounts in Part III of Schedule NJ-BUS-1.

**NOTE: Do not include** estimated payments made in connection with a sale or transfer of real property in New Jersey. Report on Line 49.

### Line 49: New Jersey Estimated Payments/Credit From 2017 Tax Return

Enter the total of:

- Estimated tax payments made for 2018. Include payments made in connection with the sale or transfer of real property in New Jersey. Enclose a copy of form GIT/REP-1, Nonresident Seller's Tax Declaration, with the return. (See "Estimated Tax" on page 10.);



- ♦ Credit applied from your 2017 tax return;\*
- ♦ Amount paid with your application for an extension;
- ♦ Payments made by an S corporation on behalf of a nonresident/nonconsenting shareholder. Enclose a copy of Form NJ-1040-SC.

\*This is the amount you chose to carry forward on Line 54A of your 2017 NJ-1040NR. If you received a refund for 2017, do not enter the amount of that refund on Line 49.

**Payments Made Under Another Name or Social Security Number.** If you changed your name (marriage, divorce, etc.), and you made estimated tax payments using your former name, enclose a statement explaining all the payments you and/or your spouse made for 2018 and the name(s) and Social Security number(s) under which you made payments.

If your spouse died during the year and amounts were paid/credited under both your Social Security numbers, enclose a statement listing the Social Security numbers and the amounts submitted under each.

**Schedule NJK-1, Form NJ-1065.** Do not include tax paid on your behalf by partnership(s) on this line. Report these amounts in Part III of Schedule NJ-BUS-1.

### Line 50: Tax Paid on Your Behalf by Partnership(s)

Enter the total amount of New Jersey Income Tax paid on your behalf by partnership(s) as shown on:

- ♦ Schedule NJ-BUS-1, Part III, line 5, total share of tax paid on your behalf by partnerships;
- ♦ Schedule NJK-1 (Form NJ-1041), Part II, tax paid by partnerships and distributed;
- ♦ Schedule NJK-1 (Form NJ-1041), Part III, tax paid by partnerships on behalf of trust.

Enclose a copy of Schedule NJK-1 (Form NJ-1065) for each partnership that paid tax on your behalf, and a copy of

Schedule NJK-1 (Form NJ-1041) for each estate or trust that distributed tax paid by partnership(s) to you for which you are claiming a credit.

### UI/WF/SWF; DI; FLI Credits (Lines 51–53)

You can take credit for excess unemployment insurance(UI)/workforce development partnership fund(WF)/supplemental workforce fund (SWF) contributions, disability insurance (DI) contributions, and/or family leave insurance (FLI) contributions withheld by two or more employers. The maximum employee contributions were:

- ♦ UI/WF/SWF — \$143.23;
- ♦ DI — \$64.03;
- ♦ FLI — \$33.33.

If you had two or more employers and you contributed more than the maximum amount(s), you must enclose a completed Form NJ-2450 with your return to claim the credit. If you had only *one* employer, you cannot file Form NJ-2450. If any single employer withheld more than the maximum amount(s), you must contact that employer for a refund.

To claim this credit on your NJ-1040NR, all information on Form NJ-2450 **must** be substantiated by W-2 statements or the claim will be denied. The amounts of UI/WF/SWF contributions, DI contributions, and FLI contributions withheld must be reported separately on all W-2 statements. The employer's New Jersey taxpayer identification number or approved private plan number also must be shown. (See sample W-2 on page 16.)

If your Income Tax credit is denied because **all** New Jersey Department of Labor and Workforce Development requirements are not met, you must re-file your claim using their Form UC-9A, "Employee's Claim for Refund of Excess Contributions." Also see the instructions for Form NJ-2450.

### Line 51: Excess New Jersey UI/WF/SWF Withheld

Enter the excess UI/WF/SWF contributions withheld from Line 4 of Form

NJ-2450. Enclose Form NJ-2450 with your return.

### Line 52: Excess New Jersey Disability Insurance Withheld

Enter the excess DI contributions withheld from Line 5 of Form NJ-2450. Enclose Form NJ-2450 with your return.

### Line 53: Excess New Jersey Family Leave Insurance Withheld

Enter the excess FLI contributions withheld from Line 6 of Form NJ-2450. Enclose Form NJ-2450 with your return.

### Line 54: Total Payments/Credits

Add Lines 48 through 53 and enter the total on Line 54.

### Amount You Owe or Overpayment (Lines 55 and 56)

Compare Lines 54 and 47.

- ♦ If Line 54 is less than Line 47, you have a balance due. Complete Line 55.
- ♦ If Line 54 is more than Line 47, you have an overpayment. Complete Line 56.

### Line 55: Amount You Owe

Subtract Line 54 from Line 47 and enter the result on Line 55.

If you have a balance due, you can make a donation on Lines 57B, 57C, 57D, 57E, 57F and/or 57G, by adding that amount to your payment.

You can pay your 2018 New Jersey taxes by check or money order, electronic check (e-check), or credit card (Visa, American Express, MasterCard, or Discover). **See "How to Pay" on page 8.**

**NOTE:** If the amount on Line 55 is more than \$400, you may want to increase your estimated payments or contact your employer for Form NJ-W4 to increase your withholdings.

**Line 56: Overpayment**

Subtract Line 47 from Line 54 and enter the result on Line 56.

**Line 57A: Credit to Your 2019 Tax**

Enter the amount of your overpayment that you want to credit to your 2019 tax liability.

**Contributions  
(Lines 57B–57G)**

Whether you have an overpayment or a balance due, you can make a donation to any of the following funds:

- ♦ Endangered Wildlife Fund;
- ♦ Children’s Trust Fund;
- ♦ Vietnam Veterans’ Memorial Fund;
- ♦ Breast Cancer Research Fund;
- ♦ *U.S.S. New Jersey* Educational Museum Fund.

You also can make a donation to one of the following funds on Line 57G.

- ♦ Drug Abuse Education Fund (01);
- ♦ Korean Veterans’ Memorial Fund (02);
- ♦ Organ and Tissue Donor Awareness Education Fund (03);
- ♦ NJ-AIDS Services Fund (04);
- ♦ Literacy Volunteers of America – New Jersey Fund (05);
- ♦ New Jersey Prostate Cancer Research Fund (06);
- ♦ World Trade Center Scholarship Fund (07);
- ♦ New Jersey Veterans Haven Support Fund (08);
- ♦ Community Food Pantry Fund (09);
- ♦ Cat and Dog Spay/Neuter Fund (10);
- ♦ New Jersey Lung Cancer Research Fund (11);
- ♦ Boys and Girls Clubs in New Jersey Fund (12);
- ♦ NJ National Guard State Family Readiness Council Fund (13);
- ♦ American Red Cross – NJ Fund (14);
- ♦ Girl Scouts Councils in New Jersey Fund (15);
- ♦ Homeless Veterans Grant Fund (16);

- ♦ The Leukemia & Lymphoma Society – New Jersey Fund (17);
  - ♦ Northern New Jersey Veterans Memorial Cemetery Development Fund (18);
  - ♦ New Jersey Farm to School and School Garden Fund (19);
  - ♦ Local Library Support Fund (20);
  - ♦ ALS Association Support Fund (21);
  - ♦ Fund for the Support of New Jersey Nonprofit Veterans Organizations (22);
  - ♦ New Jersey Yellow Ribbon Fund (23);
- New for 2018** ▶
- ♦ Autism Programs Fund (24);
  - ♦ Boy Scouts Councils in New Jersey Fund (25);
  - ♦ NJ Memorials to War Veterans Maintenance Fund (26);
  - ♦ Jersey Fresh Program Fund (27);
  - ♦ NJ World War II Veterans’ Memorial Fund (28).

More information on the charitable funds is available on our website at [www.njtaxation.org](http://www.njtaxation.org). See “Charitable Funds” under “Individuals.”

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

If you are making a donation on Line 57G, also enter the code number (01, 02, 03, etc.) for the fund of your choice.

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

If you are making a donation on Line 57B, 57C, 57D, 57E, 57F, and/or 57G, and you have a balance due, increase the amount of your payment by the amount you want to contribute. If you are paying your tax due by check or money order and including a donation, your check or money order must be made out to “State of New Jersey – TGI,” not to the charity or charities you selected. Your donation will be deposited in the appropriate fund(s) when your return is processed.

**Line 58: Total Deductions From Overpayment**

Add Lines 57A through 57G and enter the total on Line 58.

**Line 59: Refund**

Subtract Line 58 from Line 56 and enter the total on Line 59. This is the amount of your refund.

**Part I: Disposition of Property (Lines 60–63)**

Report your capital gains and income from the sale or exchange of any property (both inside and outside New Jersey). You can deduct expenses of the sale and your basis in the property. The basis to be used for calculating gain or loss is the cost or adjusted basis used for federal income tax purposes.

If you sold or transferred real property in New Jersey and were required to make estimated tax payments in connection with the sale or transfer, be sure to include such payments on Line 49. Enclose a copy of Form GIT/REP-1, Nonresident Seller’s Tax Declaration, with the return.

**NOTE:** Certain gains or losses from the disposition of property owned by a business (sole proprietorship, partnership, or S corporation) or an estate or trust must be reported in other income categories on Form NJ-1040NR — not in Part I, Disposition of Property. See “Gains/Losses to be Reported on Other Lines” on page 30 before you complete Part I.

New Jersey and federal depreciation and expense deduction limits are different. A New Jersey depreciation adjustment may be required for assets placed in service on or after January 1, 2004. Complete the Gross Income Tax Depreciation Adjustment Worksheet GIT-DEP to calculate the adjustment.

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

from the sale or disposition of those assets in Part I.

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

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

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

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

**Sale of a Principal Residence.** If you sold your principal residence, you may qualify to exclude all or part of the gain from your income. Capital gain is calculated the same way as for federal purposes. Any amount that is taxable for federal purposes is taxable for New Jersey purposes.

1. You can exclude up to \$250,000 of the gain if you met **all** of the following requirements:
  - ♦ **Ownership Test:** You owned the home for at least 2 years during the 5-year period ending on the date of the sale.
  - ♦ **Use Test:** You lived in the home as your principal residence for at least 2 years during the 5-year period ending on the date of the sale.

- ♦ During the 2-year period ending on the date of the sale, you did not exclude gain from the sale of another home.

2. If you are filing a joint return, you can exclude up to \$500,000 of the gain if:

- ♦ Either you or your spouse met the Ownership Test; **and**
- ♦ **Both** you and your spouse met the Use Test; **and**
- ♦ During the 2-year period ending on the date of the sale, neither you nor your spouse excluded gain from the sale of another home.

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

3. You can claim a reduced exclusion for New Jersey purposes if, during the 5-year period ending on the date of sale:

- ♦ You owned and used the property as your principal residence for less than 2 years, and you qualify for a reduced federal exclusion; or
- ♦ You used the exclusion within 2 years of the sale of your principal residence, and you qualify for a reduced federal exclusion.

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

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

- ♦ **Sole proprietorship:** Schedule NJ-BUS-1, Part I.
- ♦ **Partnership:** Schedule NJ-BUS-1, Part III.
- ♦ **S Corporation:** Schedule NJ-BUS-1, Part IV.

- ♦ **Estate or Trust:** Form NJ-1040NR, Line 26 (Grantor Trusts, see the instructions for Line 26).

## Line 60: List of Transactions

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

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

## Line 61: Capital Gains Distributions

Enter your capital gains distributions from Form 1099-DIV(s) or similar statement(s). Do not include capital gains from a "New Jersey Qualified Investment Fund" that are attributable to qualified exempt obligations or gains from mutual funds to the extent attributable to federal obligations. For information on "New Jersey Qualified Investment Funds," see page 17.

## Line 62: Other Net Gains

Enter the net gains or income less net losses from disposition of property not included on Line 60 or 61 of Part I.

## Line 63: Net Gains

Enter the total of the amounts listed on Line 60, Column f and Lines 61 and 62, netting gains with losses. If the netted amount is a loss, enter "0." Also enter this amount on Line 19, Column A. On Line 19, Column B, enter the portion of this amount that is derived from New Jersey sources.



## Part II: Allocation of Wage and Salary Income (Lines 64–70)

Part II must be completed by nonresidents who have wage/salary income earned partly inside and partly outside New Jersey who cannot readily determine the amount of wage/salary income from New Jersey.

**Do not** use Part II if your wage/salary income is based on volume (the amount of sales or amount of business transacted). Instead, see the instructions for Line 15, Column B, on page 17.



Check the box at Line 15 if you complete this section.

### Line 64: Amount to be Allocated

Enter the amount reported at Line 15, Column A, that was earned partly inside and partly outside New Jersey.

### Line 65: Total Days

Full-year nonresidents, enter 365 (366 for leap years). Part-year nonresidents, see page 4.

### Line 66: Nonworking Days

Enter the total number of nonworking days (Saturdays, Sundays, holidays, sick leave, vacation, etc.) during the tax year covered by this return.

### Line 67: Total Days Worked

Subtract Line 66 from Line 65 and enter the result on Line 67. This is the total number of days worked during the tax year covered by this return.

### Line 68: Days Worked Outside New Jersey

Enter the number of days worked outside New Jersey during the tax year covered by this return.

### Line 69: Days Worked in New Jersey

Subtract Line 68 from Line 67 and enter the result on Line 69. This is the number of days you worked in New Jersey during the tax year covered by this return.

### Line 70: Allocation Factor

Divide Line 69 by Line 67. The result will be a decimal. Multiply Line 64 by the decimal and include this amount on Line 15, Column B.

## Part III: Allocation of Business Income to New Jersey

Part III must be used by nonresident taxpayers who are required to complete and enclose a Gross Income Tax Business Allocation Schedule (Form NJ-NR-A). This schedule is completed by nonresident individuals, partnerships, estates, and trusts carrying on business both inside and outside New Jersey.

## Schedule NJ-BUS-1 Business Income Summary Schedule

### Part I: Net Profits From Business

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

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

1. Add any amount you deducted for taxes based on income.
2. Subtract interest you reported on federal Schedule C (or C-EZ or F) that is exempt for New Jersey purposes but taxable for federal purposes.
3. Add interest not reported on federal Schedule C (or C-EZ or F) from

states or political subdivisions outside New Jersey that is exempt for federal purposes.

4. Deduct meal and entertainment expenses that constitute ordinary expenses incurred in the conduct of a trade or business but that were not allowed on the federal return.
5. Deduct your qualified contributions to a self-employed 401(k) Plan. Contributions that exceeded the federal limits are not deductible for New Jersey purposes.
6. Add interest and dividends derived in the conduct of a trade or business.
7. Add or subtract income or losses derived in the conduct of a trade or business from rentals, royalties, patents, or copyrights.
8. Add or subtract gains or losses from the sale, exchange, or other disposition of the trade or business's property.
9. Add or subtract the net adjustment from the Gross Income Tax Depreciation Adjustment Worksheet GIT-DEP, Part 1, line 7.

If you are a sole proprietor who provides primary care services in a qualified medical or dental practice you own that is located in or within five miles of a designated Health Enterprise Zone (HEZ), you may be able to deduct a percentage of the net income from that practice on Line 35. See Technical Bulletin TB-56 for eligibility requirements and instructions for calculating the HEZ deduction.

### Lines 1-3

**Business Name.** Enter the name of each business as listed on federal Schedule C (or C-EZ or F).

**Social Security Number/Federal EIN.** Enter the Social Security number or federal employer identification number of each business.

**Profit or (Loss).** Enter the profit or (loss) for each business as adjusted for New Jersey purposes.



## Line 4

Add the amounts in the “Profit or (Loss)” column and enter the total on Line 4, netting profits with losses. Enter this amount on Line 18, Column A. **If the netted amount is a loss**, enter “0” on Line 18, Column A. On Line 18, Column B, enter the portion of this amount that is from New Jersey sources.

## Part II: Net Gains or Income From Rents, Royalties, Patents, and Copyrights

Report your net gains or income less net losses from rents, royalties, patents, and copyrights. If you need more space, enclose a statement with the return listing any additional property and income or loss.

**NOTE:** Certain net gains or losses from rents, royalties, patents, and copyrights from property owned by a business (sole proprietorship, partnership, or S corporation) or an estate or trust must be reported in other income categories on Form NJ-1040NR — not in Part II, Schedule NJ-BUS-1. See “Gains/Losses to be Reported on Other Lines” below before you complete Part II.

New Jersey and federal depreciation and expense deduction limits are different. A New Jersey depreciation adjustment may be required for assets placed in service on or after January 1, 2004. Complete the Gross Income Tax Depreciation Adjustment Worksheet GIT-DEP to calculate the adjustment.

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

**Gains/Losses to be Reported on Other Lines.** If you had net gains or losses from rents, royalties, patents, and copyrights from property owned by a business or an estate or trust, *do not report them in Part II.* Your portion of the net gains or

losses from these sources will be included as follows:

- ♦ *Sole proprietorship:* Schedule NJ-BUS-1, Part I.
- ♦ *Partnership:* Schedule NJ-BUS-1, Part III.
- ♦ *S Corporation:* Schedule NJ-BUS-1, Part IV.
- ♦ *Estate or Trust:* Form NJ-1040NR, Line 26 (Grantor Trusts, see the instructions for Line 26).

## Lines 1-3

**Source of Income or Loss.** Enter the property name or description. If the property is rental real estate, enter the physical address of the property.

**Social Security Number/Federal EIN.** Enter the Social Security number or federal employer identification number for each income source.

**Type.** Enter the number that corresponds with the type of property. For example, if you received royalty income, enter “2.”

**Income or (Loss).** Enter the gain or (loss) for each type of property. For rentals, when listing the income or loss for each rental property from your federal Schedule E, you must take into consideration the New Jersey adjustments from Worksheet GIT-DEP, Part 1, lines 4 and 5.

## Line 4

Add the amounts in the “Income or (Loss)” column and enter the total on Line 4, netting gains with losses. Enter this amount on Line 20, Column A, Form NJ-1040NR. **If the netted amount is a loss**, enter “0” on Line 20, Column A. On Line 20, Column B, enter the portion of this amount that is from New Jersey sources.

## Part III: Distributive Share of Partnership Income

Report your share of income or loss from partnership(s), whether or not the income was actually distributed. If you need more space, enclose a statement with the return listing any additional partnerships and the related income or loss.

For more information, see Tax Topic Bulletin GIT-9P, *Income From Partnerships*.

## Lines 1-3

**Partnership Name.** Enter the name of each partnership as listed on Schedule NJK-1 (or federal Schedule K-1).

**Federal EIN.** Enter the federal employer identification number of each partnership.

**Share of Partnership Income or (Loss).** Enter your share of income or (loss) as reported for each partnership on Schedule NJK-1. Take the amount from Column A of the line labeled “Distributive Share of Partnership Income.”

If you did not receive a Schedule NJK-1, you must enclose a copy of the federal Schedule K-1 and complete Reconciliation Worksheet A in Tax Topic Bulletin GIT-9P, *Income From Partnerships*.

**Share of Tax Paid on Your Behalf by Partnerships.** Enter the total amount of New Jersey Income Tax paid on your behalf by partnership(s) as shown on Schedule NJK-1, line 1, Part III, nonresident partner’s share of New Jersey tax.

## Line 4

Add the amounts in the “Share of Partnership Income or (Loss)” column and enter the total on Line 4, netting income with losses. Enter this amount on Line 23, Column A, Form NJ-1040NR. **If the netted amount is a loss**, enter “0” on Line 23, Column A. On Line 23, Column B, enter the portion of this amount that is from New Jersey sources.

## Line 5

Add the amounts in the “Share of tax paid on your behalf by Partnerships” column and enter the total on Line 5. Include this amount on Line 50, Form NJ-1040NR. See the instructions for Line 50.

## Part IV: Net Pro Rata Share of S Corporation Income

Report the amount of your net pro rata share of S corporation income or loss, whether or not the income was actually distributed. If you need more space, enclose a statement with the return listing

any additional S corporations and the related income or loss.

For more information, see Tax Topic Bulletin GIT-9S, *Income From S Corporations*.

### Lines 1-3

**S Corporation Name.** Enter the name of each S corporation as listed on Schedule NJ-K-1 (or federal Schedule K-1).

**Federal EIN.** Enter the federal employer identification number of each S corporation.

**Pro Rata Share of S Corporation Income or (Usable Loss).** Enter your share of each S corporation's income or (usable loss) as reported on Schedule NJ-K-1.

If you did not receive a Schedule NJ-K-1, you must enclose a copy of the federal Schedule K-1 and complete Reconciliation Worksheet B in Tax Topic Bulletin GIT-9S, *Income From S Corporations*.

### Line 4

Add the amounts in the "Pro Rata Share of S Corporation Income or (Usable Loss)" column and enter the total on Line 4, netting income with losses. Enter this amount on Line 24, Column A, Form NJ-1040NR. **If the netted amount is a loss**, enter "0" on Line 24, Column A. On Line 24, Column B, enter the portion of this amount that is from New Jersey sources.

### Assembling Your Return

Check the following before mailing your return:

- ◆ **Check** your math.
- ◆ **Sign and date your return.** Both spouses must sign a joint return.
- ◆ **Enclose** all supporting documents and schedules with your return including:
  - W-2s;
  - 1099-Rs and 1099-MISCs that show NJ withholdings;
  - If applicable, New Jersey Form(s): Schedules NJ-BUS-1 and NJ-BUS-2, NJ-630, NJ-1040-SC, NJ-2210, NJ-2440, NJ-2450, GIT-317, NJ-NR-A, Schedule NJK-1 (or copy of federal Schedule K-1, Form 1065), Schedule NJ-K-1 (or copy of federal Schedule K-1, Form 1120S), Schedule NJK-1, Form NJ-1041 (or copy of federal Schedule K-1, Form 1041);
  - Statement of residency (Pennsylvania residents);
  - Statement explaining how your wages are exempt under the Military Spouses Residency Relief Act along with a copy of your spousal military identification card (certain nonmilitary spouses of military personnel);
  - Proof that you were honorably discharged or released under honorable circumstances the first time you claim the military veteran exemption(s) on your return;
  - Proof of age and/or disability the first time you claim the exemption(s) on your return;
  - Copy of your New Jersey Certificate of Domestic Partnership the first time you claim the exemption on your return;
  - If applicable, death certificate of a deceased taxpayer;
  - If applicable, copy of federal form(s):

Schedule B for interest over \$1,500;	Form 4868 for filing under a federal extension;
Schedule C, C-EZ, or F for business income;	Form 8283 for Qualified Conservation Contributions;
Form 2106 for employee business expenses;	Form 8853 for Archer MSA contributions.
- ◆ **Balance due.** If you are paying by check or money order, complete Form NJ-1040NR-V. Write your Social Security number on your check or money order. If you are paying by e-check or credit card, do not complete the payment voucher.
- ◆ **Use the return envelope** to mail Form NJ-1040NR with related enclosures and payment voucher with check or money order. **Send only one return per envelope.**
- ◆ **Changes or mistakes** to your original return may be corrected by filing an amended return (see page 10).
- ◆ **Keep a copy** of your return and all supporting documents, schedules, and worksheets.

## When You Need Information

### by phone...

#### Call our Automated Tax Information System

1-800-323-4400 — (within NJ, NY, PA, DE, and MD) or 609-826-4400. Touch-tone phones only.

- ◆ Listen to recorded tax information on many topics.
- ◆ Order certain forms and publications through our automated message system.

#### Contact our Customer Service Center

609-292-6400 — Speak directly to a representative for tax information and assistance. See website for hours of operation.

#### 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.
- ◆ Receive a reply through NJ Relay Services (711).

### online...

#### Visit the New Jersey Division of Taxation Website

Many State tax forms and publications are available on our website: [www.njtaxation.org](http://www.njtaxation.org)

You can also reach us by email with general State tax questions at: [nj.taxation@treas.nj.gov](mailto:nj.taxation@treas.nj.gov)

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, at:

[www.state.nj.us/treasury/taxation/listservic.html](http://www.state.nj.us/treasury/taxation/listservic.html)

### in person...

#### Visit a New Jersey Division of Taxation Regional Information Center

Regional Information Centers provide individual assistance at various locations throughout the State. Call the Automated Tax Information System or visit our website for the address of the center nearest you.

## To Get Forms...

- ◆ Call New Jersey's Forms Request System at 1-800-323-4400 (within NJ, NY, PA, DE, and MD) or 609-826-4400. Touch-tone phones only.
- ◆ Visit our website at: [www.njtaxation.org](http://www.njtaxation.org)
- ◆ Write to:

NJ DIVISION OF TAXATION  
TAXPAYER FORMS SERVICES  
PO BOX 269  
TRENTON NJ 08695-0269

## Who Can Help...

In addition to assistance provided by the Division, other free tax assistance is available for senior citizens, disabled, non-English speaking, and low-income people. Trained volunteers in the VITA (Volunteer Income Tax Assistance) and TCE (Tax Counseling for the Elderly) programs are available to help prepare both federal and State returns at locations throughout New Jersey.

For the location nearest you, contact the Division's Customer Service Center at 609-292-6400 or the Internal Revenue Service.

## Paperless Filing

You can use NJ E-File to file Form NJ-1040NR for 2018 electronically. Use tax software you purchase, go to a tax preparation website, or have a tax preparer file the return for you.

Information on NJ E-File is available from the Division of Revenue and Enterprise Services at:

[www.state.nj.us/treasury/revenue/elfli.shtml](http://www.state.nj.us/treasury/revenue/elfli.shtml)