

New Jersey State Tax News

Vol. 31, No. 1 – Spring 2002

inside

state treasurer named 1

tax amnesty 2002 2

taxes eligible for amnesty 3

payments by partnerships 4

retirement plan contributions ... 4

2001 CBT-100S correction 4

deemed sale election 5

cape may county businesses 5

interest rate 8% 5

safe deposit box release 6

cost of collection 6

tax assessors' calendar 7

tax assessor certificates 8

2001 NJ-2210 correction 8

criminal enforcement 8

enforcement summary stats 9

tax briefs 11

in our courts 14

in our legislature 16

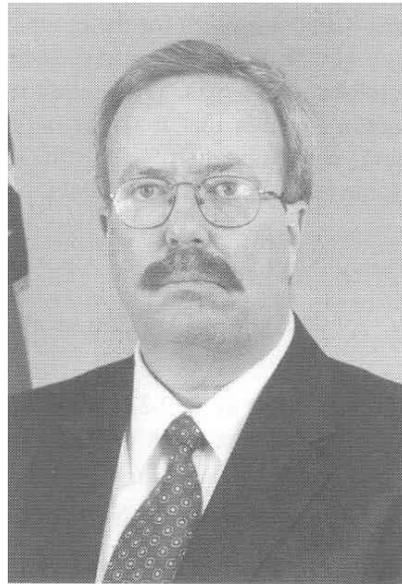
tax calendar 21

from the director's desk 24

In the center of this issue:

- Index for 2001 (Vol. 30)
- List of 2001 Tax Legislation
- Division Organization Chart

State Treasurer Named



John E. McCormac was named as the new State Treasurer by Governor James E. McGreevey, replacing Acting Treasurer Peter Lawrance in this position. Mr. McCormac will utilize years of experience balancing budgets and acting with fiscal responsibility in his new role.

For the past year, Mr. McCormac has been the Acting Business Administrator for Woodbridge Township, where he was responsible for the day-to-day operations of the Township including the supervision of seven departments and over 700 employees. He was also the Chief Financial Officer for the Township since 1992 and was responsible for over \$93 million in budget appropriations and over \$250 million in cash receipts and disbursements. For the past 13 years, Mr.

McCormac has also been the owner and manager of a small CPA firm, McCormac & Co., CPAs. Prior to this, he worked for Arthur Young & Co., CPAs, where he was Manager of Governmental Auditing and Consulting.

He is a Certified Public Accountant, Certified Municipal Finance Officer, Certified Management Accountant, Registered Municipal Accountant, Certified Financial Planner, Licensed Public School Accountant, and a Certified Government Financial Manager.

continued on page 2

Important Phone Numbers

Customer Service Ctr ..	609-292-6400
Automated Tax Info ..	1-800-323-4400
.....	609-826-4400
NJ SAVER Hotline	609-826-4282
Property Tax Reimbursement Hotline	1-800-882-6597
Speaker Programs.....	609-984-4101
NJ TaxFax	609-826-4500
Alcoholic Bev. Tax.....	609-984-4121
Corp. Liens, Mergers, Withdrawals & Dissolutions	609-292-5323
Director's Office.....	609-292-5185
Inheritance Tax.....	609-292-5033
Local Property Tax.....	609-292-7221
Motor Fuels Tax Refunds.....	609-292-7018
Public Utility Tax	609-633-2576

state treasurer - from page 1

Mr. McCormac received his B.A. in accounting from the Newark College of Arts and Sciences of Rutgers University and his M.B.A. in finance from St. John's University. In addition, Mr. McCormac was also a part of Rutgers University's Accounting and Auditing adjunct faculty and taught Certified Government Finance Officer courses.

He resides in the Colonia section of Woodbridge Township. □

Tax Amnesty 2002

Governor James E. McGreevey recently signed a law (P.L. 2002, c.6) allowing the Division of Taxation to implement a limited Tax Amnesty Program this spring.

The 2002 Tax Amnesty Program will run from April 15 until midnight, June 10. During that time, taxpayers will be offered the chance to pay back taxes with no penalties, no interest, no cost of collection, and without the imposition of any civil or criminal penalties.

State tax liabilities for tax returns due on and after January 1, 1996, and prior to January 1, 2002, are eligible for Amnesty. After the Amnesty period ends on June 10, 2002, an unabatable 5% penalty will be imposed and an additional collection service fee may also be imposed. This will be in addition to all other penalties, interest, and other costs authorized by law.

Amnesty covers all State taxes payable to the New Jersey Division of Taxation including the corporation business tax, sales and use tax, and gross income tax. Taxes not administered and

collected by the Division of Taxation – such as local property taxes, realty transfer fees, payroll taxes owed to the Department of Labor, and Federal liabilities – are not eligible for Amnesty.

The State will mail notices to approximately 545,000 individuals and businesses who currently owe the State back taxes for the eligible years. The State also plans to undertake a full-scale public awareness campaign that includes radio and print advertising as well as some television advertisements.

Information, forms, and/or materials will be available from:

- A toll-free Amnesty Hotline at: 1-800-781-8407
- NJ TaxFax at: 609-826-4500 from your fax machine's phone
- Our Web site at: www.njtaxamnesty.com
- One of our Regional Offices

Or you can e-mail us at: njtaxamnesty@tax.state.nj.us

You may also write to:
NEW JERSEY DIVISION OF TAXATION
AMNESTY FORMS REQUEST
PO BOX 445
TRENTON NJ 08646-0445

Organizations and individuals who would like to distribute pamphlets or other informational materials to their clients, or who would like to arrange to have a Division representative speak to their group about the 2002 Amnesty Program should call The Marcus Group at 201-902-2000.

The following is taken from the *New Jersey 2002 Tax Amnesty Program Questions and Answers*.

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nj.taxation@treas.state.nj.us

The *State Tax News* is also available on the Division of Taxation's Web site at:

www.state.nj.us/treasury/taxation/

This publication is designed to keep taxpayers, tax practitioners, and the general public informed of developments, problems, questions, and matters of general interest concerning New Jersey tax law, policy, and procedure. The articles in this newsletter are not designed to address complex issues in detail, and they are not a substitute for New Jersey tax laws and/or regulations.

Division of Taxation Director:
Robert K. Thompson

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continued on page 3

tax amnesty - from page 2

What taxes are eligible for Amnesty?

The following New Jersey taxes are eligible for Tax Amnesty:

Tax	N.J.S.A. Citation	Tax	N.J.S.A. Citation
Alcoholic Beverage Tax	54:41-1 <i>et seq.</i>	Public Utility Excise Tax	54:30A-16 <i>et seq.</i> and 49 <i>et seq.</i>
Atlantic City Luxury Tax.....	54:32B-24.1 <i>et seq.</i>	Public Utility Franchise Tax	54:30A-16 <i>et seq.</i> 54:30A-49 <i>et seq.</i>
Cigarette Tax.....	54:40A-1 <i>et seq.</i>	Public Utility Gross Receipts Tax..	54:30A-49 <i>et seq.</i>
Corporation Business Tax.....	54:10A-1 <i>et seq.</i>	Railroad Franchise Tax	54:29A-1 <i>et seq.</i>
Corporation Business Tax for Banking and Financial Corporations.....	54:10A-1 <i>et seq.</i>	Railroad Property Tax.....	54:29A-1 <i>et seq.</i>
Corporation Income Tax	54:10E-1 <i>et seq.</i>	Resource Recovery Investment Tax [Expired 12/31/95].....	13:1E-138(b)
Estate Tax.....	54:38-1 <i>et seq.</i>	Sales and Use Taxes.....	54:32B-1 <i>et seq.</i>
Gross Income Tax (New Jersey).....	54A:1-1 <i>et seq.</i>	Savings Institution Tax	54:10D-1 <i>et seq.</i>
Insurance Premiums Tax.....	54:16-1 <i>et seq.</i> 54:18A-1 <i>et seq.</i> 54:17-4 <i>et seq.</i> 17:33B-49 <i>et seq.</i> 17:47A-5 <i>et seq.</i>	Solid Waste Importation Tax [Expired 12/31/95].....	13:1E-138(c)
Landfill Closure And Contingency Tax	13:1E-100 <i>et seq.</i>	Solid Waste Recycling Tax [Expired 12/31/96].....	13:1E-92 <i>et seq.</i>
Litter Control Tax [Expired 12/31/00].....	13:1E-92 <i>et seq.</i>	Solid Waste Services Tax.....	13:1E-138(a)
Motor Fuels Tax.....	54:39-1 <i>et seq.</i>	Spill Compensation And Control Tax.....	58:10-23.11 <i>et seq.</i>
Petroleum Products Gross Receipts Tax	54:15B-1 <i>et seq.</i>	Tobacco Products Wholesale Sales and Use Tax.....	54:40B-1 <i>et seq.</i>
Public Community Water Systems Tax.....	58:12A-1 <i>et seq.</i>	Transfer Inheritance Tax	54:33-1 <i>et seq.</i>
Public Utility Energy Unit Tax	54:30A-49 <i>et seq.</i>	Transitional Energy Facility Assessment [Effective 1/1/98].....	54:30A-100 <i>et seq.</i>
		Uniform Transitional Utility Assessment [Effective 1/1/98].....	54:30A-114 <i>et seq.</i> <input type="checkbox"/>

----- May Be Reproduced and Filed With Amnesty Headquarters -----

<p style="text-align: center;">New Jersey PAYMENT/WAIVER STATEMENT</p> <div style="text-align: center;">  </div> <hr/> <p>IDENTIFICATION NUMBER _____</p> <hr/> <p>NAME _____</p> <hr/> <p>TRADE NAME (IF APPLICABLE) _____</p> <hr/> <p>ADDRESS _____</p> <hr/> <p>CITY _____ STATE _____ ZIP CODE _____</p> <hr/> <p>TA-6 (4-02)</p>	<p>TO THE DIRECTOR DIVISION OF TAXATION:</p> <p>I certify that I am making this payment and filing any return(s) under the conditions outlined by this AMNESTY law and that the information contained in any attached return(s) is to the best of my knowledge true, correct and complete. As required by law I acknowledge that I waive my rights to any administrative and/or judicial appeal to the extent my payment(s) and any attached return(s) are accepted under the provisions of AMNESTY.</p> <hr/> <p>Signature _____ Date _____</p> <hr/> <p>Telephone (____) _____</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p style="text-align: center;">Make Checks Payable To: STATE OF NEW JERSEY Mail To: AMNESTY HEADQUARTERS P.O. Box 445 Trenton, NJ 08646-0445 TAX AMOUNT DUE: \$ _____</p> </div>
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CORPORATION TAX Payments to be Made by Certain Partnerships

Effective for tax years beginning on or after January 1, 2001, limited liability companies (LLCs) and limited partnerships (LPs) that are classified as partnerships for tax purposes may be required to remit corporation business tax payments. Public Law 2001, Chapter 136, requires that these entities that have *corporate* members or partners obtain and retain in their records the consent of each of these corporate members or partners, that New Jersey shall have the right and jurisdiction to tax and collect the tax on their income allocated to New Jersey. Form NJ-1065E has been designed to provide the required consent.

If the corporate member or partner does not consent by the filing due date of the required Partnership Return, Form NJ-1065, the LLC or LP is then obligated to remit a payment of corporation business tax on behalf of all the nonconsenting members' or partners' shares of New Jersey income

allocated to New Jersey. The tax rate is 9%. In addition, an installment payment equal to 100% of the current year's tax due is required. For tax year 2001 the tax liability will be only 45% of what would otherwise be due. However, the prepayment also due is based upon 100% of the liability (not reduced to the 45% level).

The 2001 Partnership Return, Form NJ-1065, has been updated to provide the new forms, schedules, vouchers, consents, and instructions for LLCs and LPs required to comply with the new law.

Form PART-100, Corporation Business Tax—Partnership Return Voucher, is the document LLCs and LPs will use to remit payment. If an extension of time to file is required, an LLC or LP with a corporate nonconsenter must file Form PART-200-T, Corporation Business Tax—Partnership Tentative Return and Application for Extension of Time to File.

LLCs and LPs that are listed on a United States national stock exchange are exempt from this new law. Moreover, an LLC or LP which is a "qualified investment partnership" is not required to make any tax payments.

A "Qualified Investment Partnership" means an LLC or LP which is treated as a partnership for tax purposes; has more than 10 members or partners with no member or partner owning more than 50% interest; and that derives at least 90% of its gross income from dividends, interest, payments with respect to securities, loans, and gains from the sale or disposition of stocks, securities, foreign currencies, commodities, or similar income. An investment partnership shall not include a dealer in securities.

The corporation business tax payment made by an LLC or LP on behalf of its nonconsenting members or partners will be credited to the nonconsenters' accounts on the same day as it is received. This payment is then available as a credit should a nonconsenter have an obligation to file and pay tax on its own. □

GROSS INCOME TAX Retirement Plan Contributions

The Federal Economic Growth and Tax Relief Reconciliation Act (EGTRRA) of 2001 made a number of technical and substantive changes to the pension and retirement provisions of the Internal Revenue Code. The substantive provisions are generally designed to increase, over time, the amounts that individuals can voluntarily contribute to various retirement vehicles such as IRAs, 401(k) plans, and other deferred arrangements. In other words, employees are able to contribute a greater pre-tax amount to their 401(k), 457, 403(b), SIMPLE, and SEP deferred savings plans.

For New Jersey income tax purposes, a taxpayer does not include in gross income amounts contributed by an employer on behalf of and at his election to a trust which is part of a qualified cash or deferred arrangement which meets the requirements of section 401(k) of the Internal Revenue Code. N.J.S.A. 54A:6-21. Therefore, a taxpayer may have an increased amount of income that can be deferred from taxation in New Jersey as a result of the increase in the amount individuals can contribute to their 401(k) plans under the new provisions of the Economic

2001 CBT-100S Correction

There is a print error on page 1 of the 2001 CBT-100S. Line 4 is incorrect, and it should read:

4. Tax – If the income on Line 41, Schedule A, is greater than \$100,000, multiply by .0133. If Line 41, Schedule A, is less than or equal to \$100,000, enter zero. (See instructions 10(a).)

A corrected version of the form is available on our Web site at:

www.state.nj.us/treasury/taxation/

retirement contributions - from page 4
 Growth and Tax Relief Reconciliation Act of 2001.

The New Jersey Gross Income Tax Act does not provide an exclusion from gross income for contributions to any deferred compensation plans other than 401(k) plans. Consequently, the EGTRRA provisions regarding other qualified deferred compensation plans have no effect. □

GROSS INCOME TAX
Deemed Sale
Election on Capital Gains

A tax practitioner recently inquired about the proper reporting for New Jersey gross income tax purposes of a Federal election for deemed sale of capital assets acquired in the tax years beginning before January 1, 2001. Section 311 of the Internal Revenue Code was amended under the Taxpayer Relief Act of 1997 to allow taxpayers to make an election to report a gain on their 2001 tax return as if an actual sale of assets had been made and then reacquired on the same date.

The Gross Income Tax Act at 54A:8-3(c) states in part that “a taxpayer’s accounting method under this act shall be the same as his accounting method for Federal income tax purposes.” Accordingly, if a taxpayer makes the election for a deemed sale of capital assets for Federal purposes, the taxpayer must follow the same method of accounting for New Jersey tax purposes, reporting income from the deemed sale in the same period. The taxpayer’s basis in the asset for New Jersey tax purposes

will then remain the same as for Federal tax purposes.

This position is consistent with the Division’s longstanding policy regarding the timing and reporting of income as previously reported in the *New Jersey State Tax News*: May/June 1982 (Vol. 11, No. 3, page 73), Winter 1998 (Vol. 27, No. 4, page 11), and Winter 2000 (Vol. 29, No. 4, page 4). □

SALES AND USE TAX
Cape May County
Businesses

New legislation (P.L. 2001, c.347) effective April 1, 2002, provides for the designation of a joint municipal Urban Enterprise Zone (UEZ) consisting of North Wildwood City, Wildwood City, Wildwood Crest Borough, and West Wildwood Borough. This designation allows certified vendors in the joint zone to collect sales tax on certain sales of tangible personal property at the reduced sales tax rate of 3%. This law may change the way businesses located in these areas file their New Jersey sales and use tax returns.

Businesses Filing Cape May County Tourism Sales Tax Returns (Form ST-350)

In addition to the 6% New Jersey sales tax a 2% tourism sales tax is collected on tourism-related sales, which are sales of meals and prepared foods, admissions, and hotel occupancies. Under the Urban Enterprise Zones Act, sales of meals and prepared foods, admissions, and hotel occupancies are *not* eligible for the reduced sales tax rate of 3%. Therefore, vendors of goods and services that are subject to the tourism sales tax will continue to collect the 6% sales tax and the 2% tourism sales

tax on those sales. Businesses will continue to report their *tourism-related sales* on the Cape May County Tourism Sales Tax Return (Form ST-350).

However, if a business *also* makes retail sales of tangible personal property from a location within the Urban Enterprise Zone, it may apply to the local zone coordinator for certification as a reduced-rate vendor under the UEZ program. If the business receives certification, a UZ-2 Certificate will be issued and monthly returns, Form UZ-50, will be sent to the business. Then, in addition to Form ST-350, the business will file Form UZ-50, and report non-tourism-related sales at the regular 6% rate and at the 3% rate for qualified reduced-rate sales. Vendors that file Form ST-350 will not receive new returns for the remainder of 2002. However, the instructions for lines 4 and 8 are amended to read as follows:

Line 4 —

continued on page 6

Interest 8%

The interest rate assessed on amounts due for the period January 1, 2002 – December 31, 2002 will be 8%.

The assessed interest rate history is listed below.

Effective Date	Interest Rate
1/1/99	10.75%
1/1/00	11.50%
1/1/01	12.50%
7/1/01	10.50%
10/1/01	9.00%
1/1/02	8.00%

cape may county - from page 5

Gross receipts from all other sales not subject to the Tourism Tax. If certified for Urban Enterprise Zone reduced-rate collections, report these receipts on Form UZ-50 only.

Line 8 —

Allowable deductions for sales not detailed above. If certified for Urban Enterprise Zone reduced-rate collections, report these deductions on Form UZ-50 only.

Businesses Filing Sales and Use Tax Returns (Forms ST-50 and ST-51)

Businesses that do not make any tourism-related sales file the Sales and Use Tax Quarterly Return (Form ST-50), and Sales and Use Tax Monthly Remittance (Form ST-51). If a business *does not* obtain certification from the UEZ Authority as a reduced-rate vendor under the Urban Enterprise Zone Program, it should continue to report and remit sales tax in the same manner on Forms ST-50/51. However, if the business obtains certification as a qualified UEZ business, it will receive monthly returns, Form UZ-50, on which all sales will be reported, whether at the reduced rate (3%) or at the full 6% rate. The business will stop filing the ST-50/51 forms, and file only the UZ-50 returns.

All inquiries concerning certification as a reduced-rate UEZ vendor should be directed to:

NEW JERSEY DEPARTMENT OF
COMMERCE AND ECONOMIC GROWTH
20 WEST STATE STREET
PO BOX 820
TRENTON, NJ 08625-0820

or by phone at 609-292-1912. □

Safe Deposit Box Release

R.S. 54:35-19 provides that the contents of a safe deposit box standing in the name of a decedent either individually, jointly, or otherwise may not be released without at least a 10-day notice to the Director of the Division of Taxation of the intended delivery and the retention of sufficient assets to pay any tax and interest which may be assessed on the assets delivered. The statute provides that the Director may examine a decedent's assets contained in a safe deposit box.

In 1992 the Division determined that it would no longer inventory safe deposit boxes held by a decedent at the time of his or her death. On September 30, 1992, the Director issued a blanket waiver for the period October 19, 1992, to January 1, 1997, authorizing the immediate release of the contents of a safe deposit box. On October 11, 1996, the period was extended by the Director to January 1, 2002.

On January 4, 2002, the Director reissued the blanket waiver author-

izing the immediate release of the contents of a safe deposit box for the period from January 1, 2002, to January 1, 2007. See below. □

Cost of Collection

It is common knowledge in the business and accounting community that failure to file and pay taxes timely can result in penalty and interest charges. Less widespread may be the knowledge that an additional expense may be incurred by failing to pay all taxes, penalties, and interest due prior to the Division of Taxation entering a certificate of debt (judgment) with the New Jersey Superior Court. This expense is the cost of collection.

Cost of collection is intended to cover the expenses incurred by the State with respect to the issuance of a certificate of debt for, and the collection of, any State tax not paid within the time prescribed by law.

The Director may impose the actual cost of collection or, in lieu

continued on page 7

To: All Banks, Trust Companies, Savings Institutions, Safe Deposit Companies, Savings and Loan Associations, or Other Institutions:

The Director, Division of Taxation, Department of the Treasury of the State of New Jersey, hereby waives the requirements of Revised Statutes 54:35-19 with respect to the issuance of the ten days notice and retention of assets for the opening of safe deposit boxes standing in the name of decedents either individually, jointly, or otherwise, or to which they had access and consents to release of the contents thereof.

This waiver is effective January 1, 2002 and shall expire January 1, 2007 unless cancelled by prior notice.

The institution releasing the contents of safe deposit boxes should keep the original of this letter for its own records.

Robert K. Thompson
Director, Division of Taxation

cost of collection - from page 6

of ascertaining and imposing the actual cost of collection, may impose a fee as follows:

- Five percent (5%) of the tax or \$100, whichever is greater, in the event that any tax is not paid within the time prescribed by law and a certificate of debt must be issued.
- Ten percent (10%) of the tax or \$200, whichever is greater, for collection action after the issuance of the certificate of debt. This includes levy and seizure action as well as referral of the tax matter to the Attorney General.
- Twenty percent (20%) of the tax or \$500, whichever is greater, in the event that the tax remains unpaid and it becomes necessary for the Attorney General to institute a legal suit against the taxpayer for the collection of the tax.

Interest or penalties shall not be assessed against any fees imposed as cost of collection; however, the cost of collection may reflect the passage of time between the date the costs were incurred and the date they are paid.

For the purposes of calculating the cost of collection based on the percentage of the tax, the tax shall mean unpaid tax, penalties, and interest.

Any fees imposed as cost of collection shall be in addition to any interest or penalties, as otherwise provided by law, and shall be payable to and recoverable by the Director, along with all penalties and interest as if they were all part of the tax imposed.

Tax Amnesty: From April 15 to June 10, 2002, taxpayers will be able to pay eligible back taxes *without* cost of collection charges. For more information, see the article on page 2. □

LOCAL PROPERTY TAX Tax Assessors' Calendar

April 1–

- Deadline for appeals of assessed valuations to County Tax Boards by taxpayers and taxing districts and for appeals of assessed valuations over \$750,000 to Tax Court. Deadline extended to 45 days from date the taxing district completes bulk mailing of notifications of assessment, whichever is later.
- If appeal or complaint is filed April 1 or during the 19 days next preceding April 1, taxpayer or taxing district has 20 days from date of service of appeal petition or complaint to file cross petition with County Tax Board or counterclaim with Tax Court, as appropriate.
- Property Tax Deduction Disallowance Notice, Form PD4, for nonfiling Post-Tax Year Statement or income over \$10,000, sent by collector.
- County budgets certified to County Tax Boards.
- County Boards of Taxation to establish the percentage level of taxable value of real property.

April 10–

- Copy of County Tax Board resolution of real property taxable value percentage level mailed to assessors, municipal clerks, and Director, Taxation.

April 15–

- Form SR-3A filed with Property Administration by County Tax Board.

May 1–

- Assessor shall identify and certify to County Tax Board residential properties.
- County Tax Boards receive certification of REAP aid due to each local unit for that tax year.
- Extended deadline for filing (with the collector) Annual Post-Tax Year Statement, Form PD5, where taxpayer's illness or medical problem prevented the required March 1 filing.

May 20–

- Table of Aggregates completed by County Tax Board from assessors' Tax Duplicates and Taxation Director's certification of 2nd class railroad property. The tax credit rate calculated by dividing the total REAP aid by total taxable value of residential property.
- General tax rates certified by County Tax Boards.

May 23–

- Table of Aggregates signed and transmitted within three days by County Tax Board to Taxation and Local Government Services Directors, State Auditor, municipal clerks, and the clerk of board of freeholders.

June 1–

- Assessors' Property Tax Deduction Disallowance Notices, Form PD4, sent.
- Repayment of disallowed property tax deductions previously granted required. Nonpayments become liens.
- Collectors' Property Tax De-

assessors' calendar - from page 7

duction Disallowance Notices, Form PD4, for nonfiling Post-Tax Year Statement or income over \$10,000 for taxpayers granted medical extension, sent.

June 3–

- Corrected Tax Duplicates sent by County Tax Board to tax collectors for billing purposes.

June 5–

- Certification of Property Tax Deductions, Form PD65.10, and Certification of Veterans' Deductions, Form VE-WVE-1, completed and forwarded by collector to County Tax Board.

2nd Monday in June–

- Assessors' report, description, and valuation of railroad property not used for railroad purposes to Director, Taxation.

June 15–

- County Tax Board to certify to Director, Taxation, total number and dollar amount summary of senior citizen, disabled, surviving spouse, and veterans' property tax deductions allowed and disallowed by each district. □

LOCAL PROPERTY TAX

Tax Assessor Certificates

The Tax Assessor Examination is held in accordance with the Assessor Certification and Tenure Act, requiring anyone taking office as a tax assessor after July 1, 1971, to hold a tax assessor certificate.

Five persons passed the Tax Assessor Certification examination held on September 22, 2001, and received Tax Assessor Certificates dated January 1, 2002. They are as follows:

Correction

2001 FORM NJ-2210

An incorrect version of the 2001 Form NJ-2210, Underpayment of Estimated Tax by Individuals, Estates or Trusts, appears on the NJX Plus CD ROM. The form instructs taxpayers to take information from incorrect lines on Form NJ-1040 and Form NJ-1040EZ. Some printed copies of the form with these incorrect line number references were also distributed to the public.

A corrected version of Form NJ-2210 is available from the following sources:

Division of Taxation Web site:
www.state.nj.us/treasury/taxation/

Automated Tax Information System – Forms Request
1-800-323-4400

NJ TaxFax 609-826-4500 (from your fax machine's phone)

Write to:
NJ Division of Taxation
Taxpayer Forms Services
PO Box 269
Trenton, NJ 08695-0269

Gloucester County: Brian Paul Rosenberger, Monroe Township.

Mercer County: Patricia Mello-Douglas, Hamilton Township.

Monmouth County: Elizabeth Ann Cusumano, Hazlet Township.

Somerset County: Jeffrey S. Ward, Manville Borough.

Warren County: William T. Watras, Oxford Township.

The next examination is scheduled for September 28, 2002. The deadline to file applications for this exam is August 29, 2002. The filing fee is \$10. For applications

or if you have any questions regarding this exam, call Mary Ann Miller at 609-292-7813 or write to Property Administration, PO Box 251, Trenton, NJ 08695-0251. □

Criminal Enforcement

Criminal Enforcement over the past several months included:

- On July 18, 2001, a summons complaint for a disorderly persons offense was signed against Glen Helfrich for failing to file eleven (11) motor fuels tax returns and failing to remit the appropriate motor fuels tax due. On September 28, 2001, in Hazlet Municipal Court, Mr. Helfrich, responsible person of R. Helfrich & Son Corp., a school and tour bus operator, plead guilty to the charge. The outstanding tax was paid prior to the court hearing. In addition, Mr. Helfrich was fined by the court. This case was the result of a referral from the Division of Taxation's Audit Services Branch-Motor Fuels Group.
- On September 28, 2001, in Hudson County Superior Court, George J. Halpern, Short Hills, New Jersey, was sentenced to 364 days in the Hudson County Jail after being found guilty of a violation of probation in a case involving his failure to file a 1997 personal income tax return. He was ordered not to prepare tax returns. A subsequent investigation established that both he and his son, Todd Halpern, had continued to prepare tax returns. The son, Todd Halpern, was sentenced to ninety (90) days in the Hudson County Jail in regard to the

continued on page 9

criminal enforcement - from page 8

same matter. These matters were investigated by the Office of Criminal Investigation and prosecuted by the State Attorney General's Office.

- On October 11, 2001, in Trenton, New Jersey, a State Grand Jury returned an indictment against Mark Stahl of Point Pleasant Beach, New Jersey, charging that between February and December 1996, Mr. Stahl and a corporation he owned, Markal Columbia, Inc., committed a theft of more than \$75,000 in motor fuels (diesel) tax that he collected from consumers at a truck stop they owned in Knowlton Township, New Jersey, and failed to file motor fuels tax returns during that period. The Grand Jury also charged that Mr. Stahl and a second corporation, Markal, Inc., committed a theft of more than \$500 in motor fuels (diesel) tax collected at a truck stop in Englewood, New Jersey, between May and October 1996, and failed to file motor fuels tax returns for that period. The amount of tax that the two related corporations collected, but failed to turn over, totals

\$110,833.40. This matter was investigated by the Office of Criminal Investigation and presented to the Grand Jury by the Division of Criminal Justice. On October 12, 2001, Mr. Stahl was arrested and lodged in the Mercer County Correctional Center in lieu of \$25,000 cash bail.

- On November 2, 2001, Teofelo Zarzuela of Union Township, New Jersey, was sentenced as a result of his guilty plea on one (1) count of possession of counterfeit stamped cigarettes in the Union County Superior Court. Judge Moynahan imposed a total of \$3,055 in fines, fees, and costs, 18 months supervised probation, and the forfeiture of 2917.7 cartons of counterfeit stamped cigarettes valued at \$116,708, as well as two handguns seized during execution of the search warrants. Charges on the handguns and hollow-point ammunition seized from the defendant's retail store are pending in Essex County. Additional subjects await sentencing in this matter.
- On November 7, 2001, Roger Toth of Carteret, New Jersey, entered a plea of guilty in

Carteret Municipal Court to charges of failing to file petroleum products gross receipts tax (PGRT) returns, motor fuels tax (MFT) returns, and an application for corporate reinstatement, and failing to pay PGRT and MFT, in connection with his retail fuel oil business, Rolyn Enterprises, Inc. He was also fined by the court and is subject to civil collection of the tax, penalty, and interest. This case was referred to the Office of Criminal Investigation by the Division of Taxation's Investigations Branch-Shore Regional Office, and also coordinated with Audit Services in the revocation of the subject's license to purchase diesel fuel tax-free, thereby preventing future violations.

- On November 9, 2001, Annie M. McCoy, a resident of Millville, New Jersey, was sentenced to five (5) years of probation, 480 hours of community service and restitution of \$36,316.61. Ms. McCoy was sentenced in Cumberland County based on her earlier guilty plea to a charge of theft by deception that arose

continued on page 10

Enforcement Summary Statistics **Fourth Quarter 2001**

Following is a summary of enforcement actions for the quarter ending December 31, 2001.

• Certificates of Debt:		• Jeopardy Seizures	4
Total Number	2,334	• Seizures	18
Total Amount	\$42,304,824	• Auctions	2
• Jeopardy Assessments	307	• Referrals to the Attorney General's Office	754

For more detailed enforcement information, visit our Web site at:
www.state.nj.us/treasury/taxation/

criminal enforcement - from pg. 9

from her preparation of fraudulent New Jersey homestead rebate applications and the subsequent receipt of fraudulent homestead rebates. This investigation and prosecution was a joint endeavor with members of the Cumberland County Prosecutor's Office.

- On November 16, 2001, Michael Rosenstein, Ocean, New Jersey, trading as Autoland Wholesale, Neptune, New Jersey, was sentenced to three (3) years of probation, ordered to pay restitution of \$18,964, and fined a total of \$655. Monmouth County Superior Court Judge Paul Chaiet ordered Mr. Rosenstein to make full restitution of the sales tax within six (6) months. The sentencing was based on Mr. Rosenstein's guilty plea of failure to pay over sales taxes and filing fraudulent sales tax returns during the period of April 1, 1996, through March 31, 2000. This investigation was a joint endeavor with members of the Monmouth County Prosecutor's Office and the Office of Criminal Investigation.
- On November 16, 2001, Jamie Rodriguez, Vineland, New Jersey, was sentenced in United States District Court in Laredo, Texas, relative to his November 2000 arrest involving counterfeit New Jersey cigarette tax stamps. Mr. Rodriguez was sentenced to 33 months in a Federal correction facility after being found guilty of smuggling counterfeit financial documents (495,000 New Jersey tax stamps) from Mexico into the United States, as well as giving false statements to FBI Agents. The Office of Criminal Investigation

provided expert testimony at the trial in Laredo, Texas.

- On November 30, 2001, an employee of a wholesale motor fuel distributor entered a plea of guilty to aiding and abetting in collecting and failing to remit \$168,402.44 of petroleum products gross receipts tax. This was a joint investigation between the Office of Criminal Investigation and the New Jersey State Police-Organized Crime Unit, with substantial assistance from the Audit Services Branch-Excise Tax Group, and was prosecuted by the State Attorney General's Office.
- On November 30 and December 6, 2001, two employees of a wholesale motor fuel distributor each entered a plea of guilty to aiding and abetting in the evasion of more than \$75,000 in motor fuels tax. This was a joint investigation between the Office

of Criminal Investigation and the New Jersey State Police-Organized Crime Unit, and was prosecuted by the State Attorney General's Office.

- On December 7, 2001, in Superior Court, Union County, Naum Raichel of Brooklyn, New York, the former owner of a truck stop named Gas R Us Inc., in Elizabeth, New Jersey, entered a plea of guilty to collecting and failing to remit \$85,085.49 in motor fuels tax between January 1, 1997, and September 30, 1998. This was a joint investigation between the Office of Criminal Investigation and the New Jersey State Police-Organized Crime Unit, with assistance from the IRS Excise Tax Unit, Elizabeth Police Department and U.S. Customs. This case was prosecuted by the State Attorney General's office.

continued on page 11

New Jersey

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criminal enforcement - from page 10

- On December 11, 2001, Raymond Berry, trading as Transworld Transmission, New Providence, New Jersey, was indicted by a State Grand Jury for failing to report and remit collected sales tax in the amount of \$32,272. The indictment, which covers the period July 1, 1997, through March 31, 2000, charges Mr. Berry with theft to make required disposition of property received, misapplication of entrusted funds, failure to turn over sales taxes, failure to file sales tax returns, and failure to register with the New Jersey Division of Taxation.
- On December 17, 2001, in Mt. Olive Municipal Court, Tarmeet Singh Sethi of Roxbury Township entered a plea of guilty on behalf of his corporation, Quick Flow, Inc., a gasoline and diesel retailer in Mt. Olive, for failing to file a motor fuels tax return for November 2000, and was fined. As a result of this investigation, the subject has paid delinquent sales tax of \$21,294.07 and delinquent motor fuels tax in the amount of \$54,587.15.
- On December 17, 2001, Al McGregor, corporate officer of Kramco Flooring Inc., Bridgewater, New Jersey, plead guilty to accusations of failure to file sales tax returns covering the period of January 1, 1996, through June 30, 1999, failure to turn over collected sales taxes in the amount of \$182,370, purposely failing to turn over sales taxes, and misapplication of entrusted funds. In a related matter, on December 17, 2001, Kenneth Kroll, corporate officer of Royal K Flooring, Aberdeen, New Jersey, plead guilty to accusations

of failure to file sales tax returns for the period of January 1, 1996, through June 30, 1999, failure to turn over collected sales taxes in the amount of \$42,617, purposely failing to turn over sales taxes, and misapplication of entrusted funds. The total amount due for these two cases is \$407,306. Sentencing was scheduled for February 15, 2002.

- On December 18, 2001, the Monmouth County Grand Jury returned a ten (10) count indictment against Mitesh Shah and Asif Hafeez for forging and selling New Jersey counterfeit stamps, as well as possession of 8,718 counterfeit Oregon State stamps, 6,060 counterfeit New York State stamps, and 9,799 counterfeit New York City stamps. At the time of their arrest, both subjects were released on \$20,000 bail pending Grand Jury action.
- One hundred and eighty-one (181) complaints alleging tax evasion were evaluated from October through December 2001 in the Office of Criminal Investigation.
- During the same time period, seventy-three (73) charges were filed in court on twenty-two (22) cases for violation of the Cigarette Tax Act. Of the twenty-two (22) court cases initiated, twelve (12) involved contraband cigarettes. □

Tax Briefs

Gross Income Tax

Combat Military Pay — New Jersey tax law states that New Jersey residents are subject to tax on all their income in accordance with N.J.S.A. 54A:2-1, regardless of where the income is earned.

N.J.S.A. 54A:5-1(a) states that New Jersey gross income shall consist of salaries, wages, tips, fees, commissions, bonuses, and other remuneration received for services rendered whether in cash or in property. There is no provision under the New Jersey Gross Income Tax Act, N.J.S.A. 54A:1-1, et seq., exempting hazardous duty or combat military pay from gross income tax. Thus, a New Jersey resident serviceperson must file a return and pay tax on all his or her income, including all military pay and the cost-of-living allowances, since it is compensation for services rendered.

N.J.S.A. 54A:8-1 allows special extensions of time to file an income tax return for members of the armed forces serving in an area declared as a combat zone by executive order of the President of the United States or a qualified hazardous duty area as defined by Federal statute. These qualified taxpayers are permitted 180 days to file a New Jersey income tax return after leaving the combat zone or qualified hazardous duty area. In addition, if a New Jersey resident serviceperson is hospitalized outside of New Jersey as a result of injuries received while serving in a combat zone or a qualified hazardous duty area, she/he may extend the filing time by the period of continuous hospitalization plus 180 days. Qualified taxpayers requesting an extension under N.J.S.A. 54A:8-1 must enclose a statement with the return explaining the reason for extension.

NJ SAVER Rebate

Partnership Property — In order to be entitled to the NJ SAVER rebate for the year 2000, the applicant must have owned and occupied the home as his/her

continued on page 12

tax briefs - from page 11

principal residence as of 12:01 a.m., October 1, 2000, and have paid property taxes in full on the property for that year. N.J.S.A. 54:4-8.58b a.b.

With regard to partnership ownership situations, the law provides that "An application for an NJ SAVER rebate shall be allowed for a homestead the title to which is held by a partnership, to the extent of the applicant's interest as a partner therein, and by a guardian, trustee, committee, conservator, or other fiduciary for any individual who would otherwise be eligible for an NJ SAVER rebate." N.J.S.A. 54:4-8.58b e.

Accordingly, if the general partner has resided in the home as of 12:01 a.m., October 1, 2000, and is domiciled in this State, and uses the home as his/her principal residence, and the property taxes due on the property for the year 2000 have been paid, he/she is entitled to the rebate. Of course, documentation, including any and all writings pertaining to the partnership agreement, proof of the applicant's principal residence, etc., should be provided to the Division of Taxation to document the applicant's eligibility for the NJ SAVER rebate application.

Sales and Use Tax

Casino Contractor Registration — The Casino Control Commission has the authority to determine whether a particular seller of items to the casino industry must be registered and licensed with the State under P.L. 2001, c.134 (N.J.S.A. 5:12-92). N.J.S.A. 5:12-63(a) states that the Casino Control

Commission shall have the responsibility "to hear and decide promptly...all license, registration, certificate, and permit applications and causes affecting the granting, suspension, revocation, or renewal thereof." Accordingly, questions pertaining to the licensing of "casino service industries" under P.L. 2001, c.134, should be referred to the Commission for determination. Registration for State taxes then follows as a matter of course if a license is required. For further information, inquiries may be directed to the Casino Control Commission, Arcade Building, Tennessee Avenue and Boardwalk, Atlantic City, NJ 08401 or 609-441-3422.

Miscellaneous Hotel Fees — Early Departure Fees are not subject to sales tax if they are similar to cancellation fees. If a sale is cancelled (e.g., the guest checks out early) there is no taxable transaction and the early departure fee is not subject to sales tax. However, if the hotel charges the agreed room rate for the remaining time even though the customer checked out early and never actually used the room, this charge constitutes rent for the "occupancy" (i.e., the right to use or possess) of a hotel room which is taxable under N.J.S.A. 54:32B-3(d).

Late Checkout Fees are subject to sales and use tax. This fee constitutes an additional rent charge for the "occupancy" (i.e., the right to use or possess) of a hotel room that is taxable under N.J.S.A. 54:32B-3(d).

Cancellation Fees are not subject to sales tax. If a sale is cancelled there is no taxable transaction and

the cancellation fee is not subject to sales tax.

Forfeited Deposits would not be subject to sales tax because a deposit is considered to be a payment against a future sale; thus sales tax is not due on a deposit until actual delivery of the merchandise occurs to which the deposit applies. If a sale is cancelled there is no taxable transaction and the deposit is not subject to sales tax.

"Reward Points" are considered consumer incentives/promotions and are treated in the same fashion as coupons and other discounts. Sales tax is calculated differently depending on how the discount is given. Generally, if a room rate is offered at a discounted price and a third party will reimburse the hotel, the sales tax is based on the full room rate. If the hotel offers a discount on the room rate but will not be reimbursed, then the tax on the room rate is based on the discounted price. If the hotel offers a free night stay, sales tax should not be charged on the free night. If a hotel offers two nights for the price of one, sales tax is based on the cost of one night.

Use of Resale Certificates — Generally, out-of-State businesses wishing to make exempt purchases in this State must register with New Jersey. However, exceptions exist for drop shipments and "qualified out-of-State vendors" making purchases in this State for resale. A drop shipment occurs when an out-of-State purchaser who is not registered with New Jersey instructs the New Jersey

New Jersey State Tax News

2001 (Volume 30)

INDEX

	No.	Page		No.	Page
CORPORATION BUSINESS TAX			Individual Development		
Bank Subjectivity	3	11	Accounts (Legislature)	4	20
Corporate Mergers (Legislature)	3	18	Interest Deduction – Acquisition		
Entity Classification	4	13	Indebtedness to Purchase		
Notice of Business Activities Report	1	3	S Corporation Stock (Courts)	4	17
Payment Obligations of			Keogh Plan Contributions	1	2
Certain Partnerships (Legislature)	3	17	<i>Koch</i> Benefits Extended	2	3
Receipts Fraction, Amount Includable			Military Pensions (U.S.)		
in Numerator of (Courts)	3	14	Exclusion of (Legislature)	2	13
Receipts Fraction and			NJ-AIDS Services Fund (Legislature)	3	18
Over-the-Road Haulers	1	10	Partnership Income,		
Refund Claim, Time Period to File (Courts)	2	9	Calculating Distributive Share	1	2
S Corporation Income, Phase-out			Protests of <i>Reck v. Director</i> Decision	1	2
of Tax (Legislature)	1	17	Qualified Conservation Contribution	4	4
Sales of Assets	1	10	Qualified Tuition Plans	3	2
			<i>Reck v. Director</i> , Protests of	1	2
			Resident Tax Credit,		
GENERAL			Calculation of (Courts)	1	16
<i>2001 Package NJX</i> Order Form	3	20	Resident Tax Credit,		
Division Organization Chart	1	insert	Calculation of (Courts)	2	9
Index for <i>State Tax News</i> –			Responsible Person Status (Courts)	1	15
2000 (Volume 29)	1	insert	S Corporation Sale, Reporting (Courts)	4	17
Legislation: Synopsis of 2000 Tax Laws	1	insert	Statute of Limitations, Death		
New Employees	4	8	Benefits (Courts)	4	18
Practitioner Institutes	3	6	Stock Option Treatment	3	12
Regional Office Moves to Asbury Park	2	1	Time Period to File Complaint (Courts)	2	10
Small Business Workshops	1	6	Waterway Workers, State Income		
Small Business Workshops	4	5	Taxation of	1	12
Taxation Regional Offices	4	14			
Web Site Redesign to Debut in Spring	1	5	INHERITANCE/ESTATE TAX		
What’s New for Tax Year 2001	4	1	Inheritance and Estate Tax Returns	2	2
Workforce New Jersey			New Jersey Estate Tax	1	4
Public Information Network	4	8	New Waiver Form	3	6
			Settlement of Intestate Estates (Legislature)	3	19
GROSS INCOME TAX					
Check, Please?!*	3	1	INSURANCE PREMIUMS TAX		
Claim of Right Refunds	4	4	Nonprofit Health Services Corporations		
Commuter Transportation			May Convert to For-profit Health		
Benefits (Legislature)	3	18	Insurers (Legislature)	3	19
Death Benefits, Six-Year Statute					
of Limitations (Courts)	4	18	LOCAL PROPERTY TAX		
Distribution from Retirement Plan,			Check, Please?!*	3	1
No Surcharge on	1	12	Continued Character Exception,		
Federal Income Tax Rebates	3	2	Property Exempt Under (Courts)	2	10

INDEX (continued)

	No.	Page		No.	Page
Continuing Education, Assessor	4	7	Delineated Municipal Areas (Legislature)	3	20
Continuing Education for Assessors	2	3	Energy Assistance Programs (Legislature)	1	17
Deductions Certified	4	7	Enforcement Summary		
Distribution of Miscellaneous			—Fourth Quarter 2000	1	15
Revenue (Legislature)	3	19	—First Quarter 2001	2	10
Farmland Acreage	4	6	—Second Quarter 2001	3	14
F.E.A.C. Adopts Values for 2002	4	6	—Third Quarter 2001	4	12
Firefighters' Organizations, Exemption of			Extensions for Those Affected by		
Property of (Legislature)	2	13	September 11 Terrorist Attacks	3	24
Homestead Rebate (Legislature)	3	19	Failure to State a Claim (Courts)	3	14
NJ SAVER Rebate (Legislature)	2	14	Individual Development		
NJ SAVER Rebate Applications	1	1	Accounts (Legislature)	4	20
NJ SAVER Rebates, Payment of			Interest 12.5% for Second Quarter 2001	1	5
Accelerated	2	1	Interest 10.5% for Third Quarter 2001	2	4
PAMS, Update on	4	7	Interest 9% for Fourth Quarter 2001	3	3
Property Tax Reimbursement (Legislature)	4	20	Interest 8% for 2002	4	4
Reassessments Required in Certain			Interest Waiver Due to Reliance on		
Circumstances (Legislature)	3	19	Written Advice of Division (Courts)	3	13
Religious, Charitable Organizations May			Landfill Developer Reimbursed	1	6
Lease Property to Others and			Refund Claims for Paid Assessments	3	3
Retain Exemption (Legislature)	2	13	Regulations (Courts)	2	8
State Retains Exempt Status	4	6	Responsible Person Status (Courts)	1	15
Tax Assessor Certificates	1	6	September 11 Terrorist Attacks		
Tax Assessor Certificates	3	8	(Legislature)	4	20
Tax Assessors' Calendar	1	7	Standard for Court to Hear		
Tax Assessors' Calendar	2	5	Motion for Reconsideration (Courts)	4	17
Tax Assessors' Calendar	3	8	Tax Amnesty in Louisiana, Maryland	3	4
Tax Assessors' Calendar	4	8	Timely and Conforming		
Tax Maps	2	4	Complaint (Courts)	2	9
Taxes Paid by Mistake,			Uniform Partnership Act (Legislature)	1	18
Denial of Refund of (Courts)	2	11	Untimely Complaint (Courts)	3	14
Veteran Status	3	4	Veterans' Benefits (Legislature)	3	19
Veterans' Benefits, Service Periods for	3	5			
 MISCELLANEOUS			 MOTOR FUELS TAX		
Adequate Notice (Courts)	1	14	Retail Sales of Motor Fuel (Licensing)	4	13
Administrative Procedures Act (Legislature)	1	17			
Bus Companies, Tax Compliance of	3	6	 SALES AND USE TAX		
Business Registration (Legislature)	3	19	Admission Imposed by		
Casino Reinvestment Development			Government Entities (Courts)	3	17
Authority Urban Revitalization			Admission to Swimming Pools		
Act (Legislature)	3	20	and Parking	4	13
Criminal Enforcement	1	8	Advertising Material, Sales in New Jersey	4	14
Criminal Enforcement	2	5	Advertising Space in a Publication		
Criminal Enforcement	3	9	Distributed Free of Charge	1	14
Criminal Enforcement	4	9	Advertising Space in a Publication		
			Distributed Free of Charge, Clarification	2	8

INDEX *(continued)*

	No.	Page		No.	Page
Aerial Spraying on Farms	1	12	Limousine Dealers and Repairers	3	4
Aircraft Repair Charges	4	14	Limousines, Sales and Repairs		
Automobile Shop Supplies	1	13	Exempt (Legislature)	2	14
Average Annual Volume, Calculation of (Courts)	1	16	Maintaining or Servicing Real or Personal Property (Courts)	3	16
Cable Television Service Providers	1	4	Maintenance Services	1	3
Complimentary Alcoholic Beverages (Courts)	3	15	Material and Supplies, Sales to Contractors (Courts)	4	19
Complimentary Alcoholic and Nonalcoholic Beverages (Courts)	3	16	Medical Illustrations	3	13
Corrective Eyeglasses, Sales of Parts for	3	12	Paint Your Own Ceramics	1	13
Drugs and Cosmetic Treatments	3	12	Parking, Charges for	4	13
Federal Subscriber Wire Charges	1	13	Prepaid Calling Card Sales Over the Internet	2	8
Federal Telecommunications Taxes	4	15	Prototypes (Courts)	2	12
Fireworks Display	1	13	Purchases Taken (or Delivered) to and from New Jersey	3	13
Flag Exemption	4	15	Shop Supplies	1	13
Golf Course Sales	1	12	Spring Cleaning	1	3
Horse Boarding	3	12	Teleconferencing Service	1	13
Interior Decorator Services	4	16	Wrapping Supplies, Interoffice	4	16
Interoffice Wrapping Supplies	4	16			
Lease Fees	4	16			

2001 TAX LAWS

CH.	DATE	SYNOPSIS	TAX*	BILL
5	1/16/01	Revises New Jersey's Administrative Procedures Act to enhance access to the rule-making process.	ALL	A-1484(1R)
18	1/29/01	Permits religious or charitable organizations to lease property to other exempt entities without losing property tax exemption.	LPT	A-3038
23	2/2/01	Provides for a phase-out of the corporation business tax on the regular income of S corporations.	CBT	A-1846(1R)
24	2/2/01	Provides for the appropriation of sales tax revenues to increase benefits under various energy assistance programs.	MIS	ACS for A-2920
84	5/7/01	Allows all taxpayers, regardless of age or disability status, to exclude their U.S. military pension or military survivor's benefit payments from gross income taxation.	GIT	A-1256 (1R)
85	5/8/01	Permits exempt firefighters' organizations to conduct certain income-producing activities and retain their tax exemption.	LPT	S-90 (2R)
90	5/10/01	Exempts sales of limousines to operators licensed in New Jersey, and repairs and replacement parts, regardless of where the limousine service operator is licensed.	S&U	S-1261 (1R)
93	5/10/01	Establishes the "New Jersey Individual Development Account Program."	MIS	ACS (2R) for A-2143
101	6/14/01	Directs assessors to reassess or revalue complete taxing district in certain circumstances.	LPT	S-1334 (4R)
106	6/18/01	Accelerates phase-in of the NJ SAVER rebate.	LPT	S-2
109	6/21/01	Modifies probate code in the settlement of intestate estates when heirs are missing or unknown.	TIT/ET	A-2105 (1R)
127	6/28/01	Extends certain veterans' benefits to certain participants in the Lebanon Crisis of 1958.	MIS	A-1330 (1R)
131	6/29/01	Provides for the conversion of a nonprofit health service corporation to a for-profit health insurer.	IPT	SCS (1R) for S-1581
134	6/29/01	Requires providers of goods and services to the State and casinos and certain subcontractors to register their businesses with the Division of Revenue.	MIS	S-2465 (1R)
136	6/29/01	Requires certain partnerships to remit corporation business tax payments on behalf of certain corporate members or partners.	CBT	ACS for A-3045

2001 TAX LAWS *(continued)*

CH.	DATE	SYNOPSIS	TAX*	BILL
140	7/2/01	Permits municipalities to distribute certain municipal revenues to real property taxpayers.	LPT	A-2442 (2R)
155	7/13/01	Revises determination of “area in need of redevelopment” in “Local Redevelopment and Housing Law.”	MIS	A-759 (1R)
159	7/16/01	Increases homestead rebate benefit amounts and provides a cost-of-living adjustment for the maximum amount.	LPT	SCS for S-1 and S-4
162	7/17/01	Permits a State employees’ commuter transportation benefits salary reduction program and excludes certain qualified transportation fringe benefits from New Jersey gross income tax.	GIT	A-190 (1R)
193	7/31/01	Permits certain corporate mergers without shareholder approval or right of dissent.	CBT	A-1980 (1R)
217	8/24/01	Provides for voluntary contributions by taxpayers on gross income tax returns for AIDS services activities.	GIT	S-340 (1R)
221	8/24/01	Establishes the Casino Redevelopment Authority urban revitalization incentive program to facilitate development in Atlantic City and other urban areas.	MIS	S-2173 (1R)
248	10/4/01	Concerns certain public benefits available to persons affected by September 11, 2001, terrorist attacks.	MIS	A-22
251	10/30/01	Increases income eligibility limits for the property tax reimbursement program. The change affects reimbursement applications for tax year 2001 and thereafter.	LPT	ACS (1R) for A-3082 and A-1338
273	12/26/01	Provides for voluntary contributions by taxpayers on gross income tax returns for Literacy Volunteers of America - New Jersey.	GIT	A-2545
305	1/2/02	Provides for voluntary contributions by taxpayers on gross income tax returns to New Jersey Prostate Cancer Research Fund.	GIT	A-2633
310	1/3/02	Authorizes the use of revenue allocation financing by certain municipalities and the use of additional financing mechanisms by municipalities in certain areas.	LPT	S-2727
311	1/3/02	Amends the Municipal Landfill Site Closure, Remediation, and Redevelopment Act to include certain Pinelands municipal landfills.	LPT	A-659
312	1/3/02	Exempts Palisades Interstate Park Commission land dedicated to recreation and conservation purposes from “roll-back” taxes.	LPT	A-856

2001 TAX LAWS *(continued)*

CH.	DATE	SYNOPSIS	TAX*	BILL
321	1/4/02	Provides a corporation business tax credit for the purchase of certain equipment used in treatment of effluent for reuse in an industrial process.	CBT	A-2380 (2R)
322	1/4/02	Exempts sales of certain effluent treatment or conveyance equipment from sales and use tax.	S&U	A-2381 (2R)
323	1/4/02	Increases the amount of wine tax dedicated to promotion account.	ABT	A-2518 (1R)
347	1/6/02	Establishes extended enterprise zones and designates three additional zones.	MIS	SCS (2R) for S-322
354	1/6/02	Expands property tax exemption of firefighters' organizations which use property for income-producing activities.	LPT	S-2652
358	1/6/02	Permits inspection of certain tax records by the Attorney General to facilitate the administration of the Tobacco Master Settlement Agreement.	ALL	A-3263 (1R)
396	1/8/02	Delineates cigarette packages to which cigarette tax stamps may not be affixed.	CIG	S-2741
399	1/8/02	Provides the manufacturing equipment and employment investment tax credit under the corporation business tax for certain electric and thermal energy production.	CBT	S-2761 (1R)
404	1/8/02	Provides for public access to government records, protects certain government records from public disclosure, and establishes Privacy Study Commission.	ALL	A-1309 (5R)
411	1/8/02	Provides a six-month extension of the recovery and refund periods for the sales and use tax refunds for flood victims of Hurricane Floyd.	S&U	A-2398
415	1/8/02	The "Neighborhood Revitalization State Tax Credit Act," grants tax credits to certain businesses that contribute to State-approved nonprofit organizations which engage in activities that promote preservation and revitalization of low and moderate income neighborhoods.	MIS	ACS for A-2592 and A-2452
424	1/8/02	Alters certain taxes and caps on tax due pursuant to the Spill Compensation and Control Act.	SCC	A-3731 (2R)
431	1/8/02	Authorizes New Jersey participation in multistate discussions of the Streamlined Sales Tax Project.	S&U	A-4024

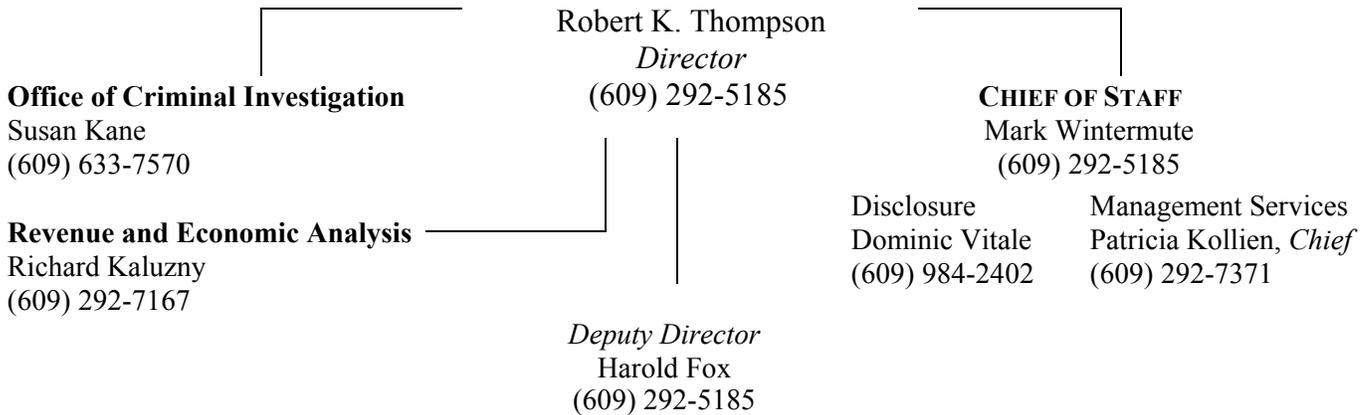
2001 TAX LAWS *(continued)*

CH.	DATE	SYNOPSIS	TAX*	BILL
433	1/8/02	Changes the phase-out schedule of transitional energy facility assessment (TEFA) unit rate surcharges on certain energy sales.	PUT	ACS for A-4045 and S-2773
438	1/10/02	Clarifies that steel outdoor advertising signs and their steel supporting structures are not real property for local property tax purposes.	LPT	S-2506 (1R)
448	1/11/02	Adjusts the tobacco products wholesale sales and use tax rate.	TPT	A-2998 (1R)

*Legend for 2001 Tax Laws

ABT = Alcoholic Beverage Tax	LPT = Local Property Tax
ACC = Atlantic City Casino Control Commission	MFT = Motor Fuels Tax
ALL = All Taxes Administered by the Division	MIS = Miscellaneous
CBT = Corporation Business Tax	PUT = Public Utility Taxes
CIG = Cigarette Tax	SCC = Spill Compensation & Control Tax
CMC = Cape May County Tourism Sales Tax	S&U = Sales and Use Tax
FBT = Financial Business Tax	TPT = Tobacco Products Tax
GIT = Gross Income Tax	TIT/ET = Transfer Inheritance & Estate Tax
IPT = Insurance Premiums Tax	PPT = Petroleum Products Gross Receipts Tax
LIT = Litter Control Tax	

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tax briefs - from page 12

vendor to deliver the merchandise to the purchaser's customer in New Jersey. The acceptable resale certificates for a qualified out-of-State vendor to use for a drop shipment are:

- (1) Purchaser's out-of-State resale certificate; or
- (2) Multijurisdiction Uniform Sales & Use Tax Certificate published by the Multi-State Tax Commission; or
- (3) New Jersey Form ST-3NR

Form ST-3NR is used by qualified out-of-State vendors to make tax-exempt purchases in New Jersey of goods or services purchased for resale. "Qualified out-of-State vendors" are vendors that: (1) are not registered with New Jersey, (2) are not required to be registered with New Jersey, and (3) are registered with another state.

In general, every vendor who sells taxable items or services must collect and remit New Jersey sales tax whenever such sales are completed by delivery of the item(s) to a New Jersey location or performance of the service within this State. However, certain out-of-State vendors may not be required to collect New Jersey sales tax if their only contact with New Jersey is limited to mailing catalogs, flyers or other advertisements to potential customers in this State and/or shipping merchandise to a New Jersey destination by means of commercial common carrier, parcel post, or the United States mail.

If a vendor maintains any place of business in New Jersey, has employees working in this State, or owns any business property here, such as a warehouse or showroom,

the vendor has a physical presence in New Jersey and must register and collect New Jersey sales tax on all taxable transactions. The term "employee" includes all salespersons, consultants, customer representatives, service or repair technicians, instructors, and delivery persons, as well as independent representatives or solicitors acting as agents on the vendor's behalf.

To register, a Business Registration Application (Form NJ-REG) must be filed with the State. The vendor will receive a New Jersey Certificate of Authority, Form CA-1, which authorizes it to collect sales tax and issue or accept exemption certificates. Information on registering your business is available both in the New Jersey Complete Business Registration Package and on the Division of Revenue's New Jersey Business Gateway Services Web site at: www.state.nj.us/njbgs/

Spill Tax

Substances on the List of Hazardous Substances with Asterisks — The Division recently responded to a question regarding the New Jersey spill compensation and control tax. The taxpayer asked whether flammable and inert gases marked with an asterisk, such as propane, on the List of Hazardous Substances, promulgated by the New Jersey Department of Environmental Protection (DEP) at N.J.A.C. 7:1E Appendix A, are exempt from the spill compensation and control tax.

The Division replied that Department of Environmental Protection regulations at N.J.A.C. 7:1E-1.7(b)2 indicate that any flammable or inert gases listed in Appendix A and which are designated by an asterisk "shall not be considered

hazardous substances."

Since tax is levied on the transfer of "hazardous substances," as defined in the Act and further interpreted by DEP regulations, the Division of Taxation will not impose the tax on any substances not considered hazardous substances in Department of Environmental Protection regulations. This would include propane, which is listed with an asterisk.

The taxpayer further inquired whether the exemption from tax applies when the propane is transported and stored under pressure in liquid form. Department of Environmental Protection regulations are currently addressing this problem. The Department of Environmental Protection proposed readoption of N.J.A.C. 7:1E at 33 N.J.R. 1262 changes the language of N.J.A.C. 7:1E-1.7(b)2 from "any flammable or inert gas listed in Appendix A and which is designated by an asterisk" to "any flammable *substance* or inert gas listed in Appendix A and which is designated by an asterisk." *Emphasis added.* This change clarifies that flammable substances, such as propane, are not hazardous substances regardless of their form — solid, liquid, or gaseous — and were not intended to be included as covered substances under the Spill Act (see Department of Environmental Protection explanation in its summary to the above rule at 33 N.J.R. 1256). Due to the above the Division of Taxation will not impose the spill tax on such substances, which would include transported propane under pressure in liquid form. □

In Our Courts

Administration

Timeliness of the Complaint and Summary Judgment – *Harry and Susan Dashoff v. Director, Division of Taxation*, decided November 26, 2001; Appellate Division No. A-3966-99T3.

The Appellate Division reversed the Tax Court's summary judgment dismissal of taxpayer's complaint due to taxpayer's failure to timely protest the notice of assessment, which notice was returned to the Division as unclaimed. The Appellate Division ruled that the Division of Taxation's mailing of the notice is presumptive evidence of receipt that may be rebutted. Taxpayer alleges that he never received any notice of certified mail. Accordingly, the Appellate Division remanded the case to the Tax Court for an evidentiary hearing regarding a full factual picture of service of the notice.

Gross Income Tax

Employee or Independent Contractor – *Ersel G. Seiler v. Director, Division of Taxation*, decided January 16, 2002; Tax Court No. 004237-2000.

The Tax Court granted the Division's motion for Summary Judgment ruling that plaintiff was an employee of Allstate Insurance Company and not an independent contractor. The Division relied on information contained in plaintiff's divorce proceedings in the New Jersey Superior and Appellate Courts where plaintiff successfully argued that he was an employee of Allstate.

In his divorce proceedings, plaintiff asserted the following: (1) Compensation was governed by an

agent compensation agreement with Allstate. (2) All premiums collected were treated in trust for Allstate. (3) Premiums were remitted to Allstate without any deduction for commission or expenses. (4) Plaintiff did not have a "book of business" that could be sold. (5) Another company, with Allstate's approval, hires and fires plaintiff's employees. (6) Plaintiff may hire employees with approval and Allstate may direct plaintiff to terminate employees. (7) Plaintiff establishes the compensation of some employees. (8) Plaintiff is paid by Allstate and receives a W-2 from Allstate. (9) Plaintiff's agency is part of Allstate's Neighborhood Office Program. (10) Plaintiff receives an expense allowance from Allstate that is tied to sales and can be used in any way but plaintiff is responsible for any expenses over the allowance. (11) Allstate owns most of the computers and all of the other office equipment. (12) Allstate assigns the phone number and pays for and maintains the sign for plaintiff's agency. (13) Allstate designs and pays for all advertisements.

Interest Deduction: Acquisition Indebtedness to Purchase S Corporation Stock – *Sidman v. Director, Division of Taxation*, decided November 14, 2001; New Jersey Supreme Court No. C-354 Spring Term 2001 51,806.

The New Jersey Supreme Court denied plaintiff's petition for certification. In upholding the Tax Court, the Appellate Division previously held that a shareholder's interest payments to other shareholders for their S corporation stock were not deductible from the purchaser's pro rata share.

Untimely Filing of Petition – *Joyce H. Eiszner v. Director, Division of Taxation*, decided October 16, 2001; New Jersey Supreme Court No. M-314 September Term 2001 51,892.

The New Jersey Supreme Court dismissed plaintiff's petition for certification due to lack of prosecution.

Keogh Plan Contributions – *John and Barbara Reck v. Director, Division of Taxation*, decided December 7, 2001; Appellate Division No. A-5379-99T3.

Plaintiff husband is a partner in an accounting firm. The firm established a qualified Internal Revenue Code (IRC) section 401(a) Keogh Plan. Contributions on each partner's behalf were made by the partnership to the Keogh Plan. In calculating his distributive share of partnership income for the 1992 and 1993 tax years, plaintiff deducted these contributions. The Division denied the deductions on the basis that only 401(k) plan contributions were deductible.

The Tax Court held that the accounting firm's contributions on behalf of partners to the Keogh Plan were deductible in calculating the partner's distributive share of partnership income. In its determination, the Court ruled that the firm's Keogh Plan contributions for partners were ordinary and necessary deductible business expenses pursuant to N.J.S.A. 54A:5-1b, which defines net profits from business.

The Appellate Division reversed finding that the controlling statute was N.J.S.A. 54A:6-21 which stated that gross income does not include employer contributions on

continued on page 15

in our courts - from page 14

behalf of its employees to a 401(k) plan. Hence, the Court ruled that other contributions are not deductible even though not expressly prohibited. The Court relied on the legislative history of N.J.S.A. 54A:6-21, the regulations, and case law including *Dantzer*, *Mutch*, and *Sidman*. The Court also noted that *Koch v. Director* did not apply as it dealt with accounting principles and does not apply to cases involving the deductibility of retirement and pension plan contributions.

The New Jersey Supreme Court has granted the taxpayers' petition for certification.

Partnership's Discharge of Indebtedness Income – *Michael and Patricia Scully and James Scully v. Director, Division of Taxation*, decided September 21, 2001; Tax Court No. 004076-1997.

Plaintiffs Michael Scully and James Scully each own a 48.5% limited partnership interest and a 1% general partnership interest in Port-O-Call Associates, a New Jersey limited partnership (the "Partnership"). Additionally, each owns 50% of the corporate stock of a Pennsylvania corporation that owns a 1% general partnership interest in the Partnership.

The Partnership purchased a hotel with a \$7 million mortgage. Subsequently, the mortgagee became insolvent and the mortgage was assigned to a corporation that acted as the receiver. Thereafter, the receiver sold the mortgage loan to Optimum Mortgage Investment Company for approximately \$2 million less than the note's principal balance. Optimum's mortgage purchase was financed by the

plaintiffs pursuant to an agreement that paid Optimum a fee and obligated Optimum to assign the mortgage to plaintiffs. Thereafter, plaintiffs assigned the mortgage to the Partnership.

The Partnership's Federal income tax return reported the current principal balance of the note as a capital contribution and the \$2 million difference between the previous and current principal balance of the mortgage as debt-forgiveness income. The Partnership's Pennsylvania information return reported the same capital contribution but reported the \$2 million difference as "Net profits from business...apportioned to Pennsylvania."

The Director determined that the Partnership realized discharge of indebtedness income in the amount of approximately \$2 million, the difference between the prior mortgage principal balance and the amount of the mortgage principal when the plaintiffs contributed the loan to the Partnership which thereby discharged the mortgage debt. The Director contended that this amount is attributable to plaintiffs as discharge of indebtedness income that occurred "within a business entity" under N.J.S.A. 54A:5-1(k) and (b).

The issue before the Court was whether partners are subject to gross income tax on discharge of indebtedness income realized by the Partnership. Relying on *Smith v. Director* the Court determined that a partnership's discharge of indebtedness income must arise in the ordinary course of partnership business operations to be includable in the partner's gross income. Otherwise the discharge of indebtedness income would retain its character, and as such,

discharge of indebtedness, is not a category of income subject to gross income tax.

The Director, Division of Taxation, has filed an appeal with the Superior Court, Appellate Division.

Partnership's Discharge of Indebtedness Income – *Richard and Sharon Miller v. Director, Division of Taxation*, decided November 27, 2001; Tax Court No. 000054-2001.

Plaintiff Richard Miller is a partner of a New Jersey general partnership (the "Partnership"). The Partnership's only asset is one piece of real estate encumbered by a mortgage that is owned as real estate investment. This real estate is leased to a law firm some of whose partners are partners in the Partnership. When the real estate's value dropped significantly below the principal balance of the mortgage loan, the mortgagee reduced the principal balance upon the Partnership's request for a reduction.

The Partnership reported the reduction in the principal balance as other income on its Federal income tax return but did not report it on the Partnership's New Jersey tax return. Plaintiff's Federal Schedule K-1 reported his proportionate share of the mortgage reduction as other income but did not report it on either plaintiff's Schedule NJK-1 or New Jersey gross income tax return. The Director determined that the mortgage reduction resulted in forgiveness of indebtedness income to the Partnership and thereby was includable in the partner's distributive share of partnership income.

continued on page 16

in our courts - from page 15

The Court applied its legal analysis in *Scully*, above, to the facts of this case. The Court noted that there were three differences between the cases most notably that in the instant case there was no question that the Partnership received discharge of indebtedness income and that here the real estate is owned as an investment as opposed to as a hotel and restaurant. As in *Scully*, the Court stated that discharge of indebtedness income "is taxable to a partner only if attributable to a partnership's ordinary business operations."

The Court ruled that the plaintiff was not subject to the gross income tax on the Partnership's discharge of indebtedness income because the income relating to the mortgage loan is not includable in the Partnership's net profits from business. The transaction involving the mortgage loan is in the nature of a capital transaction, not

an ordinary business operation. Moreover, the Court added that even if the loan transaction constituted part of the partnership's ordinary business operations, the income-generating event is the reduction in principal balance, which is not part of the partnership's ordinary business operations.

The Director, Division of Taxation, has filed an appeal with the Superior Court, Appellate Division. □

In Our Legislature **Cigarette Tax**

Application of Cigarette Tax Stamp — P.L. 2001, c.396 (signed into law on January 8, 2002) amends the Cigarette Tax Act to revise the prohibition against affixing tax stamps to packages that do not comply with the law.

Under the legislation, distributors cannot stamp packages that:

- Do not comply with Federal cigarette labeling law, including warning label requirements and Federal trademark and copyright laws.
- Have been altered by placement of a sticker over certain required Federal labels.
- Contain cigarettes not in compliance with the cigarette ingredients disclosure requirement of the Federal Cigarette Labeling and Advertising Act.
- Were imported into the United States in violation of the Federal Imported Cigarette Compliance Act of 2000.

The law also eliminates the discretion of the Director of the Division of Taxation to resell, rather than destroy, any cigarettes confiscated as a result of having been stamped in violation of the statutory prohibition. This act took effect immediately.

Corporation Business Tax

Tax Credit for Wastewater Treatment Equipment — P.L. 2001, c.321 (signed into law on January 4, 2002) provides a corporation business tax credit for taxpayers purchasing certain wastewater treatment and conveyance equipment, within a privilege period, used in the treatment and transport of effluent for reuse in an industrial process exclusively within New Jersey.

The amount of the credit is equal to 50% of the cost of the treatment or conveyance equipment less any loan amount received under N.J.S.A.13:1E-96 (State Recycling Fund) and excluding any sales and use tax. The amount of credit claimed for the privilege period in

New Jersey

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continued on page 17

in our legislature - from page 16

which the purchase is made and in each period thereafter may not exceed 20% of the total allowable credit. Additionally, the credit, when combined with other allowable credits, may not exceed 50% of the tax liability that would otherwise be due; nor may it reduce the tax liability to less than the statutory minimum. The credit can be passed through a partnership to the partners and an unused credit can be carried forward.

To qualify for the credit the taxpayer must submit a copy of a determination from the Department of Environmental Protection that the operation of the equipment and reuse of wastewater effluent will be beneficial to the environment, and an affidavit affirming that the equipment will be used only in New Jersey when filing the tax return.

This act took effect immediately and applies to purchases made in privilege periods beginning on or after July 1, 2002.

Manufacturing Equipment and Employment Investment Tax Credit — P.L. 2001, c.399 (signed into law on January 8, 2002) provides this tax credit under the corporation business tax for certain electric and thermal energy production. The act is retroactive to January 1, 2002, and applies to tax years beginning on and after that date.

Gross Income Tax

Checkoff for Literacy Volunteers of America – New Jersey — P.L. 2001, c.273 (signed into law on December 26, 2001) allows taxpayers to make voluntary contributions on their gross income tax returns for literacy training, technical assistance, and program development. This act took effect immediately and applies to taxable years beginning on or after January 1, 2002.

Checkoff for New Jersey Prostate Cancer Research Fund — P.L. 2001, c.305 (signed into law on January 2, 2002) allows taxpayers to make voluntary contributions on their gross income tax returns to the New Jersey Prostate Cancer Research Fund for prostate cancer research. This act took effect immediately and applies to taxable years beginning on or after January 1, 2003.

Local Property Tax

Financing for Local Development Projects

— P.L. 2001, c.310 (signed into law on January 3, 2002) broadens the mechanisms available to municipalities to finance local development projects. Certain provisions of the bill are designated as the “Redevelopment Area Bond Financing Law.” These provisions allow a municipality that has designated a redevelopment area pursuant to the Local Redevelopment and Housing Law (N.J.S.A. 40A:12A-1 et seq.) to issue bonds that would be secured by payments in lieu of taxes under a tax abatement agreement and/or special assessments on property benefiting from the improvements provided.

Other provisions of the bill are designated as the “Revenue Allocation District Financing Act.” These provisions authorize a municipality to establish one or more areas as a revenue allocation district and to designate a district agent to implement a development plan for the district. The ordinance creating the district would be submitted to the Local Finance Board, and must be approved by the board. After the creation of the district, the district agent could issue bonds or notes to finance the development of specific projects or to finance the infrastructure necessary to facilitate development within the district. This law took effect on March 4, 2002.

Palisades Interstate Park Commission Land Exempt From Roll-back Taxes — P.L. 2001, c.312 (signed into law on January 3, 2002) exempts land acquired by the Palisades Interstate Park Commission for conservation and

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in our legislature - from page 17

recreation purposes from the imposition of roll-back taxes pursuant to the Farmland Assessment Act of 1964. When land receiving farmland assessment is converted to a use other than agricultural or horticultural, the land is subject to additional taxes, known as "roll-back taxes," equal to the benefit for the current year and the two preceding years. This act took effect immediately.

Exemption for Property of Firefighters' Organizations — P.L. 2001, c.354 (signed into law on January 6, 2002) provides that when the property of an exempt New Jersey firefighter's association, firefighter's relief association, or volunteer fire company is used for an income-producing activity

unrelated to the organization's primary purpose, the property remains exempt from property tax even if this activity exceeds 120 days annually provided the net proceeds are used in furtherance of the organization's primary purpose or for other charitable purposes. This change is effective retroactively to January 1, 1998.

Steel Outdoor Advertising Signs — P.L. 2001, c.438 (signed into law on January 10, 2002) clarifies that steel outdoor advertising signs and their steel supporting structures are not considered real property. However, the cement foundation, all underground piping, and electrical wiring up to the point of connection with the supporting structure is considered real property. This act took effect immediately and applies to assessments made after enactment.

Miscellaneous

Municipal Landfill Site Closure, Remediation, and Redevelopment Act Amended — P.L. 2001, c.311 (signed into law on January 3, 2002) amends P.L. 1996, c.124, to allow Pinelands municipalities to be eligible for redevelopment projects, and special tax benefits provided therein, on land where a municipal landfill is or has been located. Under the bill, a redevelopment project of this nature must be consistent with the recommendations of the pilot program for rural economic development developed by the Pinelands Commission pursuant to section 2 of P.L. 1997, c.233. This law took effect immediately.

New Jersey Wine Promotion Account — P.L. 2001, c.323 (signed into law on January 4, 2002) increases the amount dedicated to the New Jersey Wine Promotion Account in the Department of Agriculture from \$0.20 to \$0.47 per gallon on the sale of wines, vermouth, and sparkling wines produced by New Jersey wineries. This law took effect immediately.

Open Public Records Act — P.L. 2001, c.404 (signed into law on January 8, 2002) expands access to public records to include all government records and protects certain government records from public disclosure.

The bill also establishes a Government Records Council to facilitate the resolution of disputes regarding access to government records and a temporary Privacy Study Commission to study privacy issues raised by the collection, processing, use, and dis-

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in our legislature - from page 18

semination of information by public agencies.

The provisions establishing the Privacy Study Commission took effect immediately, and expire on the date the Commission submits its report to the Governor and the legislature. The remainder of the act takes effect on July 7, 2002.

Neighborhood Revitalization State Tax Credit Act — P.L. 2001, c.415 (signed into law on January 8, 2002) establishes a tax credit as an incentive to businesses to invest in neighborhood revitalization and preservation projects sponsored by nonprofit corporations. Business entities which contribute financial assistance to a nonprofit sponsor may be granted a certificate authorizing a credit to be applied against taxes on certain business income.

The tax credit may be granted in an amount up to 50% of the approved assistance provided to a nonprofit organization to implement a qualified project. The credit allowed may not exceed \$500,000 or the total amount of tax otherwise payable by the business for any taxable year, whichever is less, and may not exceed statutory limits on the tax for which a credit is claimed. The bill authorizes no more than \$10 million in tax credits in any one year. Chapter 415 takes effect on July 1, 2002.

Tax Amnesty — P.L. 2002, c.6 (signed into law on March 18, 2002) establishes a 60-day amnesty period to end no later than June 10, 2002, for the payment of any outstanding State tax liabilities due on or after January 1, 1996, and prior to January 1, 2002. During the amnesty period, a tax-

payer who has failed to pay any State tax can pay the tax without being liable for interest, cost of collection, or civil or criminal penalties normally imposed under State law.

Amnesty will not be available to any taxpayers under criminal investigation or charge for any State tax matter. Eligible taxpayers who fail to pay the tax owed during the established amnesty period will be subject to a 5% penalty which cannot be waived or abated, in addition to all other penalties, interest, or costs of collection.

This act took effect immediately.

Public Utility Taxes Transitional Energy Facility Assessment Phase-out Changed — P.L. 2001, c.433 (signed into law on January 8, 2002) freezes transitional energy facility assessment (TEFA) unit rate surcharges at calendar year 2001 rates for 2002 through 2004 and reduces that surcharge ratably for 2005 through 2006. The act took effect immediately and is retroactive to January 1, 2002.

Sales and Use Tax Exemption for Wastewater Treatment Equipment — P.L. 2001, c.322 (signed into law on January 4, 2002) exempts from sales and use tax sales of wastewater treatment and conveyance equipment provided the Department of Environmental Protection determines that the operation of the equipment and the reuse of wastewater effluent that results will be beneficial to the environment.

The bill requires the equipment purchaser to pay any applicable tax and apply for a refund after

showing the equipment has been put to an exempt use. The law took effect immediately and applies to sales made after enactment.

Urban Enterprise Zone Benefits Extended — P.L. 2001, c.347 (signed into law on January 6, 2002) amends P.L. 1983, c.303 (C.52:27H-61 et seq.) and extends the life of an urban enterprise zone after the expiration of its third five-year period of designation if the municipality has an annual average of 2,000 or more unemployed persons or an average annual unemployment rate higher than the State average annual unemployment rate. This extension allows for the replacement of the final five-year period with a sixteen-year period during which the municipality receives a percentage of the sales tax revenues, according to a formula provided in the law, until the final year.

In addition, the law allows for the designation of an urban enterprise zone-impacted business district in an economically distressed business district adjacent to two or more urban enterprise zones. Certain businesses in these qualified districts are permitted to collect sales tax at the same reduced rate as qualified businesses in the adjacent urban enterprise zone.

Finally, the law provides for the designation of three additional urban enterprise zones, including a joint municipal zone. This law took effect immediately, with the exception of certain sections which took effect on April 1, 2002.

Refund Program for Hurricane Floyd Victims Extended — P.L. 2001, c.411 (signed into law on January 8, 2002) provides a six-

in our legislature - from page 19

month extension of the sales and use tax refund program for flood victims of Hurricane Floyd.

The law extends the period in which purchases of household goods, home repair materials, and replacement motor vehicles must have been made to March 31, 2001, and extends the period for claiming the sales and use tax refunds on those purchases to September 30, 2001. This act took effect immediately.

Streamlined Sales Tax Project — P.L. 2001, c.431 (signed into law on January 8, 2002) authorizes New Jersey participation in discussions of the Streamlined Sales Tax Project in an effort to simplify and modernize sales and use tax collection and administration. The project's proposals will incorporate uniform definitions within tax bases, simplified audit and administrative procedures, and emerging technologies to reduce the burden of tax collection. Chapter 431 took effect immediately.

Spill Compensation Tax

Cap Limitations Altered — P.L. 2001, c.424 (signed into law on January 8, 2002) alters certain taxes and caps on tax due pursuant to the Spill Compensation and Control Act.

This law provides that for major facilities established by the subdi-

vision of a major facility which existed in 1986, including subsequent owners and operators, the total aggregated tax due shall not exceed 100% of the tax paid in 1999. It also allows a successor in certain corporate sales to be eligible for the same capped liability as the predecessor corporation.

The law sets the tax for any transfer of elemental antimony or antimony trioxide sold for use in the manufacture or for the purpose of a fire retardant at \$0.015 per barrel and changes the cap on tax due for such transfers. The law also provides that hazardous substances not subject to regulation by the Department of Environmental Protection shall not be subject to taxation under the Spill Compensation and Control Act. Chapter 424 took effect on April 1, 2002.

Tobacco Products Tax

Tax Computation — P.L. 2001, c.448 (signed into law on January 11, 2002) lowers the tax rate from 48% to 30% and changes the basis for the calculation of the tax. The tax will be imposed on the amount paid by the distributor to buy the products from the manufacturer rather than the amount received on sales from the distributor to vendors or consumers.

The law also provides that liability for the tax accrues when the distributor resells the tobacco products. In addition, the liability for

installments of tax and the reporting and record keeping responsibilities of taxpayers is clarified.

This act took effect on March 1, 2002 and applies to tobacco products sold or disposed of on and after that date, except for those tobacco products for which the tax was paid prior to the effective date.

Uniform Procedure Law

Inspection of Certain Tax Records

— P.L. 2001, c.358 (signed into law on January 6, 2002) adds an exemption to the taxpayer information confidentiality provisions of the State Tax Uniform Procedure law. The exemption allows the Attorney General or other legal representative of this State to inspect the reports or files of any tobacco product manufacturer for any period in which the manufacturer was not or is not in compliance with the law governing the administration of the Tobacco Master Settlement Agreement. This law took effect immediately.

□

tax calendar

April

	SUN.	MON.	TUE.	WED.	THU.	FRI.	SAT.
2		1 	2	3	4	5	6
0	7	8	9	10 	11	12	13
0	14	15 	16	17	18	19	20
2	21	22 	23	24	25 	26	27
	28	29	30 				

April 1

GCC-1 Motor Fuels Tax—
Carrier's monthly report

April 10

- CWIP-1,2 Cigarette Tax—**
Wholesaler's informational report
- CDIS-1,2 Cigarette Tax—**Distributor's informational and sales report
- CR-1 & CNR-1 Cigarette Tax—**
Wholesaler's monthly report of non-New Jersey stamped cigarettes

April 15

- CBT-100/ CBT-100S Corporation Business Tax—**Annual return for accounting period ending December 31
- CBT-150 Corporation Business Tax—**Installment payment of estimated tax for 4th, 6th, 9th, or 12th month of current tax year
- HR-1040 Homestead Rebate—**
Application

April 15 - continued

- NJ-1040/ NJ-1040EZ Gross Income Tax—**
Resident return for calendar year filers
- NJ-1040NR Gross Income Tax—**
Nonresident return for calendar year filers
- NJ-1041 Gross Income Tax—**
Fiduciary return for calendar year filers
- NJ-1065 Gross Income Tax—**
Partnership return for calendar year filers
- NJ-1040ES Gross Income Tax—**
Declaration of Estimated Tax, Voucher 1 for calendar year filers

April 22

- CR-1 & CNR-1 Cigarette Tax—**Monthly report of cigarettes sold or used by distributors and manufacturers
- MSS-1 Cigarette Tax—**Monthly report by manufacturers of special shipments of taxable cigarettes into New Jersey

continued

April 22 - continued

- GA-1D Motor Fuels Tax—**Distributor's monthly report of gallons of fuel sold or used
- GA-1J Motor Fuels Tax—**Jobber's monthly report of gallons of fuel sold or used
- GA-1X Motor Fuels Tax—**Importer's monthly report of gallons of fuel imported
- MFT-10 Motor Fuels Tax—**Monthly report by seller-user of special fuels for sales and/or use
- MFT-14 Motor Fuels Tax—**Monthly export report
- MFT-60 Motor Fuels Tax—**Monthly storage facility operator report
- SCC-5 Spill Compensation and Control Tax—**Monthly return
- SCC-6 Spill Compensation and Control Tax—**Public storage facility operator return
- ST-20 New Jersey/New York Combined State Sales and Use Tax—**Quarterly return
- ST-50 Sales and Use Tax—**Quarterly return
- ST-250 Combined Atlantic City Luxury Tax/State Sales Tax—**Monthly return
- ST-350 Cape May County Tourism Sales Tax—**Monthly return
- ST-450 Sales and Use Tax—Salem County—**Quarterly return
- TP-20 Tobacco Products Wholesale Sales and Use Tax—**Monthly return
- UZ-50 Combined State Sales Tax/Urban Enterprise Zone Sales Tax—**Monthly return
- April 25 PPT-40 Petroleum Products Gross Receipts Tax—**Quarterly return
- April 30 NJ-927 & NJ-927-W Gross Income Tax—**
Employer's quarterly report
- GCC-1 Motor Fuels Tax—**
Carrier's monthly report

continued

May

	SUN.	MON.	TUE.	WED.	THU.	FRI.	SAT.
2 0 0 2				1 ☐	2	3	4
	5	6	7	8	9	10 ☐	11
	12	13	14	15 ☐	16	17	18
	19	20 ☐	21	22	23	24	25
	26	27	28 ☐	29	30 ☐	31	

May 1

ST-18B Sales and Use Tax—
Annual use tax return for
qualified businesses

May 10

CWIP-1,2 Cigarette Tax—
Wholesaler's informational
report

CDIS-1,2 Cigarette Tax—Distributor's
informational and sales
report

CR-1 & CNR-1 Cigarette Tax—
Wholesaler's monthly report
of non-New Jersey stamped
cigarettes

May 15

**CBT-100 Corporation Business
Tax—**Annual return for
accounting period ending
January 31

**CBT-150 Corporation Business
Tax—**Installment payment
of estimated tax for 4th, 6th,
9th, or 12th month of current
tax year

NJ-500 Gross Income Tax—
Employer's monthly
remittance

May 20

CR-1 & CNR-1 Cigarette Tax—Monthly
report of cigarettes sold or
used by distributors and
manufacturers

MSS-1 Cigarette Tax—Monthly
report by manufacturers of
special shipments of taxable
cigarettes into New Jersey

GA-1D Motor Fuels Tax—
Distributor's monthly report
of gallons of fuel sold or
used

GA-1J Motor Fuels Tax—Jobber's
monthly report of gallons of
fuel sold or used

GA-1X Motor Fuels Tax—
Importer's monthly report of
gallons of fuel imported

MFT-10 Motor Fuels Tax—Monthly
report by seller-user of
special fuels for sales and/or
use

MFT-14 Motor Fuels Tax—Monthly
export report

continued

May 20 - continued

MFT-60 Motor Fuels Tax—Monthly
storage facility operator
report

**SCC-5 Spill Compensation and
Control Tax—**Monthly
return

**SCC-6 Spill Compensation and
Control Tax—**Public
storage facility operator
return

**ST-21 New Jersey/New York
Combined State Sales and
Use Tax—**Monthly return

ST-51 Sales and Use Tax—
Monthly remittance

**ST-250 Combined Atlantic City
Luxury Tax/State Sales
Tax—**Monthly return

**ST-350 Cape May County Tourism
Sales Tax—**Monthly return

**ST-451 Sales and Use Tax—Salem
County—**Monthly return

**TP-20 Tobacco Products Whole-
sale Sales and Use Tax—**
Monthly return

**UZ-50 Combined State Sales
Tax/Urban Enterprise
Zone Sales Tax—**Monthly
return

May 28

**PPT-41 Petroleum Products Gross
Receipts Tax—**Monthly
return

May 30

GCC-1 Motor Fuels Tax—Carrier's
monthly report

June

	SUN.	MON.	TUE.	WED.	THU.	FRI.	SAT.
2							1
0	2	3	4	5	6	7	8
0	9	10 ☐	11	12	13	14	15
2	16	17 ☐	18	19	20 ☐	21	22
	23 30	24	25 ☐	26	27	28	29

June 10

- CWIP-1,2 Cigarette Tax—** Wholesaler's informational report
- CDIS-1,2 Cigarette Tax—** Distributor's informational and sales report
- CR-1 & CNR-1 Cigarette Tax—** Wholesaler's monthly report of non-New Jersey stamped cigarettes

June 17

- CBT-100 Corporation Business Tax—** Annual return for accounting period ending February 28
- CBT-150 Corporation Business Tax—** Installment payment of estimated tax for 4th, 6th, 9th, or 12th month of current tax year
- NJ-500 Gross Income Tax—** Employer's monthly remittance

June 20

- CR-1 & CNR-1 Cigarette Tax—** Monthly report of cigarettes sold or used by distributors and manufacturers
- MSS-1 Cigarette Tax—** Monthly report by manufacturers of special shipments of taxable cigarettes into New Jersey
- GA-1D Motor Fuels Tax—** Distributor's monthly report of gallons of fuel sold or used
- GA-1J Motor Fuels Tax—** Jobber's monthly report of gallons of fuel sold or used
- GA-1X Motor Fuels Tax—** Importer's monthly report of gallons of fuel imported
- MFT-10 Motor Fuels Tax—** Monthly report by seller-user of special fuels for sales and/or use
- MFT-14 Motor Fuels Tax—** Monthly export report

June 20 - continued

- MFT-60 Motor Fuels Tax—** Monthly storage facility operator report
- SCC-5 Spill Compensation and Control Tax—** Monthly return
- SCC-6 Spill Compensation and Control Tax—** Public storage facility operator return
- ST-21 New Jersey/New York Combined State Sales and Use Tax—** Monthly return
- ST-51 Sales and Use Tax—** Monthly remittance
- ST-250 Combined Atlantic City Luxury Tax/State Sales Tax—** Monthly return
- ST-350 Cape May County Tourism Sales Tax—** Monthly return
- ST-451 Sales and Use Tax—Salem County—** Monthly return
- TP-20 Tobacco Products Wholesale Sales and Use Tax—** Monthly return
- UZ-50 Combined State Sales Tax/Urban Enterprise Zone Sales Tax—** Monthly return

June 25

- PPT-41 Petroleum Products Gross Receipts Tax—** Monthly return

continued

from the director's desk

New Jersey's 2002 Tax Amnesty Program offers taxpayers a chance to clear their consciences and clear their names. It's a way for individuals and businesses that have made an honest mistake to start fresh without fear of penalties or interest. Just pay the taxes you owe before the deadline, and you're free and clear.

And if you decide to ignore Amnesty? Well, this is amnesty, not charity. If you don't take advantage of this great opportunity you'll be charged an additional, unabatable 5% penalty. And, an additional collection service fee may also be imposed.

Amnesty is available for tax liabilities resulting from tax returns due on or after January 1, 1996, and on or before December 31, 2001. Amnesty covers all taxes administered by the Division, including corporation business tax, sales and use tax, and gross income tax. A complete list can be found on page 3. Most taxpayers will be eligible for Amnesty, except for those currently under criminal investigation or charge for any State tax matter.

Remember, this is a limited-time opportunity. Tax Amnesty is only available until midnight on June 10, 2002. So, if there's a State tax return you haven't filed, a tax bill you haven't paid, or maybe you forgot to pay use tax on that computer you bought from a catalog back in 2000, here's your chance to wipe the slate clean.

For more information, call our toll-free Tax Amnesty Hotline at 1-800-781-8407, or visit our Web site at: www.njtaxamnesty.com

A handwritten signature in black ink that reads "Robert F. Thompson". The signature is written in a cursive style with a large, prominent initial "R".