

GIT-10, Step-by-Step Guide to Form NJ-1040 (tax year 2001)

Introduction

*This bulletin is designed as a checklist for completing the 2001 Form NJ-1040, the New Jersey income tax resident return. Refer to the instructions in the NJ-1040 instruction booklet if you need more detailed information on **how** to complete a particular line.*

What You'll Need

- ___ W-2(s)—one for each job during the year
- ___ 1099(s)—if interest, dividend, pension (or other types of income reported on this form) were received
- ___ Records of property tax or rent paid, if eligible for the property tax deduction/credit or homestead rebate
- ___ Pen with blue or black ink, scratch paper, calculator
- ___ Blank Form NJ-1040 and Schedule ABC page, along with NJ-1040 instruction booklet
- ___ Social security number (and spouse's, if applicable)
- ___ Completed Federal income tax return

STEP 1: Name and Address

- ___ If you received a preprinted mailing label, apply it to your return only after the return is completed and correct. Do not use the label if any of the preprinted information is incorrect. If no mailing label is available, or if the label contains inaccurate information, print name (and spouse's, if applicable) and address carefully.
- ___ Enter social security number (and spouse's, if applicable). Print or type one digit inside each box.
- ___ Enter the County/Municipality Code for the current residence.
- ___ Complete the "Other Tax Year" line above the name and address if records are kept on a fiscal year rather than on a calendar year (Jan. 1– Dec. 31) basis.
- ___ Fill in the oval if an application for a Federal extension is enclosed.

STEP 2: Filing Status (Lines 1–5)

Fill in the appropriate oval for filing status. Generally, the same filing status must be used as for Federal tax purposes. Fill in only one oval.

- ___ If single, fill in the oval on Line 1.
- ___ If married and filing a joint return with spouse, fill in the oval on Line 2.
- ___ If married, but filing separately from spouse, fill in the oval on Line 3. Also enter spouse's social security number in the boxes at the top of the return.
- ___ If qualified to file as head of household for Federal tax purposes, fill in the oval on Line 4.
- ___ If filing status was qualifying widow(er) for Federal tax purposes, fill in the oval on Line 5.

STEP 3: Exemptions (Lines 6–12)

- ___ A regular exemption is taken (the oval has already been filled in) by entering "1" on Line 6. A personal exemption may be claimed even if you are claimed as a dependent on someone else's tax return.
- ___ If filing status is married, filing joint return, take a regular exemption for a spouse by filling in the "spouse" oval and entering "2" on Line 6.
- ___ If 65 or older at the end of the tax year (and/or spouse), fill in the appropriate oval(s). Enter the total number of ovals filled in on Line 7.
- ___ If blind or disabled at the end of the tax year (and/or spouse), fill in the appropriate oval(s). Enter the total number of ovals filled in on Line 8. If this is the first year that you are claiming this exemption, you must provide documentation with your return.
- ___ Enter the number of dependent children on Line 9.

___ Enter the number of other dependents on Line 10.

___ Enter the number of exemptions for qualified dependents attending an accredited college or postsecondary institution on Line 11.

___ Add the number of exemptions on Lines 6, 7, 8 and 11 and enter the total on Line 12a.

___ Add the number of exemptions on Lines 9 and 10 and enter the total on Line 12b.

STEP 4: Residency Status; Elections Fund

___ If a New Jersey resident for only part of the year, enter the dates lived here during the tax year on Line 13.

___ If \$1 is to go to the Gubernatorial Elections Fund, fill in "Yes," otherwise, fill in "No." If filing jointly, \$1 may also be designated for spouse.

STEP 5: Figure New Jersey Gross Income (Lines 14–29)

___ Add the amounts in the "State wages, tips, etc." box of the W-2(s) and enter the total on Line 14.

___ Enter all taxable interest income on Line 15a.

___ Enter all tax-exempt interest income on Line 15b.

___ Enter all dividend income on Line 16.

___ If a profit or loss from a business, trade or profession occurred, refer to the NJ-1040 instruction booklet and enter the appropriate amount on Line 17.

___ If income from the categories on Lines 18–25 was received, refer to the NJ-1040 instruction booklet.

___ If an amount was entered on Line 19a, be sure to check the instructions for completing Lines 19b and 28.

___ Add the amounts on Lines 14, 15a, 16, 17, 18, 19c, and Lines 20 through 25 and enter the total on Line 26. (Don't include Line 15b.) Enter the amount from Line 26 on Line 27, Page 2.

___ If 62 or older, check the instructions to see if Line 28 applies. If Line 28 does not apply, make no entry.

___ Subtract the amount on Line 28 from the amount on Line 27 and enter the result on Line 29. This is NEW JERSEY GROSS INCOME.

___ If the amount on Line 29 is \$20,000 or less (\$10,000 or less if filing status is married, filing separate return), there is no tax liability to New Jersey and a New Jersey income tax return is not required for full year residents.

However, a return must be filed to get a refund if taxes were withheld by an employer or if estimated tax payments were made. You must also file a New Jersey resident income tax return to receive a New Jersey earned income tax credit even if you have no tax liability to New Jersey. (Refer to the NJ-1040 instruction booklet.) If there is no tax liability, but a return is being filed, go to Step 7A.

___ If Line 29 is more than \$20,000 (\$10,000 if filing status is married, filing separate return), tax is due. Continue with Step 6.

STEP 6: Exemptions and Deductions (Lines 30–36)

___ Look back at Line 12. Multiply the total number of exemptions on Line 12a by \$1,000 and enter the total on Line 30a.

___ Multiply the total number of exemptions on Line 12b by \$1,500 and enter the total on Line 30b.

___ Add the amounts on Lines 30a and 30b and enter the total on Line 30c.

___ Enter medical expenses on Line 31. (See worksheet in the NJ-1040 instruction booklet.)

___ Enter alimony and separate maintenance payments on Line 32.

___ Enter qualified conservation contributions on Line 33.

___ Add the amounts on Lines 30c, 31, 32, and 33 and enter the total on Line 34.

___ Subtract Line 34 from Line 29 and enter the result on Line 35.

___ Enter the property tax deduction amount on Line 36, if applicable. (Refer to the NJ-1040 instruction booklet.) Continue with Step 7.

STEP 7: Figure the Tax

___ Subtract the amount on Line 36 from the amount on Line 35 and enter the result on Line 37. (If result is zero or less, make no entry.) This is NEW JERSEY TAXABLE INCOME.

7A. If there is no tax liability...(Lines 38–42)

___ Make no entries on Lines 38 and 40.

___ If any use tax is owed, enter the amount on Line 41. Otherwise, enter "0.00."

___ Copy the amount from Line 41 on Line 42. (If the amount on Line 41 is zero, make no entry on Line 42.) This is the TOTAL TAX. Continue with Step 8.

7B. If subject to tax...(Lines 38–42)

___ Figure the tax on Line 37 amount.

- If income is less than \$100,000, use either the Tax Table or the Tax Rate Schedules.
- If income is \$100,000 or more, the Tax Rate Schedules must be used.

___ Enter the tax on Line 38.

___ If income was received from outside of New Jersey, a credit may apply on Line 39. (Refer to the NJ-1040 instruction booklet.)

- If Line 39 does not apply, copy the amount from Line 38 on Line 40.
- If any use tax is owed, enter the amount on Line 41. Otherwise, enter “0.00.”
- Add the amounts on Lines 40 and 41 and enter the total on Line 42. This is the TOTAL TAX.

STEP 8: Payments and Credits (Lines 43–49)

- Add the amounts of New Jersey income tax in the “State income tax” box of those W-2(s) or 1099-R(s) which indicate “NJ” in the “State” box. Enter the total on Line 43. (Do not include amounts withheld as State UI/HC/WD and/or DI.)
- Enter the amount of the property tax credit on Line 44, if applicable. (Refer to the NJ-1040 instruction booklet.)
- If quarterly estimated tax payments were made, or there was a credit from last year’s tax return, enter the amount of the payment(s) and/or credit on Line 45. Fill in the oval if you are enclosing Form NJ-2210. See the NJ-1040 instruction booklet.
- Enter the amount of the New Jersey earned income tax credit on Line 46, if applicable. (Refer to the NJ-1040 instruction booklet.)
- If you or your spouse had more than one employer during the year, refer to the NJ-1040 instruction booklet to see if Lines 47 and 48 apply.
- Add the amounts on Lines 43–48 and enter the total on Line 49.

STEP 9: Amount of Tax Owed or Overpayment (Lines 50–51)

Look at Lines 42 and 49. Check whether Line 42 or Line 49 is larger.

- If Line 42 is larger, subtract Line 49 from Line 42 and enter the result on Line 50. This is the AMOUNT OF TAX OWED. If less than \$1, no payment is required. If you owe tax, you may make voluntary contributions to certain organizations by completing Lines 52–58 and adding the amount of your donation to your payment amount. (Refer to the NJ-1040 instruction booklet.)
- If Line 49 is larger, subtract Line 42 from Line 49 and enter the result on Line 51. This is the amount of OVERPAYMENT.

STEP 10: Deductions from Overpayment; Refund (Lines 52–60)

- All or part of an overpayment may be credited to next year’s taxes on Line 52.
- Fill out Lines 53–58 to make voluntary contributions to certain organizations. (Refer to the NJ-1040 instruction booklet.)
- Add any amounts on Lines 52–58 and enter the total on Line 59.
- Subtract the amount on Line 59 from the amount on Line 51 and enter the result on Line 60. If Line 59 was not completed, carry the overpayment amount from Line 51 to Line 60. This is the amount of the REFUND. Refund checks may be delayed if the overpayment amount is not entered on Line 60.

STEP 11: Sign the Return

- The statement above the signature lines should be read carefully, and then the return must be signed and dated. Both husband and wife must sign a joint return.
- If a booklet is not needed next year, fill in the oval below the signature line.

— To authorize a Division of Taxation representative to discuss your return with the individual who signed your return as your “Paid Tax Preparer,” fill in the oval above the preparer’s signature line.

— If completed by a paid tax preparer, the “Paid Preparer” must sign the return, too, and include his/her social security number or Federal preparer tax identification number. If the return is prepared by a firm or corporation, the firm’s name and Federal employer identification number must also be included.

— Place the mailing label on the completed form. Do not use the label if any of the pre-printed information is incorrect. Instead, print or type all the information in the spaces provided.

— Enter your social security number(s) in the spaces provided.

— Assemble documents to be submitted with the return, e.g., W-2(s), 1099(s), other New Jersey or Federal forms and schedules.

— If a balance is due, you may make your payment by check or money order, credit card, or electronic check (e-check).

Check or Money Order. Make your check or money order payable to “State of New Jersey –TGL.” The social security number(s) and the tax year should be written on the payment.

Credit Card. You may pay by telephone (1-800-2PAYTAX, toll-free) or directly over the Internet (www.officialpayments.com), and use an American Express, MasterCard or Discover/ Novus credit card. Payments cannot be made with a Visa card. A fee of 2.5%

of the tax payment will automatically be added to your transaction.

Electronic Check (e-check). This option is available on the Division’s Web site (www.state.nj.us/treasury/taxation). Those without Internet access can contact the Division’s Customer Service Center at 609-292-6400 to make a payment by e-check.

— Complete the payment voucher (Form NJ-1040-V) from the insert at the front of the NJ-1040 booklet. (Do not use the payment voucher if you pay your taxes by credit card or e-check.)

— Make a copy of the return and enclosures for record keeping purposes.

— Use the large envelope provided to mail Form NJ-1040 and/or HR-1040 with related enclosures, payment voucher and tax due. Remove the three preprinted labels from the flap of the large envelope. Choose the appropriate label and apply it to the front of the envelope.

— Fold any additional documents (W-2(s), schedules, etc.) inside the return. **DO NOT STAPLE, TAPE OR PAPER CLIP** anything to the return and do not staple or tape the return pages together.

— Mail the return by April 15, 2002 – or by the extended due date of the return.

STEP 12: Homestead Rebate

— If a qualified homeowner or tenant during the year, see the instructions for Form HR-1040, Homestead Rebate Application.

Review

- ___ Proper form used. Form NJ-1040 should be used by part-year residents as well as full year residents. Use only a 2001 return for the 2001 tax year.
- ___ Original forms from NJ-1040 booklet used. The State is unable to scan photocopies of tax returns.
- ___ Only blue or black ink used to complete forms.
- ___ Numbers printed or typed inside the appropriate boxes; no dollar signs or dashes used.
- ___ When rounding, zeros entered after the decimal point for cents.
- ___ Where amount to be reported is zero or less, lines are left blank (except for Line 41).
- ___ Name/address/social security number appear correctly on return and enclosures.
- ___ Filing status indicated. Fill in only one oval.
- ___ Exemption(s) indicated.
- ___ Income items entered on correct lines.
- ___ "State Wages" figure from W-2(s) used on Line 14.
- ___ Income exclusions used on Line 19b and/or Line 28, if applicable.
- ___ Payments and credits listed:
 - Credit for taxes paid to other jurisdictions
 - Taxes withheld
 - Property tax credit
 - Estimated taxes
 - Credit from prior year return
 - New Jersey earned income tax credit
 - Excess UI/HC/WD and/or disability insurance withheld
- ___ Amount of tax due or refund entered on correct line.
- ___ Arithmetic rechecked.
- ___ Signature section completed. If a joint return, both spouses have signed.
- ___ Enclosures folded inside return, not stapled, taped or clipped to it.
- ___ Return mailed to New Jersey Division of Taxation, not the IRS, using the correct mailing label. See *Where to Send Your Tax Return* in the NJ-1040 instruction booklet for the correct mailing address.

Taxpayers' Bill of Rights

The New Jersey Taxpayers' Bill of Rights ensures that taxpayers are accorded fair and equitable treatment and receive the information and assistance they need to understand and meet their State tax responsibilities. To find out more, contact the Division of Taxation.

For More Information

For more information on completing Form NJ-1040, contact the Division's Customer Service Center at 609-292-6400, e-mail us at taxation@tax.state.nj.us, or write to:

NEW JERSEY DIVISION OF TAXATION
TECHNICAL SERVICES
INFORMATION AND PUBLICATIONS BRANCH
PO BOX 281
TRENTON NJ 08695-0281

Many State tax forms and publications are now available, both by fax and through the World Wide Web. Call NJ TaxFax at 609-826-4500 from your fax machine's phone or access the Division's home page at: <http://www.state.nj.us/treasury/taxation/>