TAX TOPIC

Credit for Taxes Paid to Other Jurisdictions (Wage Income)

Bulletin GIT-3W

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NOTE: *Any reference in this bulletin to a spouse also refers to a partner in a* ***civil union (CU)*** *recognized under New Jersey law.*

This document is designed to provide guidance to taxpayers and is accurate as of the date issued. Subsequent changes in tax law or its interpretation may affect the accuracy of this publication.

Introduction

A resident taxpayer of New Jersey, which includes an individual, estate, or trust, who paid income tax both to New Jersey and to another jurisdiction outside of New Jersey on the same income for the same tax year, may be eligible for a credit against the income tax owed to New Jersey. See N.J.S.A. 54A:4-1 and N.J.A.C. 18:35-4.1. This bulletin explains when a taxpayer is eligible to claim a credit for taxes paid to another jurisdiction and describes how to calculate the amount of the credit.

Throughout this bulletin are explanations of important concepts and terminology to help determine what income is includible in the credit calculation and how to properly calculate any credit(s) a resident is eligible to claim. The examples in this publication focus primarily on how to calculate the credit for taxes paid to another jurisdiction on salary or wage income. Special attention has been given to computing the credit on wages from New York or Pennsylvania, as well as to situations where cities or towns tax the wages nonresidents earn within their jurisdiction (e.g., Philadelphia Wage Tax). The examples illustrate how to calculate the tax credit in both simple and complex situations. See ***List of Examples*** on page 11.

A companion publication, Tax Topic Bulletin **GIT-3B**, *Credit for Taxes Paid to Other Jurisdictions (Business/Nonwage Income),* considers situations in which the tax credit is based on income other than wages (S corporation income, income from a partnership or sole proprietorship, capital gains/losses, etc.) and demonstrates how

adjustments to income affect the credit calculation. GIT-3B also includes examples of how the fiduciary of an estate or trust calculates the credit.

All New Jersey tax calculations shown in the examples use figures from the tax table or tax rate schedules contained in the instructions for the 2014 New Jersey resident return (**Form NJ-1040**). Additional explanations and instructions for completing **Schedule A**, Form NJ-1040, can also be found in the instructions.

Purpose of the Credit

The purpose of the credit is to minimize double taxation of income that is actually taxed by other jurisdictions. A credit reduces the taxpayer's New Jersey income tax; ***it does not necessarily entitle the taxpayer to a dollar-for-dollar credit for the total amount of taxes paid to the other jurisdiction.*** The credit represents the amount of New Jersey income tax that would have been imposed if the income earned in the other jurisdiction had been earned in New Jersey, *or* the amount of tax actually paid to the other jurisdiction, *whichever is less.*

While the purpose of the credit is to minimize double taxation of income that is actually taxed by other jurisdictions, there are statutory limitations:

1. The income must have been taxed, in the same tax year, by *both* New Jersey and another qualified jurisdiction (see ***Jurisdiction*** on page 4); *and*

2. The credit cannot exceed the proportional credit limitation. See ***Proportional Credit Limitation Formula*** on page 3.

How to Claim the Credit

To claim credit for taxes paid to another jurisdiction the taxpayer must:

1. Complete New Jersey Schedule A in its entirety. A taxpayer may have to complete more than one Schedule A in certain situations. See *Completing More Than One Schedule A* below. (The fiduciary of a resident estate or trust must complete **Schedule C, Form NJ-1041**, to claim the credit.)

2. If eligible to receive a property tax deduction or credit, the taxpayer must complete Worksheet I to determine whether the property tax deduction or the property tax credit provides the greater benefit.

3. Enclose Schedule A(s) with the NJ-1040 income tax return.

Completing More Than One Schedule A

The taxpayer must complete a separate Schedule A for each jurisdiction for which a credit is being claimed. A separate Schedule A must also be completed for each tax imposed by a jurisdiction.

- *Two or more jurisdictions (i.e., a state and political subdivision(s) therein) impose tax on the same income.* For example, when both a state and a city within that state tax the same income, the taxpayer may have to complete and enclose a separate Schedule A for each jurisdiction. See ***Income Subject to Tax by More Than One Jurisdiction Within One State*** on page 5.
- *Different jurisdictions impose tax on different income.* For example, if the taxpayer had wages from State A and a gain from the sale

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of property from State B, the taxpayer must complete a separate Schedule A for each state.

- *Same jurisdiction imposes more than one type of tax.* For example, if the taxpayer had wages and business income from a city that imposes both a wage tax and a different tax on business income, the taxpayer must complete one Schedule A for the wage tax and a separate Schedule A for the tax on business income.

Returns of the Other Jurisdiction(s)

New Jersey does not require that a copy of the income tax return(s) filed with the other jurisdiction(s) be enclosed with Form NJ-1040 or Form NJ-1041. However, taxpayers should retain complete copies of any returns filed with other jurisdiction(s). If a return is audited, the taxpayer will be asked to provide:

(a) A complete copy of the income tax return(s) filed with the other jurisdiction(s) — if one was filed or required to be filed. If the taxpayer filed electronically in the other jurisdiction, a copy of the Electronic Filing Income Tax Return *along with* schedules, worksheets, etc. which establish the nature and source of the income being taxed by the other jurisdiction must be submitted.

(b) If the taxpayer participated in a composite return filed in another jurisdiction, a statement, on the filing entity's letterhead, must be submitted that lists the jurisdiction, the taxpayer's share of the income taxed by the other jurisdiction, and the taxpayer's share of the tax paid.

(c) If the taxpayer was **not** required to file a return with the other jurisdiction, the following must be submitted as applicable:

- W-2 which lists the wage taxes paid and the name of the taxing jurisdiction.
- A statement from the business entity which filed a tax return based on income that lists the taxpayer's share of the income taxed by the other jurisdiction, the name of the tax, and the taxpayer's share of the tax paid (e.g., Philadelphia Net Profits Tax, New York City Unincorporated Business Tax).

Proportional Credit Limitation Formula

The credit a taxpayer is allowed is limited to the *lesser* of the proportional credit limitation amount or the actual tax paid to the other jurisdiction. The "proportional credit limitation amount" represents the amount of New Jersey income tax that would have been imposed if the income earned in the other jurisdiction had been earned in New Jersey.

In general, if the other jurisdiction's effective tax rate is higher than New Jersey's, the credit will be limited to the proportional credit limitation amount. If the other jurisdiction's effective tax rate is lower than New Jersey's, the credit will be limited to the actual tax paid to the other jurisdiction.

The proportional credit limitation amount (PCL) is calculated by dividing the income actually taxed by both New Jersey and the other jurisdiction (a) by the income subject to tax by New Jersey (b) and applying the resulting percentage to the tax calculated on the total New Jersey taxable income (c). The formula is:

$$\frac{a}{b} \times c = PCL$$

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The proportional credit limitation amount is then compared to the actual tax paid to the other jurisdiction. The credit allowed is the lesser of the two amounts. See examples **2** and **3**.

In situations where a state and a city within that state both impose a tax on the same income that New Jersey taxes, one credit calculation is done. The tax paid to both jurisdictions is added together before the comparison with the proportional credit limitation amount is made. See **example 4**.

In situations where one jurisdiction (e.g., Philadelphia) taxes different types of income (e.g., wages and business income) at different tax rates, separate Schedule A credit calculations must be made for each type of income. For each calculation, the actual tax paid on that income is compared to the corresponding proportional credit limitation amount to determine the credit allowed. The taxpayer claims the total of the credits allowed on the New Jersey return.

In situations where different jurisdictions tax different income (e.g., the taxpayer has wages from Delaware and wages from New York State or wages from Delaware and gain from the sale of land in Maryland), a separate Schedule A must be completed for each jurisdiction. See **example 5**.

Components of the Credit Calculation

Before a credit for taxes paid to another jurisdiction(s) can be calculated, the taxpayer must understand the components of the credit calculation and how to determine each of those components for each jurisdiction and each tax for which a credit is being claimed. The taxpayer must determine:

- What constitutes a *jurisdiction*
- Income *actually taxed* by the other jurisdiction
- Income *properly taxed* by another jurisdiction
- Income actually taxed by both New Jersey and the other jurisdiction
- Income taxed by New Jersey
- *Actual tax paid* to the other jurisdiction

Jurisdiction

For purposes of determining the credit, *jurisdiction* means any state of the United States other than New Jersey; a political subdivision of any state other than New Jersey, such as a city or a municipality; or the District of Columbia. No credit is allowed for taxes paid to the U.S. Government, Canada, Puerto Rico, or to any other foreign country or territory.

For example, a taxpayer who lives in New Jersey and works in Delaware may be eligible to claim a credit on the New Jersey resident return for taxes paid to Delaware on the wages earned there because Delaware is considered "another jurisdiction." However, a New Jersey resident who pays tax to Canada on income earned in that country is not eligible to claim a credit because a foreign country is not considered "another jurisdiction" for purposes of the credit.

Income Actually Taxed by Another Jurisdiction

In general, the income actually taxed by another jurisdiction is the gross income sourced to the other jurisdiction, after adjustments allowed by the other jurisdiction have been made but before deducting personal exemptions and standard or itemized deductions.

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Income Sourced to Another Jurisdiction v. "Worldwide Income"

Some states require nonresidents to determine the actual amount of tax due by first calculating a *base tax* on the taxpayer's total income from all sources ("worldwide income") as if the taxpayer were a resident of that state, and then multiplying the base tax by the percentage obtained from dividing the amount of income sourced to the other state by total (worldwide) income.

Although this method of tax calculation may result in a higher tax liability in the other jurisdiction for the nonresident, it does not increase the amount of income *subject to tax* by the other jurisdiction. Only the income sourced to that state, and not "worldwide income," is actually taxed by the other jurisdiction. See **example 6**.

As the New Jersey Tax Court stated in *Chin v. Director,* 14 NJ Tax 304 (Tax Ct. 1994): "It is clear that the use of the plaintiff's non-New York income in determining the tax rate to be imposed on his spouse's New York source income did not constitute taxation of that non-New York income. Accordingly, the Director properly excluded the non-New York income from the numerator of the resident credit fraction because it was not subject to tax in New York…."

The worldwide income is used to determine the tax rate to be imposed on the income sourced to the state, but is not actually taxed. Thus, only income actually sourced to the other state may be included in the numerator. See *Chin v. Director*.

Income Allocations Allowed by the Other Jurisdiction

A jurisdiction may allow income to be allocated when it is earned partly inside and partly outside the state. For example, wages and compensation may be allocated using a ratio of days worked in the state over days worked everywhere. Since the allocation of time worked in the state reduces the wage income taxed by the other jurisdiction, it must be taken into consideration when determining the income actually taxed by the other jurisdiction. See **example 7**.

Adjustments (Deductions) Allowed by the Other Jurisdiction

A jurisdiction may allow subtractions or deductions from income to determine the income actually taxed by that jurisdiction. For example, items such as IRA contributions, employee business expenses, and moving expenses may be allowed as deductions from wages. Because those deductions reduce the wage income taxed by the other jurisdiction, they must be taken into consideration when determining the income actually taxed by the other jurisdiction. See **example 8**.

Income Subject to Tax by More Than One Jurisdiction Within One State

Income can be reported only once on Schedule A. When the same income is taxed by one or more jurisdictions within the same state and the amount of income taxed by each jurisdiction is the same, only one credit calculation on Schedule A is made. See **example 4**.

When the same income is taxed by one or more jurisdictions within the same state and the amount of income taxed by each jurisdiction differs, separate Schedule A calculations must be made. One credit is based on the amount of income taxed by all the jurisdictions, and the other credit is based on the difference ("excess income") between the amounts taxed by each jurisdiction.

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For example, wages of $9,000 after adjustments were earned in and taxed by a state. However, wages of $15,000 were earned in and taxed by a city within that state. The amount of "excess income" is $6,000. In such case, two credit calculations must be made. The first calculation determines the credit allowed on the amount of income taxed by all the jurisdictions ($9,000); the second calculation determines the credit allowed on the $6,000 of "excess income" (the difference between the amounts taxed by the two jurisdictions). See **example 9**.

Income Properly Taxed by Another Jurisdiction

Only income properly taxed by another jurisdiction is includible in the credit calculation.

Income Properly Taxed

In general, another jurisdiction may *properly tax* a nonresident's income from:

- Services rendered within that jurisdiction.
- Net profits from a business, trade, or profession carried on within that jurisdiction, including interest earned by the business, etc.
- A partnership or S corporation as allocated to that jurisdiction.
- Real or tangible personal property located in that jurisdiction.
- Gambling in that jurisdiction.
- Estate or trust distributions which were derived from any of the above types of income located, allocated, or rendered within that jurisdiction.

Income Not Properly Taxed

A nonresident's income from interest, dividends, or gains from intangible personal property which was *not* derived from a business, trade, or profession carried on in the other jurisdiction is *not properly taxable* by another jurisdiction. For example, interest on personal savings on deposit in a bank located in another jurisdiction is not properly taxable by the other jurisdiction. In addition, jurisdictions *cannot* tax a nonresident on most retirement benefits including distributions from deferred compensation plans (e.g., 401(k) plans, 457 plans) and individual retirement accounts. See **example 10**.

A taxpayer who inadvertently reported and paid tax to another jurisdiction on income *not* properly taxable by that jurisdiction is not eligible for a credit on the New Jersey resident return for the tax paid on that income. The taxpayer should follow the other jurisdiction's procedures for requesting any refund due.

Dual State Resident

A taxpayer who is considered to be a resident of both New Jersey and another jurisdiction for the same period can claim a credit based on *all* income taxed on both the New Jersey and the other jurisdiction's resident returns, *except* for any income allocated to New Jersey. For example, any S corporation or partnership income allocated to New Jersey cannot be included in the credit calculation.

When the same income is reported to two states, other than New Jersey, that income is included only once on Schedule A. For example, a taxpayer is a resident of both New York and New Jersey and has a business in Connecticut. He pays tax to Connecticut on his business income. He must also report that income on both his New Jersey and New York resident returns. The taxpayer must claim a credit on the tax return for the state with the highest tax rate first. Since the New York tax rate is higher than the New Jersey

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rate, he must first claim a credit on his New York return for the tax paid to Connecticut. He then calculates his New Jersey credit, also based on tax paid to Connecticut. He cannot claim a credit for New York tax because he did not pay tax to New York on this income.

Income Actually Taxed by Both NJ and Another Jurisdiction

Income Taxable in Another Jurisdiction Exempt From Tax in NJ

Income must be taxed by both New Jersey and the other jurisdiction to be included in the credit calculation. For example, unemployment compensation may be taxed by another jurisdiction but it is not taxable by New Jersey and cannot be included in the credit calculation.

Other Jurisdiction's Additions to Income

The other jurisdiction may require additions to income which are not required by New Jersey and therefore are not reported on the New Jersey return. For example, a depreciation adjustment might be added to the business income taxed by the other jurisdiction, but if the adjustment is not required or reported on the New Jersey return, it cannot be included in the credit calculation. See ***Adjustments (Deductions) Allowed by the Other Jurisdiction*** on page 5.

Income Taxed by New Jersey

The amount to be used as the denominator of the credit calculation fraction at Schedule A, Line 3 is the income subject to tax by New Jersey, Line 2, Schedule A. A taxpayer enters on Line 2, Schedule A the "New Jersey Gross Income" amount reported on the New Jersey resident return (Line 28 of Form NJ-1040). Line 28 is the total of all income reported on the New Jersey return less any New Jersey pension exclusion and other retirement income exclusion, but before exemptions and deductions. See **example 1**.

Actual Tax Paid to the Other Jurisdiction

The actual tax paid to the other jurisdiction is the amount of tax that is due after deducting all tax credits allowed by that jurisdiction (e.g., Child and Dependent Care, New Job, Research and Development), but before the deduction of any payments made by the taxpayer, whether made as withholdings, estimated payments, extension payments, or an overpayment from a prior year.

If the same income was taxed by both a state and a jurisdiction within that state, the actual tax paid is the total tax paid to the state plus the tax paid to the jurisdiction on that income.

Actual Tax Paid on Income Taxed by More Than One Jurisdiction in a State Outside NJ

When calculating a credit in situations where a state and one or more jurisdictions within the same state tax differing amounts of income, a separate Schedule A must be completed for each jurisdiction. The actual tax paid to the other jurisdiction(s) to be reported on each Schedule A must be the amount of tax paid to the other jurisdiction(s) on the amount of income reported on Line 1 of that Schedule A only. To prorate the tax paid to the other jurisdiction, divide the amount of income on Line 1 by the total amount of income taxed by that jurisdiction, and apply the resulting percentage to the total tax paid to the other jurisdiction. See **example 9**.

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Part-Year Residents

A part-year resident is anyone who meets the definition of New Jersey resident for only part of the tax year. (A part-year resident of New Jersey is also a part-year nonresident that year.) A part-year resident who is required to file a New Jersey resident income tax return must report on that return all the income received during the period of New Jersey residency, whether the income was from inside or outside New Jersey. (A part-year nonresident who received income from New Jersey sources during the period of nonresidency may also be required to file a part-year nonresident income tax return with New Jersey.) For more information on the filing responsibilities of part-year residents and part-year nonresidents, refer to the instructions for the New Jersey resident return (Form NJ-1040) and nonresident return (Form NJ-1040NR), or see Tax Topic Bulletin **GIT-6,** *Part-Year Residents*.

A part-year resident who paid income tax both to New Jersey and to another jurisdiction outside New Jersey on income that is reported on the part-year resident return may be eligible to claim a credit for the taxes paid to the other jurisdiction. In order to qualify for the credit, the income on which the credit is based must have been derived from the other jurisdiction during the period of time the taxpayer was a New Jersey resident, and must be actually and properly subject to tax in both the other jurisdiction and New Jersey. Part-year residents use the same criteria and methodology as full-year residents to determine the components of the credit calculation and the amount of the credit. See examples **11** and **12**.

Income From New York

New Jersey residents who work in New York or earn other taxable income there are often taxed on an amount less than their actual New York source income as a result of the deductions allowed by New York. When calculating a credit for taxes paid to New York, only the income *actually taxed* by New York should be reflected in the computation. Because of New York's method of computing a nonresident taxpayer's tax, it is not possible to identify one particular line on the New York tax return which represents the income subject to tax in New York. Under no circumstances is the "worldwide income" column to be used in the credit calculation. See ***Income Sourced to Another Jurisdiction v. "Worldwide Income"*** on page 5.

Be sure to follow the New York State Nonresident Return (Form IT-203) instructions carefully to ensure that the correct items and amounts of income are included in the New York State Amount column. If the New York IT-203 is completed correctly, the income (or loss) reported in the New York State Amount column will only include income earned from sources in that state and properly taxable to that state.

Items such as interest earned from a New York bank account or dividends paid by a New York corporation are not taxable in New York unless such income is from property employed in a trade, business, profession, or occupation carried on in that state.

Income From Pennsylvania

As a result of the Reciprocal Personal Income Tax Agreement between the Commonwealth of Pennsylvania and the State of New Jersey,

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wages, salaries, and other compensation paid to New Jersey residents employed in Pennsylvania are not subject to Pennsylvania income tax. Thus, a New Jersey resident may not claim a credit for taxes paid to Pennsylvania on employee compensation because the earnings are not subject to tax in Pennsylvania.

When Pennsylvania tax is withheld from a New Jersey resident's wages in error, a Pennsylvania nonresident return must be filed to obtain a refund. To stop the withholding of Pennsylvania income tax, a New Jersey resident must complete a Pennsylvania Employee's Nonwithholding Application Certificate (Pennsylvania Form REV-419) and give it to their employer. This form can be obtained from the **Pennsylvania Department of Revenue**.

The Reciprocal Agreement covers employee compensation (wages, tips, fees, commissions, etc.) *only*. A New Jersey resident who is self-employed or who receives income other than wages (e.g., gain from sale of property) which is taxable in both states, may claim a credit for the taxes paid to Pennsylvania on that income. In no case will a credit be allowed for taxes paid in error to Pennsylvania on employee compensation. See **example 13**.

Income From Pennsylvania Municipalities

The New Jersey/Pennsylvania Reciprocal Agreement does not apply to the income or wage tax imposed and collected by the City of Philadelphia or any other municipality in Pennsylvania. Therefore, income subject to both New Jersey income tax and the wage or income tax imposed by a Pennsylvania municipality may be included in the credit calculation.

Wages From Philadelphia

To determine the proper amount of income to place on Line 1 of Schedule A, Form NJ-1040, a New Jersey resident earning wages in Philadelphia must divide the wage tax deducted (as reported in the "Local income tax" box on the W-2) by the Philadelphia nonresident tax rate as follows:

$$\frac{\text{Philadelphia Wage Tax Paid}}{\text{Philadelphia Wage Tax Rate}} = \text{Line 1, Schedule A}$$

The amount reported at Line 1 cannot be more than the amount of Philadelphia wages included at Line 14, Form NJ-1040. Be sure to use the exact amount of Philadelphia wage tax reported on the W-2 when performing this calculation. Do not round the figure either up or down. See **example 14**.

Changes Due to Audit by Other Jurisdictions

When an audit by another state or political subdivision changes the amount of previously reported tax paid, it will result in an adjustment to the credit claimed on the taxpayer's New Jersey return. The taxpayer is required to file an amended New Jersey return, **Form NJ-1040X**, for the year(s) affected by the audit and pay any amount due. The taxpayer may request a refund of any overpayment resulting from the change "regardless of any otherwise applicable statute of limitations." N.J.S.A. 54A:4-1(e).

Estimated Tax Payments

Individuals and certain estates and trusts who expect their New Jersey income tax liability to be more than $400 after taking into account all their exemptions, deductions, New Jersey withholdings, and other credits, including the credit

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for taxes paid to other jurisdictions, for the tax year are required to make quarterly estimated tax payments. This requirement may affect taxpayers who do not have New Jersey income tax withheld from their wages and/or pension; those who do not have enough tax withheld; those who are self-employed; or those whose income is from sources such as interest, dividends, or capital gains, which are not covered by withholding tax. Use **Form NJ-1040-ES** to file estimated tax payments when due. For more information on estimated taxes, see Tax Topic Bulletin **GIT-8**, *Estimating Income Taxes.*

Jurisdiction Code

New Jersey resident taxpayers who claim a credit for taxes paid to other jurisdiction(s) are required to enter at Line 41, Form NJ-1040, a two-digit code for the jurisdiction for which they are claiming a credit.

Jurisdiction Codes (Line 41)

	Code		Code
Alabama	01	Nebraska	27
Arizona	03	New Hampshire	29
Arkansas	04	New Mexico	31
California	05	New York	32
Colorado	06	North Carolina	33
Connecticut	07	North Dakota	34
Delaware	08	Ohio	35
Georgia	10	Oklahoma	36
Hawaii	11	Oregon	37
Idaho	12	Pennsylvania	38
Illinois	13	Rhode Island	39
Indiana	14	South Carolina	40
Iowa	15	Tennessee	42
Kansas	16	Utah	44
Kentucky	17	Vermont	45
Louisiana	18	Virginia	46
Maine	19	West Virginia	48
Maryland	20	Wisconsin	49
Massachusetts	21	Dist. of Columbia	51
Michigan	22	Philadelphia	52
Minnesota	23	Other	53
Mississippi	24	Multiple Jurisdictions	99
Missouri	25		
Montana	26		

For more information, see the NJ-1040 instructions.

Avoiding Mistakes

- Check arithmetic.
- Enter the name of the taxing jurisdiction in the space provided on Line 1 of Schedule A.
- Complete and enclose a separate Schedule A for each taxing jurisdiction.
- Keep a completed copy of the tax return(s) filed with the other jurisdiction(s). For electronic filers, keep a copy of the Electronic Filing Income Tax return along with schedules, worksheets, etc.
- If no tax return is required by the taxing jurisdiction, keep the following as applicable:
  1. A W-2 form which indicates the name of the taxing jurisdiction and the amount of tax withheld.
  2. A statement from the business entity which filed a tax return based on income listing the taxpayer's share of the income taxed by the other jurisdiction, the name of the tax, and the taxpayer's share of the tax paid.

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List of Examples

1. Determining the denominator of the credit calculation fraction.
2. Determining the credit when the amount of tax paid to the other jurisdiction exceeds the proportional credit limitation amount.
3. Determining the credit when the amount of tax paid to the other jurisdiction is less than the proportional credit limitation amount.
4. Determining the credit for income taxed both by another state and by a city within that state when the state and city are taxing the same amount of income.*
5. Determining the credit when income is taxed by two different states outside of New Jersey.
6. Determining the numerator of the credit calculation fraction when the other jurisdiction uses income from all sources to determine the tax due.
7. Determining the numerator of the credit calculation fraction when the taxpayer allocates his income in the other jurisdiction.
8. Determining the numerator of the credit calculation fraction when the other jurisdiction allows an adjustment to (reduce) income which is not allowed by New Jersey.
9. Determining the credit for income taxed both by another state and by a city within that state when the city taxes more income than the state.
10. Determining the numerator of the credit calculation fraction when part of New Jersey income is taxed by the other jurisdiction.
11. Determining the credit when a part-year resident moves to New Jersey during the tax year and continues to work outside New Jersey.*
12. Determining the credit when a part-year resident who lived and worked in another state moves to New Jersey and changes jobs to a New Jersey employer.
13. Determining the credit for income, other than wages, earned in Pennsylvania.*
14. Determining the credit for wage income earned in Philadelphia.*
15. Determining the numerator of the credit calculation fraction when the other jurisdiction allows an adjustment to (reduce) income which is not allowed in New Jersey, and when the other jurisdiction taxes income which is not taxed by New Jersey.

* Example includes the property tax deduction/credit calculation (Worksheet I).

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EXAMPLES

***Example #1* - Determining the denominator of the credit calculation fraction.**

The denominator of the credit calculation fraction at Line 3, Schedule A is the amount from Line 2, Schedule A, which is taken directly from Line 28 of the New Jersey resident return (Form NJ-1040). This is the taxpayer's New Jersey gross income before personal exemptions and deductions. It includes the taxable portion of all pension or annuity payments, and/or IRA withdrawals, *after* any pension and/or other retirement income exclusions allowed by New Jersey have been subtracted.

	Income Subject to Tax by New Jersey			
	Taxpayer A Without Pension		Taxpayer B With Pension Less Exclusion(s)	
Wages		70,000		0
Interest		250		4,000
Dividends		400		2,500
Gains		0		1,525
Pension/Annuity/IRA	0		30,000	
Pension Exclusion	0		(15,000)	
Taxable Pension		0		15,000
S Corporation Income		21,000		0
Income Subject to Tax Before Exemptions and Deductions		**91,650**		**23,025**

NOTE: Prior to tax year 2001 the denominator of the credit calculation fraction included the taxable portion of any pension/annuity/IRA income *before allowable exclusions*.

EXAMPLES

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***Example #2* - Determining the credit when the amount of tax paid to the other jurisdiction exceeds the proportional credit limitation amount.**

Marty Abbott lives in New Jersey but works primarily in another state. His only income for the year consisted of $115,000 in wages, $105,000 of which was earned in, and taxed by, the other state. Marty's tax liability to the other state, $4,900, exceeds the proportional credit limitation amount from Line 8, Schedule A. Therefore, Marty's credit for taxes paid to the other jurisdiction is $4,689, the proportional credit limitation amount.

	Income Subject to Tax		
	New Jersey	Other Jurisdiction	Both
Wages	115,000	105,000	105,000
Income Subject to Tax Before Exemptions and Deductions	115,000	105,000	105,000
Less Exemptions	(1,000)		
New Jersey Taxable Income (From Line 36, Form NJ-1040)	114,000		
Tax	5,136	4,900	
Numerator of the credit calculation			**105,000**

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EXAMPLES

EXAMPLES

Example #2 - *continued*

Marty is not eligible for a property tax deduction/credit so he completes only Column B of New Jersey Schedule A as follows:

Schedule A **CREDIT FOR INCOME OR WAGE TAXES PAID TO OTHER JURISDICTION** If you are claiming a credit for income taxes paid to more than one jurisdiction, a separate Schedule A must be enclosed for each.

A COPY OF OTHER STATE OR POLITICAL SUBDIVISION TAX RETURN MUST BE RETAINED WITH YOUR RECORDS

1.	Income actually taxed by other jurisdiction during tax year (indicate name State X) (DO NOT combine the same income taxed by more than one jurisdiction) (The amount on Line 1 cannot exceed the amount shown on Line 2)					1.	105,000	
2.	Income subject to tax by New Jersey (From Line 28, Form NJ-1040)					2.	115,000	
3.	Maximum Allowable Credit Percentage (Divide Line 2 into Line 1)	1 105,000 / 2 115,000				3.	91.3043%	
	IF YOU ARE NOT ELIGIBLE FOR A PROPERTY TAX BENEFIT ONLY COMPLETE COLUMN B.			**COLUMN A**			**COLUMN B**	
4.	Taxable Income (after Exemptions and Deductions) from Line 36, Form NJ-1040			4.		4.	114,000	
5.	Property Tax and Deduction	Enter in Box 5a the amount from Worksheet F, line 1. See instructions.	5a.					
		Property tax deduction. Enter the amount from Worksheet F, line 2. See instructions.		5.		5.	- 0 -	
6.	New Jersey Taxable Income (Line 4 minus Line 5)			6.		6.	114,000	
7.	Tax on Line 6 amount (From Tax Table or Tax Rate Schedules)			7.		7.	5,136	
8.	Allowable Credit (Line 3 times Line 7)			8.		8.	4,689	
9.	Credit for Taxes Paid to Other Jurisdiction	Enter in Box 9a the income or wage tax paid to other jurisdiction during tax year on income shown on Line 1. See instructions.	9a. 4,900					
		Credit allowed. (Enter lesser of Line 8 or Box 9a). **(The credit may not exceed your New Jersey tax on Line 40).**		9.		9.	4,689	

- If you are not eligible for a property tax benefit, enter the amount from Line 9, Column B, on Line 41, Form NJ-1040. Make no entry on Lines 38 or 49, Form NJ-1040.
- If you are eligible for a property tax benefit, you must complete Worksheet I to determine whether you receive a greater benefit by claiming a property tax deduction or taking the property tax credit.

***Example #3* - Determining the credit when the amount of tax paid to the other jurisdiction is less than the proportional credit limitation amount.**

Alice Meyers lives in New Jersey but works primarily in another state. Her only income for the year consisted of $115,000 in wages, $105,000 of which was earned in, and taxed by, the other state. Alice's tax liability to the other state, $4,631, is less than the proportional credit limitation amount from Line 8, Schedule A. Since the credit for taxes paid to another jurisdiction is the lesser of the actual tax paid to the other jurisdiction or the proportional credit limitation amount, Alice's credit will be $4,631, the actual amount of tax paid to the other state on the income being taxed both by that state and by New Jersey.

	Income Subject to Tax		
	New Jersey	Other Jurisdiction	Both
Wages	115,000	105,000	105,000
Income Subject to Tax Before Exemptions and Deductions	115,000	105,000	105,000
Less Exemptions	(1,000)		
New Jersey Taxable Income (From Line 36, Form NJ-1040)	114,000		
Tax	5,136	4,631	
Numerator of the credit calculation			**105,000**

OBSOLETE

EXAMPLES

EXAMPLES

Example #3 - *continued*

Alice is not eligible for a property tax deduction/credit so she completes only Column B of New Jersey Schedule A as follows:

Schedule A **CREDIT FOR INCOME OR WAGE TAXES PAID TO OTHER JURISDICTION** If you are claiming a credit for income taxes paid to more than one jurisdiction, a separate Schedule A must be enclosed for each.

A COPY OF OTHER STATE OR POLITICAL SUBDIVISION TAX RETURN MUST BE RETAINED WITH YOUR RECORDS

1.	Income actually taxed by other jurisdiction during tax year (indicate name State X) (DO NOT combine the same income taxed by more than one jurisdiction) (The amount on Line 1 cannot exceed the amount shown on Line 2)				1.	105,000	
2.	Income subject to tax by New Jersey (From Line 28, Form NJ-1040)				2.	115,000	
3.	Maximum Allowable Credit Percentage (Divide Line 2 into Line 1)	1 105,000 / 2 115,000			3.	91.3043%	
	IF YOU ARE NOT ELIGIBLE FOR A PROPERTY TAX BENEFIT ONLY COMPLETE COLUMN B.			**COLUMN A**		**COLUMN B**	
4.	Taxable Income (after Exemptions and Deductions) from Line 36, Form NJ-1040			4.		4. 114,000	
5.	Property Tax and Deduction	Enter in Box 5a the amount from Worksheet F, line 1. See instructions.	5a.				
		Property tax deduction. Enter the amount from Worksheet F, line 2. See instructions.		5.		5. - 0 -	
6.	New Jersey Taxable Income (Line 4 minus Line 5)			6.		6. 114,000	
7.	Tax on Line 6 amount (From Tax Table or Tax Rate Schedules)			7.		7. 5,136	
8.	Allowable Credit (Line 3 times Line 7)			8.		8. 4,689	
9.	Credit for Taxes Paid to Other Jurisdiction	Enter in Box 9a the income or wage tax paid to other jurisdiction during tax year on income shown on Line 1. See instructions.	9a. 4,631				
		Credit allowed. (Enter lesser of Line 8 or Box 9a). **(The credit may not exceed your New Jersey tax on Line 40).**		9.		9. 4,631	

- If you are not eligible for a property tax benefit, enter the amount from Line 9, Column B, on Line 41, Form NJ-1040. Make no entry on Lines 38 or 49, Form NJ-1040.
- If you are eligible for a property tax benefit, you must complete Worksheet I to determine whether you receive a greater benefit by claiming a property tax deduction or taking the property tax credit.

***Example #4* - Determining the credit for income taxed both by another state and by a city within that state when the state and city are taxing the same amount of income.**

Jim and Diane Roth are married, file jointly, and are full-year New Jersey residents. Diane earned $15,000 in New Jersey and Jim earned $30,000 in a city located in another state. The income actually taxed on Jim's nonresident return for the other state was $30,000 and the tax paid to the state on that income was $1,600. His nonresident income actually taxed by the city was $30,000 and he paid $135 in city tax.

Income can only be reported once on Line 1, Schedule A. Even though Jim paid tax to two jurisdictions, the Roths complete only one Schedule A to calculate their credit. The total tax paid to both the state and the city, $1,735, is compared to the proportional credit limitation amount (Line 8, Schedule A) to determine the credit.

The Roths are eligible for either a property tax deduction or credit. They must first complete lines 1 and 2 of Worksheet F to determine their property tax deduction amount and then they will complete both Columns A *and* B of Schedule A as well as Worksheet I.

	Income Subject to Tax		
	New Jersey	Other State	Other City
Wages	45,000	30,000	30,000
Income Subject to Tax Before Exemptions and Deductions	45,000	30,000	30,000
Less Exemptions	(2,000)		
New Jersey Taxable Income (From Line 36, Form NJ-1040)	43,000		
Tax	683	1,600	135
Numerator of the credit calculation			**30,000**

OBSOLETE

EXAMPLES

Example #4 - *continued*

The Roths paid $1,950 in property taxes on their home in New Jersey. They did not receive a homestead benefit during 2014 so they will enter this amount on Line 37a, Form NJ-1040 and also on line 1 of Worksheet F. The Roths will complete only lines 1 and 2. They will then complete Schedule A and Worksheet I.

EXAMPLES

OBSOLETE

Worksheet F – Property Tax Deduction/Credit

Review the eligibility requirements in the instructions before completing Worksheet F. Part-year residents see instructions.

Complete both columns of this worksheet to find out whether the Property Tax Deduction or the Property Tax Credit is better for you. ***If you claim a credit for taxes paid to other jurisdictions,*** *complete only lines 1 and 2 of this worksheet. Then complete Schedule A and Worksheet I.*

1. **Property Tax.** Enter the property taxes you paid in 2014 from Line 37a, Form NJ-1040. Property tax reimbursement (Senior Freeze) applicants do not enter the amount from Line 37a. **See instructions.** 1. 1,950
2. **Property Tax Deduction.** Enter the amount from line 1 of this worksheet or $10,000, whichever is less. (Lesser of line 1 or $5,000 if you and your spouse/CU partner file separate returns but maintain the same principal residence.) Also enter this amount on line 4, column A below, see instructions. 2. 1,950

STOP if you are claiming a credit for taxes paid to other jurisdictions. Complete only lines 1 and 2. Then complete Schedule A and Worksheet I. See instructions.

		Column A		Column B
3. Taxable Income (Copy from Line 36 of Form NJ-1040)	3.		3.	
4. Property Tax Deduction (Copy from line 2 of this worksheet)	4.		4.	– 0 –
5. Taxable Income After Property Tax Deduction (Subtract line 4 from line 3)	5.		5.	
6. Tax you would pay on line 5 amount (Go to Tax Table or Tax Rate Schedules)	6.		6.	
7. Subtract line 6, column A from line 6, column B and enter the result here			7.	

8. **Is the line 7 amount $50 or more ($25 if you and your spouse/civil union partner file separate returns but maintain the same principal residence)?**

   ⬭ Yes. You receive a greater tax benefit by taking the Property Tax Deduction. Make the following entries on Form NJ-1040.

Form NJ-1040	*Enter amount from:*
Line 38	Line 4, column A
Line 39	Line 5, column A
Line 40	Line 6, column A
Line 49	Make no entry

   ⬭ No. You receive a greater tax benefit from the Property Tax Credit. (**Part-year residents,** see instructions before answering "No.") Make the following entries on Form NJ-1040.

Form NJ-1040	*Enter amount from:*
Line 38	Make no entry
Line 39	Line 5, column B
Line 40	Line 6, column B
Line 49	$50 ($25 if you and your spouse/civil union partner file separate returns but maintain the same principal residence). **Part-year residents,** see instructions.

(Keep for your records)

Example #4 - *continued*

The Roths will complete Schedule A and Worksheet I as follows to determine the amount of their credit for taxes paid to the other jurisdictions and whether they receive a greater benefit from the property tax deduction or the property tax credit.

Schedule A **CREDIT FOR INCOME OR WAGE TAXES PAID TO OTHER JURISDICTION** If you are claiming a credit for income taxes paid to more than one jurisdiction, a separate Schedule A must be enclosed for each.

A COPY OF OTHER STATE OR POLITICAL SUBDIVISION TAX RETURN MUST BE RETAINED WITH YOUR RECORDS

1.	Income actually taxed by other jurisdiction during tax year (indicate name State X and City Y) (DO NOT combine the same income taxed by more than one jurisdiction) (The amount on Line 1 cannot exceed the amount shown on Line 2)					1.	30,000	
2.	Income subject to tax by New Jersey (From Line 28, Form NJ-1040)					2.	45,000	
3.	Maximum Allowable Credit Percentage (Divide Line 2 into Line 1)	1 30,000 / 2 45,000				3.	66.6667%	
	IF YOU ARE NOT ELIGIBLE FOR A PROPERTY TAX BENEFIT ONLY COMPLETE COLUMN B.				**COLUMN A**		**COLUMN B**	
4.	Taxable Income (after Exemptions and Deductions) from Line 36, Form NJ-1040			4.	43,000	4.	43,000	
5.	Property Tax and Deduction	Enter in Box 5a the amount from Worksheet F, line 1. See instructions.	5a. 1,950					
		Property tax deduction. Enter the amount from Worksheet F, line 2. See instructions.		5.	1,950	5.	- 0 -	
6.	New Jersey Taxable Income (Line 4 minus Line 5)			6.	41,050	6.	43,000	
7.	Tax on Line 6 amount (From Tax Table or Tax Rate Schedules)			7.	649	7.	683	
8.	Allowable Credit (Line 3 times Line 7)			8.	433	8.	455	
9.	Credit for Taxes Paid to Other Jurisdiction	Enter in Box 9a the income or wage tax paid to other jurisdiction during tax year on income shown on Line 1. See instructions.	9a. 1,735					
		Credit allowed. (Enter lesser of Line 8 or Box 9a). **(The credit may not exceed your New Jersey tax on Line 40).**		9.	433	9.	455	

- If you are not eligible for a property tax benefit, enter the amount from Line 9, Column B, on Line 41, Form NJ-1040. Make no entry on Lines 38 or 49, Form NJ-1040.
- If you are eligible for a property tax benefit, you must complete Worksheet I to determine whether you receive a greater benefit by claiming a property tax deduction or taking the property tax credit.

EXAMPLES

EXAMPLES

Example #4 - *continued*

The Roths receive a greater benefit from the property tax credit. They enter the amounts from Lines 6 and 7, Column B, Schedule A on Lines 39 and 40, Form NJ-1040 as indicated in the instructions on Worksheet I. Their credit for taxes paid to the other jurisdictions is $455, the amount on line 2, column B, Worksheet I. Their property tax credit on Line 49, Form NJ-1040 is $50.

Worksheet I
Which Property Tax Benefit to Use

	COLUMN A		COLUMN B	
1. Tax. Enter amounts from Line 7, Schedule A, Columns A and B here	1. 649		1. 683	
2. Credit for Taxes Paid to Other Jurisdiction. Enter amounts from Line 9, Schedule A, Columns A and B here. If you completed more than one Schedule A, enter the total of all Line 9 amounts (Columns A and B) in the corresponding column	2. 433		2. 455	
3. Balance of Tax Due. Subtract line 2 from line 1 in each column	3. 216		3. 228	
4. Subtract line 3, column A from line 3, column B and enter result here			4. 12	

5. Is the line 4 amount $50 or more ($25 if you and your spouse/civil union partner file separate returns but maintain the same principal residence)?

Yes. You receive a greater tax benefit by taking the Property Tax Deduction. Make the following entries on Form NJ-1040.

Form NJ-1040	*Enter amount from:*
Line 38	Line 5, Column A, Schedule A
Line 39	Line 6, Column A, Schedule A
Line 40	Line 7, Column A, Schedule A
Line 41	Line 2, Column A, Worksheet I
Line 49	Make no entry

No. You receive a greater tax benefit from the Property Tax Credit. (**Part-year residents,** see instructions before answering "No.") Make the following entries on Form NJ-1040.

Form NJ-1040	*Enter amount from:*
Line 38	Make no entry
Line 39	Line 6, Column B, Schedule A
Line 40	Line 7, Column B, Schedule A
Line 41	Line 2, Column B, Worksheet I
Line 49	$50 ($25 if you and your spouse/civil union partner file separate returns but maintain the same principal residence). **Part-year residents,** see instructions.

(Keep for your records)

OBSOLETE

***Example #5* - Determining the credit when income is taxed by two different states outside of New Jersey.**

George and Francine Grey are married, file jointly and are full-year New Jersey residents. George's wages of $12,000 were earned in New York State. Their New York income subject to tax (from nonresident return Form IT-203) was $10,500 and the tax paid to New York was $600. Francine worked in Delaware where she earned wages of $8,000 and paid $130 in Delaware income tax. The Greys are not eligible for a property tax deduction/credit.

Since they are claiming a credit for taxes paid to more than one jurisdiction, the Greys must complete two separate Schedule As: one for New York State and one for Delaware. They will complete Column B (only) of each schedule as if no other state were involved. To determine the total credit for taxes paid to other jurisdictions for Line 41, Form NJ-1040, they add the amounts from Line 9, Column B of each Schedule A.

	Income Subject to Tax		
	New Jersey	New York	Delaware
Wages	20,000	12,000	8,000
Interest	1,000		
Dividends	2,000		
New York Adjustments		(1,500)	
Income Subject to Tax Before Exemptions and Deductions	23,000	10,500	8,000
Less Exemptions	(2,000)		
New Jersey Taxable Income (From Line 36, Form NJ-1040)	21,000		
Tax	298	600	130
Numerator of the credit calculation		**(a) 10,500**	**(b) 8,000**

(a) Schedule A income taxed by New York
(b) Schedule A income taxed by Delaware

OBSOLETE

EXAMPLES

Example #5 - *continued*

(a) Credit for taxes paid to New York on income taxed by that state.

Schedule A **CREDIT FOR INCOME OR WAGE TAXES PAID TO OTHER JURISDICTION** If you are claiming a credit for income taxes paid to more than one jurisdiction, a separate Schedule A must be enclosed for each.

A COPY OF OTHER STATE OR POLITICAL SUBDIVISION TAX RETURN MUST BE RETAINED WITH YOUR RECORDS

1.	Income actually taxed by other jurisdiction during tax year (indicate name New York State) (DO NOT combine the same income taxed by more than one jurisdiction) (The amount on Line 1 cannot exceed the amount shown on Line 2)	1.	10,500
2.	Income subject to tax by New Jersey (From Line 28, Form NJ-1040)	2.	23,000
3.	Maximum Allowable Credit Percentage (Divide Line 2 into Line 1) 1 10,500 / 2 23,000	3.	45.6522%

	IF YOU ARE NOT ELIGIBLE FOR A PROPERTY TAX BENEFIT ONLY COMPLETE COLUMN B.	COLUMN A		COLUMN B	
4.	Taxable Income (after Exemptions and Deductions) from Line 36, Form NJ-1040	4.		4.	21,000
5.	Property Tax and Deduction — Enter in Box 5a the amount from Worksheet F, line 1. See instructions. 5a.				
	Property tax deduction. Enter the amount from Worksheet F, line 2. See instructions.	5.		5.	- 0 -
6.	New Jersey Taxable Income (Line 4 minus Line 5)	6.		6.	21,000
7.	Tax on Line 6 amount (From Tax Table or Tax Rate Schedules)	7.		7.	298
8.	Allowable Credit (Line 3 times Line 7)	8.		8.	136
9.	Credit for Taxes Paid to Other Jurisdiction — Enter in Box 9a the income or wage tax paid to other jurisdiction during tax year on income shown on Line 1. See instructions. 9a. 600				
	Credit allowed. (Enter lesser of Line 8 or Box 9a). **(The credit may not exceed your New Jersey tax on Line 40).**	9.		9.	136

- If you are not eligible for a property tax benefit, enter the amount from Line 9, Column B, on Line 41, Form NJ-1040. Make no entry on Lines 38 or 49, Form NJ-1040.
- If you are eligible for a property tax benefit, you must complete Worksheet I to determine whether you receive a greater benefit by claiming a property tax deduction or taking the property tax credit.

EXAMPLES

Example #5 - *continued*

(b) Credit for taxes paid to Delaware on income taxed by that state.

Schedule A **CREDIT FOR INCOME OR WAGE TAXES PAID TO OTHER JURISDICTION** If you are claiming a credit for income taxes paid to more than one jurisdiction, a separate Schedule A must be enclosed for each.

A COPY OF OTHER STATE OR POLITICAL SUBDIVISION TAX RETURN MUST BE RETAINED WITH YOUR RECORDS

1.	Income actually taxed by other jurisdiction during tax year (indicate name Delaware) (DO NOT combine the same income taxed by more than one jurisdiction) (The amount on Line 1 cannot exceed the amount shown on Line 2)				1.	8,000	
2.	Income subject to tax by New Jersey (From Line 28, Form NJ-1040)				2.	23,000	
3.	Maximum Allowable Credit Percentage (Divide Line 2 into Line 1)	1 8,000 / 2 23,000			3.	34.7826%	
	IF YOU ARE NOT ELIGIBLE FOR A PROPERTY TAX BENEFIT ONLY COMPLETE COLUMN B.			**COLUMN A**		**COLUMN B**	
4.	Taxable Income (after Exemptions and Deductions) from Line 36, Form NJ-1040			4.		4. 21,000	
5.	Property Tax and Deduction	Enter in Box 5a the amount from Worksheet F, line 1. See instructions.	5a.				
		Property tax deduction. Enter the amount from Worksheet F, line 2. See instructions.		5.		5. - 0 -	
6.	New Jersey Taxable Income (Line 4 minus Line 5)			6.		6. 21,000	
7.	Tax on Line 6 amount (From Tax Table or Tax Rate Schedules)			7.		7. 298	
8.	Allowable Credit (Line 3 times Line 7)			8.		8. 104	
9.	Credit for Taxes Paid to Other Jurisdiction	Enter in Box 9a the income or wage tax paid to other jurisdiction during tax year on income shown on Line 1. See instructions.	9a. 130				
		Credit allowed. (Enter lesser of Line 8 or Box 9a). **(The credit may not exceed your New Jersey tax on Line 40).**		9.		9. 104	

- If you are not eligible for a property tax benefit, enter the amount from Line 9, Column B, on Line 41, Form NJ-1040. Make no entry on Lines 38 or 49, Form NJ-1040.
- If you are eligible for a property tax benefit, you must complete Worksheet I to determine whether you receive a greater benefit by claiming a property tax deduction or taking the property tax credit.

The total credit for taxes paid to both jurisdictions is $240 ($136 from Line 9 of the first Schedule A plus $104 from Line 9 of the second Schedule A).

EXAMPLES

***Example #6* - Determining the numerator of the credit calculation fraction when the other jurisdiction uses income from all sources to determine the tax due.**

Tom and Betty Stone are New Jersey residents. Tom works in New York, his salary is $65,000. Betty teaches at a school in New Jersey, her salary is $35,000. The couple also have income from interest, dividends, and capital gains. Although only Tom's salary is subject to tax by New York, the Stones' New York tax liability is determined by first calculating the tax on the couple's total income from all sources (Federal Amount), as if they were New York residents, and then multiplying the resulting "base tax" by the proportion that total New York source income (Tom's salary) bears to total income from all sources. Determining the tax liability of a nonresident in this manner may result in an increase in the average *rate* at which the income derived from the other jurisdiction is taxed but it does not affect the *amount* of income actually being taxed by the other jurisdiction.

	Income Subject to Tax		
	New Jersey	Federal Amount	New York
Wages	100,000	100,000	65,000
Interest	100	100	0
Dividends	50	50	0
Gains	340	340	0
Income Subject to Tax Before Exemptions and Deductions	100,490	100,490	65,000
Less Exemptions	(2,000)		
New Jersey Taxable Income (From Line 36, Form NJ-1040)	98,490		
Tax	2,666		3,900
Numerator of the credit calculation			**65,000**

EXAMPLES

OBSOLETE

Example #6 - *continued*

The Stones are not eligible for a property tax deduction/credit so they complete Schedule A, Form NJ-1040 as shown below to determine the amount of their credit for taxes paid to New York.

Schedule A **CREDIT FOR INCOME OR WAGE TAXES PAID TO OTHER JURISDICTION** If you are claiming a credit for income taxes paid to more than one jurisdiction, a separate Schedule A must be enclosed for each.

A COPY OF OTHER STATE OR POLITICAL SUBDIVISION TAX RETURN MUST BE RETAINED WITH YOUR RECORDS

1.	Income actually taxed by other jurisdiction during tax year (indicate name New York State) (DO NOT combine the same income taxed by more than one jurisdiction) (The amount on Line 1 cannot exceed the amount shown on Line 2)				1.	65,000	
2.	Income subject to tax by New Jersey (From Line 28, Form NJ-1040)				2.	100,490	
3.	Maximum Allowable Credit Percentage (Divide Line 2 into Line 1)	1 65,000 / 2 100,490			3.	64.6831%	
	IF YOU ARE NOT ELIGIBLE FOR A PROPERTY TAX BENEFIT ONLY COMPLETE COLUMN B.		**COLUMN A**		**COLUMN B**		
4.	Taxable Income (after Exemptions and Deductions) from Line 36, Form NJ-1040		4.		4.	98,490	
5.	Property Tax and Deduction	Enter in Box 5a the amount from Worksheet F, line 1. See instructions. 5a.					
		Property tax deduction. Enter the amount from Worksheet F, line 2. See instructions.	5.		5.	- 0 -	
6.	New Jersey Taxable Income (Line 4 minus Line 5)		6.		6.	98,490	
7.	Tax on Line 6 amount (From Tax Table or Tax Rate Schedules)		7.		7.	2,666	
8.	Allowable Credit (Line 3 times Line 7)		8.		8.	1,724	
9.	Credit for Taxes Paid to Other Jurisdiction	Enter in Box 9a the income or wage tax paid to other jurisdiction during tax year on income shown on Line 1. See instructions. 9a. 3,900					
		Credit allowed. (Enter lesser of Line 8 or Box 9a). **(The credit may not exceed your New Jersey tax on Line 40).**	9.		9.	1,724	

- If you are not eligible for a property tax benefit, enter the amount from Line 9, Column B, on Line 41, Form NJ-1040. Make no entry on Lines 38 or 49, Form NJ-1040.
- If you are eligible for a property tax benefit, you must complete Worksheet I to determine whether you receive a greater benefit by claiming a property tax deduction or taking the property tax credit.

EXAMPLES

***Example #7* - Determining the numerator of the credit calculation fraction when the taxpayer allocates his income in the other jurisdiction.**

Jeff Sands is a single, full-year New Jersey resident who works in another state. However, Jeff is required to work one day each week in New Jersey. His total wages for the year were $125,000. His W-2 showed all his income as earned in the other state; it did not reflect the days worked in New Jersey. Jeff must allocate his total wages between the other jurisdiction and New Jersey based on the percentage of time worked in each locality. The numerator of the credit calculation is limited to income actually taxed by both jurisdictions, $100,000.

	Income Subject to Tax		
	New Jersey	Other Jurisdiction	Both
Wages	125,000	100,000	100,000
Income Subject to Tax Before Exemptions and Deductions	125,000	100,000	100,000
Less Exemptions	(1,000)		
New Jersey Taxable Income (From Line 36, Form NJ-1040)	124,000		
Tax	5,773	4,800	
Numerator of the credit calculation			**100,000**

EXAMPLES

OBSOLETE

Example #7 - *continued*

Jeff is not eligible for a property tax deduction/credit so he completes Schedule A, Form NJ-1040 as shown below.

Schedule A **CREDIT FOR INCOME OR WAGE TAXES PAID TO OTHER JURISDICTION** If you are claiming a credit for income taxes paid to more than one jurisdiction, a separate Schedule A must be enclosed for each.

A COPY OF OTHER STATE OR POLITICAL SUBDIVISION TAX RETURN MUST BE RETAINED WITH YOUR RECORDS

1.	Income actually taxed by other jurisdiction during tax year (indicate name State X) (DO NOT combine the same income taxed by more than one jurisdiction) (The amount on Line 1 cannot exceed the amount shown on Line 2)				1.	100,000	
2.	Income subject to tax by New Jersey (From Line 28, Form NJ-1040)				2.	125,000	
3.	Maximum Allowable Credit Percentage (Divide Line 2 into Line 1)	1 100,000 / 2 125,000			3.	80.0000%	
	IF YOU ARE NOT ELIGIBLE FOR A PROPERTY TAX BENEFIT ONLY COMPLETE COLUMN B.			**COLUMN A**		**COLUMN B**	
4.	Taxable Income (after Exemptions and Deductions) from Line 36, Form NJ-1040			4.		4.	124,000
5.	Property Tax and Deduction	Enter in Box 5a the amount from Worksheet F, line 1. See instructions.	5a.				
		Property tax deduction. Enter the amount from Worksheet F, line 2. See instructions.		5.		5.	- 0 -
6.	New Jersey Taxable Income (Line 4 minus Line 5)			6.		6.	124,000
7.	Tax on Line 6 amount (From Tax Table or Tax Rate Schedules)			7.		7.	5,773
8.	Allowable Credit (Line 3 times Line 7)			8.		8.	4,618
9.	Credit for Taxes Paid to Other Jurisdiction	Enter in Box 9a the income or wage tax paid to other jurisdiction during tax year on income shown on Line 1. See instructions.	9a. 4,800				
		Credit allowed. (Enter lesser of Line 8 or Box 9a). **(The credit may not exceed your New Jersey tax on Line 40).**		9.		9.	4,618

- If you are not eligible for a property tax benefit, enter the amount from Line 9, Column B, on Line 41, Form NJ-1040. Make no entry on Lines 38 or 49, Form NJ-1040.
- If you are eligible for a property tax benefit, you must complete Worksheet I to determine whether you receive a greater benefit by claiming a property tax deduction or taking the property tax credit.

EXAMPLES

***Example #8* - Determining the numerator of the credit calculation fraction when the other jurisdiction allows an adjustment to (reduce) income which is not allowed by New Jersey.**

Jim Yeager, a New Jersey resident, works in New York where he earned wages of $115,000. Jim paid alimony of $20,000. In New York, the alimony payment is an adjustment to income that reduces the numerator of the credit calculation fraction whereas in New Jersey, the alimony is a deduction and does **not** reduce the denominator of the credit calculation fraction. (The denominator of the credit calculation fraction includes New Jersey income from all sources after subtracting any applicable pension and/or other retirement income exclusion allowed by New Jersey but before subtracting any personal exemptions or deductions such as alimony payments.) The schedule below shows how to determine the amount of income subject to tax in both jurisdictions when there is an adjustment to income allowed by the other jurisdiction.

	Income Subject to Tax	
	New Jersey	New York
Wages	115,000	115,000
New York Adjustments (Alimony)		(20,000)
Income Subject to Tax Before Exemptions and Deductions	115,000	95,000
Less Exemptions	(1,000)	
Deductions (Alimony)	(20,000)	
New Jersey Taxable Income (From Line 36, Form NJ-1040)	94,000	
Tax	3,863	3,736
Numerator of the credit calculation		**95,000**

EXAMPLES

OBSOLETE

Example #8 - *continued*

Jim is not eligible for a property tax deduction/credit. His New Jersey Schedule A will look like this:

Schedule A **CREDIT FOR INCOME OR WAGE TAXES PAID TO OTHER JURISDICTION** If you are claiming a credit for income taxes paid to more than one jurisdiction, a separate Schedule A must be enclosed for each.

A COPY OF OTHER STATE OR POLITICAL SUBDIVISION TAX RETURN MUST BE RETAINED WITH YOUR RECORDS

1.	Income actually taxed by other jurisdiction during tax year (indicate name New York State) (DO NOT combine the same income taxed by more than one jurisdiction) (The amount on Line 1 cannot exceed the amount shown on Line 2)				1.	95,000	
2.	Income subject to tax by New Jersey (From Line 28, Form NJ-1040)				2.	115,000	
3.	Maximum Allowable Credit Percentage (Divide Line 2 into Line 1)	1 95,000 / 2 115,000			3.	82.6087%	
	IF YOU ARE NOT ELIGIBLE FOR A PROPERTY TAX BENEFIT ONLY COMPLETE COLUMN B.			**COLUMN A**		**COLUMN B**	
4.	Taxable Income (after Exemptions and Deductions) from Line 36, Form NJ-1040			4.		4. 94,000	
5.	Property Tax and Deduction	Enter in Box 5a the amount from Worksheet F, line 1. See instructions.	5a.				
		Property tax deduction. Enter the amount from Worksheet F, line 2. See instructions.		5.		5. - 0 -	
6.	New Jersey Taxable Income (Line 4 minus Line 5)			6.		6. 94,000	
7.	Tax on Line 6 amount (From Tax Table or Tax Rate Schedules)			7.		7. 3,863	
8.	Allowable Credit (Line 3 times Line 7)			8.		8. 3,191	
9.	Credit for Taxes Paid to Other Jurisdiction	Enter in Box 9a the income or wage tax paid to other jurisdiction during tax year on income shown on Line 1. See instructions.	9a. 3,736				
		Credit allowed. (Enter lesser of Line 8 or Box 9a). **(The credit may not exceed your New Jersey tax on Line 40).**		9.		9. 3,191	

- If you are not eligible for a property tax benefit, enter the amount from Line 9, Column B, on Line 41, Form NJ-1040. Make no entry on Lines 38 or 49, Form NJ-1040.
- If you are eligible for a property tax benefit, you must complete Worksheet I to determine whether you receive a greater benefit by claiming a property tax deduction or taking the property tax credit.

EXAMPLES

***Example #9* - Determining the credit for income taxed both by another state and by a city within that state when the city taxes more income than the state.**

John and Mary Brown are married, file jointly, and are full-year New Jersey residents. Mary earned wages of $15,000 in New Jersey. John worked in a city located in another state where he earned wages of $30,000. The income actually taxed on John's nonresident return for the other state was $20,000 and the tax paid to the state was $1,600. His nonresident income actually taxed by the city was $30,000 and he paid $135 in city tax. The Browns must complete two separate Schedule As, one for the amount of income that was taxed by both the other state and city, and one for the amount of income taxed only by the city ("excess income"). The total credit allowed is the sum of the two separate Schedule A calculations.

The Browns are not eligible for a property tax deduction or credit and complete only Column B of each Schedule A.

EXAMPLES

OBSOLETE

	Income Subject to Tax		
	New Jersey	Other State	Other City
Wages	45,000	20,000	30,000
Income Subject to Tax Before Exemptions and Deductions	45,000	20,000	30,000
Less Exemptions	(2,000)		
New Jersey Taxable Income (From Line 36, Form NJ-1040)	43,000		
Tax	683	1,600	135
Numerator of the credit calculation		**(a) 20,000**	**(b) 10,000**

(a) Schedule A for income taxed by both jurisdictions
(b) Schedule A for income taxed only by the city

Example #9 - *continued*

(a) Credit for taxes paid on the amount of income taxed by both the state and city.

The Browns enter $20,000 on Line 1 of the first Schedule A. This is the amount of income taxed by both jurisdictions. The entry on Line 9 of this schedule is the lesser of the amount on Line 8 (the proportional credit limitation amount for $20,000) or the amount from Box 9a (the total tax actually paid to both the state *and* the city on $20,000). The tax actually paid to both the state and the city on $20,000 is $1,690 ($1,600 paid to the State plus $90 paid to the city). The tax paid to the city on $20,000 is calculated as follows: $135 × ($20,000 ÷ $30,000) = $90.

Schedule A **CREDIT FOR INCOME OR WAGE TAXES PAID TO OTHER JURISDICTION** If you are claiming a credit for income taxes paid to more than one jurisdiction, a separate Schedule A must be enclosed for each.

A COPY OF OTHER STATE OR POLITICAL SUBDIVISION TAX RETURN MUST BE RETAINED WITH YOUR RECORDS

1.	Income actually taxed by other jurisdiction during tax year (indicate name State X and City Y) (DO NOT combine the same income taxed by more than one jurisdiction) (The amount on Line 1 cannot exceed the amount shown on Line 2)					1.	20,000	
2.	Income subject to tax by New Jersey (From Line 28, Form NJ-1040)					2.	45,000	
3.	Maximum Allowable Credit Percentage (Divide Line 2 into Line 1)	1 20,000 / 2 45,000				3.	44.4444%	
	IF YOU ARE NOT ELIGIBLE FOR A PROPERTY TAX BENEFIT ONLY COMPLETE COLUMN B.			**COLUMN A**			**COLUMN B**	
4.	Taxable Income (after Exemptions and Deductions) from Line 36, Form NJ-1040			4.		4.	43,000	
5.	Property Tax and Deduction	Enter in Box 5a the amount from Worksheet F, line 1. See instructions.	5a.					
		Property tax deduction. Enter the amount from Worksheet F, line 2. See instructions.		5.		5.	- 0 -	
6.	New Jersey Taxable Income (Line 4 minus Line 5)			6.		6.	43,000	
7.	Tax on Line 6 amount (From Tax Table or Tax Rate Schedules)			7.		7.	683	
8.	Allowable Credit (Line 3 times Line 7)			8.		8.	304	
9.	Credit for Taxes Paid to Other Jurisdiction	Enter in Box 9a the income or wage tax paid to other jurisdiction during tax year on income shown on Line 1. See instructions.	9a. 1,690					
		Credit allowed. (Enter lesser of Line 8 or Box 9a). **(The credit may not exceed your New Jersey tax on Line 40).**		9.		9.	304	

- If you are not eligible for a property tax benefit, enter the amount from Line 9, Column B, on Line 41, Form NJ-1040. Make no entry on Lines 38 or 49, Form NJ-1040.
- If you are eligible for a property tax benefit, you must complete Worksheet I to determine whether you receive a greater benefit by claiming a property tax deduction or taking the property tax credit.

EXAMPLES

EXAMPLES

Example #9 - *continued*

(b) Credit for taxes paid to the city on "excess income" (i.e., income taxed by the city but not by the state).

The Browns enter $10,000 on Line 1 of the second Schedule A. This is the "excess income" taxed only by the city. The entry on Line 9 of this schedule is the lesser of the amount on Line 8 (the proportional credit limitation amount for $10,000) or the amount from Box 9a (the tax actually paid to the city on $10,000). The tax paid to the city on $10,000 is calculated as follows:
$135 × ($10,000 ÷ $30,000) = $45.

Schedule A **CREDIT FOR INCOME OR WAGE TAXES PAID TO OTHER JURISDICTION** If you are claiming a credit for income taxes paid to more than one jurisdiction, a separate Schedule A must be enclosed for each.

A COPY OF OTHER STATE OR POLITICAL SUBDIVISION TAX RETURN MUST BE RETAINED WITH YOUR RECORDS

1.	Income actually taxed by other jurisdiction during tax year (indicate name City Y) (DO NOT combine the same income taxed by more than one jurisdiction) (The amount on Line 1 cannot exceed the amount shown on Line 2)					1.	10,000	
2.	Income subject to tax by New Jersey (From Line 28, Form NJ-1040)					2.	45,000	
3.	Maximum Allowable Credit Percentage (Divide Line 2 into Line 1)	1 10,000 / 2 45,000				3.	22.2222%	
	IF YOU ARE NOT ELIGIBLE FOR A PROPERTY TAX BENEFIT ONLY COMPLETE COLUMN B.			**COLUMN A**		**COLUMN B**		
4.	Taxable Income (after Exemptions and Deductions) from Line 36, Form NJ-1040			4.		4.	43,000	
5.	Property Tax and Deduction	Enter in Box 5a the amount from Worksheet F, line 1. See instructions.	5a.					
		Property tax deduction. Enter the amount from Worksheet F, line 2. See instructions.		5.		5.	- 0 -	
6.	New Jersey Taxable Income (Line 4 minus Line 5)			6.		6.	43,000	
7.	Tax on Line 6 amount (From Tax Table or Tax Rate Schedules)			7.		7.	683	
8.	Allowable Credit (Line 3 times Line 7)			8.		8.	152	
9.	Credit for Taxes Paid to Other Jurisdiction	Enter in Box 9a the income or wage tax paid to other jurisdiction during tax year on income shown on Line 1. See instructions.	9a. 45					
		Credit allowed. (Enter lesser of Line 8 or Box 9a). **(The credit may not exceed your New Jersey tax on Line 40).**		9.		9.	45	

- If you are not eligible for a property tax benefit, enter the amount from Line 9, Column B, on Line 41, Form NJ-1040. Make no entry on Lines 38 or 49, Form NJ-1040.
- If you are eligible for a property tax benefit, you must complete Worksheet I to determine whether you receive a greater benefit by claiming a property tax deduction or taking the property tax credit.

The total credit for taxes paid to both jurisdictions for Line 41, Form NJ-1040 is $349 ($304 from Line 9 of the first Schedule A plus $45 from Line 9 of the second Schedule A).

***Example #10* - Determining the numerator of the credit calculation fraction when part of New Jersey income is taxed by the other jurisdiction.**

Jack Jones is single and a full-year New Jersey resident. Jack claims one dependent child beside himself and his filing status is head of household. The amount of wages taxed by the other jurisdiction is $12,500 and the income tax paid to the other jurisdiction is $400. Jack also reported $2,000 in interest, $3,000 in dividends, and $21,000 in capital gains on his New Jersey return. Since the interest, dividends, and capital gains were not derived from a business, trade, or profession carried on in the other jurisdiction, they are not reportable to the other jurisdiction and are not includible in the numerator of the credit calculation fraction.

The credit for taxes paid to the other jurisdiction can never exceed the proportion that the out-of-State income bears to the total New Jersey taxable income multiplied by the New Jersey tax. In this example, only 32.4675% of Jack's income was subject to the other jurisdiction's tax.

	Income Subject to Tax		
	New Jersey	Other Jurisdiction	Both
Wages	12,500	12,500	12,500
Interest	2,000		
Dividends	3,000		
Capital Gains	21,000		
Income Subject to Tax Before Exemptions and Deductions	38,500	12,500	12,500
Less Exemptions	(2,500)		
New Jersey Taxable Income (From Line 36, Form NJ-1040)	36,000		
Tax	560	400	
Numerator of the credit calculation			**12,500**

OBSOLETE

EXAMPLES

Example #10 - *continued*

Jack is not eligible for a property tax deduction/credit so he completes Schedule A, Form NJ-1040 as shown below.

Schedule A **CREDIT FOR INCOME OR WAGE TAXES PAID TO OTHER JURISDICTION** If you are claiming a credit for income taxes paid to more than one jurisdiction, a separate Schedule A must be enclosed for each.

A COPY OF OTHER STATE OR POLITICAL SUBDIVISION TAX RETURN MUST BE RETAINED WITH YOUR RECORDS

1.	Income actually taxed by other jurisdiction during tax year (indicate name Name of Jurisdiction) (DO NOT combine the same income taxed by more than one jurisdiction) (The amount on Line 1 cannot exceed the amount shown on Line 2)					1.	12,500	
2.	Income subject to tax by New Jersey (From Line 28, Form NJ-1040)					2.	38,500	
3.	Maximum Allowable Credit Percentage (Divide Line 2 into Line 1)	1 12,500 / 2 38,500				3.	32.4675%	
	IF YOU ARE NOT ELIGIBLE FOR A PROPERTY TAX BENEFIT ONLY COMPLETE COLUMN B.			**COLUMN A**		**COLUMN B**		
4.	Taxable Income (after Exemptions and Deductions) from Line 36, Form NJ-1040			4.		4.	36,000	
5.	Property Tax and Deduction	Enter in Box 5a the amount from Worksheet F, line 1. See instructions.	5a.					
		Property tax deduction. Enter the amount from Worksheet F, line 2. See instructions.		5.		5.	- 0 -	
6.	New Jersey Taxable Income (Line 4 minus Line 5)			6.		6.	36,000	
7.	Tax on Line 6 amount (From Tax Table or Tax Rate Schedules)			7.		7.	560	
8.	Allowable Credit (Line 3 times Line 7)			8.		8.	182	
9.	Credit for Taxes Paid to Other Jurisdiction	Enter in Box 9a the income or wage tax paid to other jurisdiction during tax year on income shown on Line 1. See instructions.	9a. 400					
		Credit allowed. (Enter lesser of Line 8 or Box 9a). **(The credit may not exceed your New Jersey tax on Line 40).**		9.		9.	182	

- If you are not eligible for a property tax benefit, enter the amount from Line 9, Column B, on Line 41, Form NJ-1040. Make no entry on Lines 38 or 49, Form NJ-1040.
- If you are eligible for a property tax benefit, you must complete Worksheet I to determine whether you receive a greater benefit by claiming a property tax deduction or taking the property tax credit.

EXAMPLES

***Example #11* - Determining the credit when a part-year resident moves to New Jersey during the tax year and continues to work outside New Jersey.**

Karen Simon lived in Baltimore County, Maryland, from January 1 through March 31, then moved to New Jersey on April 1. She worked in Baltimore County for the entire year where she earned wages of $100,000. Karen must file two returns with Maryland: a resident return for the period from January 1 through March 31, and a nonresident return for the period April 1 to December 31. She must also file a part-year resident return in New Jersey and report her income between April 1 and December 31. Since the income taxed by New Jersey was earned in, and taxed by, Maryland, Karen is eligible for a credit for taxes paid to another jurisdiction.

		Income Subject to Tax		
		New Jersey Resident Return	Maryland Resident Return	Maryland Nonresident Return
Wages		100,000	100,000	100,000
Subtractions:				
Income as a nonresident		(25,000)	(75,000)	
Income as a resident				(25,000)
Income Subject to Tax Before Exemptions and Deductions		75,000	25,000	75,000
Less Standard Deduction (Maryland only):				
Resident	2,000 × (25,000 ÷ 100,000)		(500)	
Nonresident	2,000 × (75,000 ÷ 100,000)			(1,500)
Less Exemptions:				
Maryland				
Resident	2,100 × (25,000 ÷ 100,000)		(525)	
Nonresident	2,100 × (75,000 ÷ 100,000)			(1,575)
New Jersey	1,000 × (9 ÷ 12)	(750)		
Taxable Income (For New Jersey, From Line 36, Form NJ-1040)		74,250	23,975	71,925
State Tax		2,611	1,107	3,433
Local Tax (Baltimore County - 2.83%)		0	678	0
Local Tax		2,611	1,785	3,433
Numerator of the credit calculation				**75,000**

OBSOLETE

EXAMPLES

Example #11 - *continued*

Karen Simon's principal residence in New Jersey is a condominium on which she paid $3,600 in property taxes during the nine months she lived here. She did not receive a homestead benefit during 2014 so she will enter this amount on Line 37a, Form NJ-1040, and also on line 1 of Worksheet F. Karen will complete only lines 1 and 2. She will then complete Schedule A and Worksheet I.

Worksheet F – Property Tax Deduction/Credit

Review the eligibility requirements in the instructions before completing Worksheet F. Part-year residents see instructions.

Complete both columns of this worksheet to find out whether the Property Tax Deduction or the Property Tax Credit is better for you. ***If you claim a credit for taxes paid to other jurisdictions,*** *complete only lines 1 and 2 of this worksheet. Then complete Schedule A and Worksheet I.*

1. **Property Tax.** Enter the property taxes you paid in 2014 from Line 37a, Form NJ-1040. Property tax reimbursement (Senior Freeze) applicants do not enter the amount from Line 37a. **See instructions.** 1. 3,600
2. **Property Tax Deduction.** Enter the amount from line 1 of this worksheet or $10,000, whichever is less. (Lesser of line 1 or $5,000 if you and your spouse/CU partner file separate returns but maintain the same principal residence.) Also enter this amount on line 4, column A below, see instructions. 2. 3,600

STOP if you are claiming a credit for taxes paid to other jurisdictions. Complete only lines 1 and 2. Then complete Schedule A and Worksheet I. See instructions.

		Column A		Column B
3. Taxable Income (Copy from Line 36 of Form NJ-1040)	3.		3.	
4. Property Tax Deduction (Copy from line 2 of this worksheet)	4.		4.	– 0 –
5. Taxable Income After Property Tax Deduction (Subtract line 4 from line 3)	5.		5.	
6. Tax you would pay on line 5 amount (Go to Tax Table or Tax Rate Schedules)	6.		6.	
7. Subtract line 6, column A from line 6, column B and enter the result here			7.	

8. **Is the line 7 amount $50 or more ($25 if you and you spouse/civil union partner file separate returns but maintain the same principal residence)?**

   ⬭ Yes. You receive a greater tax benefit by taking the Property Tax Deduction. Make the following entries on Form NJ-1040.

Form NJ-1040	*Enter amount from:*
Line 38	Line 4, column A
Line 39	Line 5, column A
Line 40	Line 6, column A
Line 49	Make no entry

   ⬭ No. You receive a greater tax benefit from the Property Tax Credit. (**Part-year residents,** see instructions before answering "No.") Make the following entries on Form NJ-1040.

Form NJ-1040	*Enter amount from:*
Line 38	Make no entry
Line 39	Line 5, column B
Line 40	Line 6, column B
Line 49	$50 ($25 if you and your spouse/civil union partner file separate returns but maintain the same principal residence). **Part-year residents,** see instructions.

(Keep for your records)

EXAMPLES

OBSOLETE

Example #11 - *continued*

Karen completes both Columns A and B of New Jersey Schedule A as well as Worksheet I to determine whether she will receive a greater benefit from taking the property tax deduction or by claiming the property tax credit.

Schedule A **CREDIT FOR INCOME OR WAGE TAXES PAID TO OTHER JURISDICTION** If you are claiming a credit for income taxes paid to more than one jurisdiction, a separate Schedule A must be enclosed for each.

A COPY OF OTHER STATE OR POLITICAL SUBDIVISION TAX RETURN MUST BE RETAINED WITH YOUR RECORDS

1.	Income actually taxed by other jurisdiction during tax year (indicate name Maryland) (DO NOT combine the same income taxed by more than one jurisdiction) (The amount on Line 1 cannot exceed the amount shown on Line 2)					1.	75,000	
2.	Income subject to tax by New Jersey (From Line 28, Form NJ-1040)					2.	75,000	
3.	Maximum Allowable Credit Percentage (Divide Line 2 into Line 1)	1 75,000 / 2 75,000				3.	100%	
	IF YOU ARE NOT ELIGIBLE FOR A PROPERTY TAX BENEFIT ONLY COMPLETE COLUMN B.				**COLUMN A**		**COLUMN B**	
4.	Taxable Income (after Exemptions and Deductions) from Line 36, Form NJ-1040			4.	74,250	4.	74,250	
5.	Property Tax and Deduction	Enter in Box 5a the amount from Worksheet F, line 1. See instructions.	5a. 3,600					
		Property tax deduction. Enter the amount from Worksheet F, line 2. See instructions.		5.	3,600	5.	- 0 -	
6.	New Jersey Taxable Income (Line 4 minus Line 5)			6.	70,650	6.	74,250	
7.	Tax on Line 6 amount (From Tax Table or Tax Rate Schedules)			7.	2,412	7.	2,611	
8.	Allowable Credit (Line 3 times Line 7)			8.	2,412	8.	2,611	
9.	Credit for Taxes Paid to Other Jurisdiction	Enter in Box 9a the income or wage tax paid to other jurisdiction during tax year on income shown on Line 1. See instructions.	9a. 3,433					
		Credit allowed. (Enter lesser of Line 8 or Box 9a). **(The credit may not exceed your New Jersey tax on Line 40).**		9.	2,412	9.	2,611	

- If you are not eligible for a property tax benefit, enter the amount from Line 9, Column B, on Line 41, Form NJ-1040. Make no entry on Lines 38 or 49, Form NJ-1040.
- If you are eligible for a property tax benefit, you must complete Worksheet I to determine whether you receive a greater benefit by claiming a property tax deduction or taking the property tax credit.

EXAMPLES

EXAMPLES

Example #11 - *continued*

Karen claims the refundable property tax credit of $37.50 ($50 maximum credit, prorated for the period of residency—in Karen's case, 9 out of 12 months or 75% of the year).

OBSOLETE

Worksheet I
Which Property Tax Benefit to Use

	COLUMN A		COLUMN B	
1. Tax. Enter amounts from Line 7, Schedule A, Columns A and B here	1. 2,412		1. 2,611	
2. Credit for Taxes Paid to Other Jurisdiction. Enter amounts from Line 9, Schedule A, Columns A and B here. If you completed more than one Schedule A, enter the total of all Line 9 amounts (Columns A and B) in the corresponding column	2. 2,412		2. 2,611	
3. Balance of Tax Due. Subtract line 2 from line 1 in each column	3. -0-		3. -0-	
4. Subtract line 3, column A from line 3, column B and enter result here			4. -0-	

5. Is the line 4 amount $50 or more ($25 if you and your spouse/civil union partner file separate returns but maintain the same principal residence)?

○ Yes. You receive a greater tax benefit by taking the Property Tax Deduction. Make the following entries on Form NJ-1040.

Form NJ-1040	*Enter amount from:*
Line 38	Line 5, Column A, Schedule A
Line 39	Line 6, Column A, Schedule A
Line 40	Line 7, Column A, Schedule A
Line 41	Line 2, Column A, Worksheet I
Line 49	Make no entry

● No. You receive a greater tax benefit from the Property Tax Credit. (**Part-year residents,** see instructions before answering "No.") Make the following entries on Form NJ-1040.

Form NJ-1040	*Enter amount from:*
Line 38	Make no entry
Line 39	Line 6, Column B, Schedule A
Line 40	Line 7, Column B, Schedule A
Line 41	Line 2, Column B, Worksheet I
Line 49	$50 ($25 if you and your spouse/civil union partner file separate returns but maintain the same principal residence) **Part-year residents,** see instructions.

(Keep for your records)

***Example #12* - Determining the credit when a part-year resident who lived and worked in another state moves to New Jersey and changes jobs to a New Jersey employer.**

Harry Hammer lived and worked in Baltimore County, Maryland, from January 1 to March 31. His wages while a Maryland resident were $25,000. Harry moved to New Jersey on April 1 and began a new job here, earning $75,000 for the rest of the year. Harry files a New Jersey resident return for the nine-month period of residency here, reporting only the income earned from April 1 to December 31. Since the income earned while a Maryland resident is not subject to tax in New Jersey and the income earned while a New Jersey resident is not subject to tax in Maryland, the same income is not being taxed by both jurisdictions. Therefore, there is no credit for taxes paid to other jurisdictions.

	Income Subject to Tax	
	New Jersey Resident Return	Maryland Resident Return
Wages	75,000	25,000
Income Subject to Tax Before Exemptions and Deductions	75,000	25,000
Less Standard Deduction		
Maryland: 2,000 × (25,000 ÷ 100,000)		(500)
Less Exemptions		
Maryland: 2,100 × (25,000 ÷ 100,000)		(525)
New Jersey: 1,000 × (9 ÷ 12)	(750)	
Taxable Income (For New Jersey, From Line 36, Form NJ-1040)	74,250	23,975
State Tax	2,611	1,107
Local Tax (Baltimore County - 2.83%)		678
Total Tax	2,611	1,785
Numerator of the credit calculation		**0.00**

OBSOLETE

EXAMPLES

***Example #13* - Determining the credit for income, other than wages, earned in Pennsylvania.**

Molly Thatcher is a single, 66-year-old New Jersey resident who earned $50,000 in wages from her Pennsylvania employer. Molly is also a member of a Pennsylvania partnership. Her share of the partnership's income for the tax year is $30,000. Molly paid $5,150 in property taxes for the year on the residence she owns in New Jersey and is therefore eligible for a property tax deduction or credit.

Molly's partnership income is subject to tax by both New Jersey and Pennsylvania; therefore, a credit may be claimed on her New Jersey resident return for any income tax paid to Pennsylvania on this income. However, under the provisions of the New Jersey/Pennsylvania Reciprocal Personal Income Tax Agreement, Molly's wages are not subject to tax in Pennsylvania and may not be included in the numerator of the credit calculation fraction.

	Income Subject to Tax		
	New Jersey	Pennsylvania	Both
Wages	50,000		
Partnership Income (PA)	30,000	30,000	30,000
Income Subject to Tax Before Exemptions and Deductions	80,000	30,000	30,000
Less Exemptions	(2,000)		
New Jersey Taxable Income (From Line 36, Form NJ-1040)	78,000		
Tax	2,844	840	
Numerator of the credit calculation			**30,000**

EXAMPLES

OBSOLETE

Example #13 - *continued*

Molly Thatcher paid $5,150 in property taxes during 2014 on her qualified New Jersey residence. She did not receive a homestead benefit during 2014 so she will enter $5,150 on Line 37a, Form NJ-1040 and also on line 1 of Worksheet F. Molly Thatcher will complete only lines 1 and 2. She will then complete Schedule A and Worksheet I.

Worksheet F – Property Tax Deduction/Credit

Review the eligibility requirements in the instructions before completing Worksheet F. Part-year residents see instructions.

Complete both columns of this worksheet to find out whether the Property Tax Deduction or the Property Tax Credit is better for you. ***If you claim a credit for taxes paid to other jurisdictions,*** *complete only lines 1 and 2 of this worksheet. Then complete Schedule A and Worksheet I.*

1. **Property Tax.** Enter the property taxes you paid in 2014 from Line 37a, Form NJ-1040. Property tax reimbursement (Senior Freeze) applicants do not enter the amount from Line 37a. **See instructions.** 1. 5,150
2. **Property Tax Deduction.** Enter the amount from line 1 of this worksheet or $10,000, whichever is less. (Lesser of line 1 or $5,000 if you and your spouse/CU partner file separate returns but maintain the same principal residence.) Also enter this amount on line 4, column A below, see instructions. 2. 5,150

STOP if you are claiming a credit for taxes paid to other jurisdictions. Complete only lines 1 and 2. Then complete Schedule A and Worksheet I. See instructions.

		Column A		Column B
3. Taxable Income (Copy from Line 36 of Form NJ-1040)	3.		3.	
4. Property Tax Deduction (Copy from line 2 of this worksheet)	4.		4.	– 0 –
5. Taxable Income After Property Tax Deduction (Subtract line 4 from line 3)	5.		5.	
6. Tax you would pay on line 5 amount (Go to Tax Table or Tax Rate Schedules)	6.		6.	
7. Subtract line 6, column A from line 6, column B and enter the result here			7.	

8. **Is the line 7 amount $50 or more ($25 if you and your spouse/civil union partner file separate returns but maintain the same principal residence)?**

   ⬭ Yes. You receive a greater tax benefit by taking the Property Tax Deduction. Make the following entries on Form NJ-1040.

Form NJ-1040	*Enter amount from:*
Line 38	Line 4, column A
Line 39	Line 5, column A
Line 40	Line 6, column A
Line 49	Make no entry

   ⬭ No. You receive a greater tax benefit from the Property Tax Credit. (**Part-year residents,** see instructions before answering "No.") Make the following entries on Form NJ-1040.

Form NJ-1040	*Enter amount from:*
Line 38	Make no entry
Line 39	Line 5, column B
Line 40	Line 6, column B
Line 49	$50 ($25 if you and your spouse/civil union partner file separate returns but maintain the same principal residence). **Part-year residents,** see instructions.

(Keep for your records)

ABSOLUTE EXAMPLES

Example #13 - *continued*

Molly Thatcher completes her Schedule A and Worksheet I as follows.

Schedule A **CREDIT FOR INCOME OR WAGE TAXES PAID TO OTHER JURISDICTION** If you are claiming a credit for income taxes paid to more than one jurisdiction, a separate Schedule A must be enclosed for each.

A COPY OF OTHER STATE OR POLITICAL SUBDIVISION TAX RETURN MUST BE RETAINED WITH YOUR RECORDS

1.	Income actually taxed by other jurisdiction during tax year (indicate name Pennsylvania) (DO NOT combine the same income taxed by more than one jurisdiction) (The amount on Line 1 cannot exceed the amount shown on Line 2)					1.	30,000	
2.	Income subject to tax by New Jersey (From Line 28, Form NJ-1040)					2.	80,000	
3.	Maximum Allowable Credit Percentage (Divide Line 2 into Line 1)	1 30,000 / 2 80,000				3.	37.5000%	
	IF YOU ARE NOT ELIGIBLE FOR A PROPERTY TAX BENEFIT ONLY COMPLETE COLUMN B.				**COLUMN A**		**COLUMN B**	
4.	Taxable Income (after Exemptions and Deductions) from Line 36, Form NJ-1040			4.	78,000	4.	78,000	
5.	Property Tax and Deduction	Enter in Box 5a the amount from Worksheet F, line 1. See instructions.	5a. 5,150					
		Property tax deduction. Enter the amount from Worksheet F, line 2. See instructions.		5.	5,150	5.	- 0 -	
6.	New Jersey Taxable Income (Line 4 minus Line 5)			6.	72,850	6.	78,000	
7.	Tax on Line 6 amount (From Tax Table or Tax Rate Schedules)			7.	2,534	7.	2,844	
8.	Allowable Credit (Line 3 times Line 7)			8.	950	8.	1,067	
9.	Credit for Taxes Paid to Other Jurisdiction	Enter in Box 9a the income or wage tax paid to other jurisdiction during tax year on income shown on Line 1. See instructions.	9a. 840					
		Credit allowed. (Enter lesser of Line 8 or Box 9a). **(The credit may not exceed your New Jersey tax on Line 40).**		9.	840	9.	840	

- If you are not eligible for a property tax benefit, enter the amount from Line 9, Column B, on Line 41, Form NJ-1040. Make no entry on Lines 38 or 49, Form NJ-1040.
- If you are eligible for a property tax benefit, you must complete Worksheet I to determine whether you receive a greater benefit by claiming a property tax deduction or taking the property tax credit.

EXAMPLES

Example #13 - *continued*

Molly receives a greater benefit from the property tax deduction. She enters the amounts from Lines 5, 6, and 7, Column A, Schedule A on Lines 38, 39, and 40, Form NJ-1040 as indicated in the instructions on Worksheet I. Her credit for taxes paid to other jurisdictions for Line 41, Form NJ-1040 is $840, the amount on line 2, column A, Worksheet I. Her property tax deduction on Line 38, Form NJ-1040 is $5,150. Molly's Worksheet I looks like this:

Worksheet I
Which Property Tax Benefit to Use

	COLUMN A		COLUMN B	
1. Tax. Enter amounts from Line 7, Schedule A, Columns A and B here	1. 2,534		1. 2,844	
2. Credit for Taxes Paid to Other Jurisdiction. Enter amounts from Line 9, Schedule A, Columns A and B here. If you completed more than one Schedule A, enter the total of all Line 9 amounts (Columns A and B) in the corresponding column	2. 840		2. 840	
3. Balance of Tax Due. Subtract line 2 from line 1 in each column	3. 1,694		3. 2,004	
4. Subtract line 3, column A from line 3, column B and enter result here			4. 310	

5. Is the line 4 amount $50 or more ($25 if you and your spouse/civil union partner file separate returns but maintain the same principal residence)?

● Yes. You receive a greater tax benefit by taking the Property Tax Deduction. Make the following entries on Form NJ-1040.

Form NJ-1040	*Enter amount from:*
Line 38	Line 5, Column A, Schedule A
Line 39	Line 6, Column A, Schedule A
Line 40	Line 7, Column A, Schedule A
Line 41	Line 2, Column A, Worksheet I
Line 49	Make no entry

○ No. You receive a greater tax benefit from the Property Tax Credit. (**Part-year residents,** see instructions before answering "No.") Make the following entries on Form NJ-1040.

Form NJ-1040	*Enter amount from:*
Line 38	Make no entry
Line 39	Line 6, Column B, Schedule A
Line 40	Line 7, Column B, Schedule A
Line 41	Line 2, Column B, Worksheet I
Line 49	$50 ($25 if you and your spouse/civil union partner file separate returns but maintain the same principal residence) **Part-year residents,** see instructions.

(Keep for your records)

OBSOLETE

EXAMPLES

EXAMPLES

OBSOLETE

***Example #14* - Determining the credit for wage income earned in Philadelphia.**

Don Jackson is a 33-year-old, single, full-year New Jersey resident who is not disabled. He earned wages of $44,000 in Philadelphia and contributed $4,400 to his 401(k) plan. He determines the amount of income subject to tax by Philadelphia for Line 1, Schedule A as follows:

January 1, 2014 – June 30, 2014

Philadelphia Wage Tax	733.95	= $21,000
Philadelphia Wage Tax Rate	.03495	

July 1, 2014 – December 31, 2014

Philadelphia Wage Tax	803.05	= $23,000
Philadelphia Wage Tax Rate	.034915	

Income Taxed by Philadelphia **$44,000**

		Income Subject to Tax		
		New Jersey	Phila.	Both
Wages	44,000		44,000	
Less 401(k) contributions	(4,400)	39,600		39,600
Interest		1,500		
Dividends		450		
Income Subject to Tax Before Exemptions and Deductions		41,550	44,000	39,600
Less Exemptions		(1,000)		
New Jersey Taxable Income (From Line 36, Form NJ-1040)		40,550		
Tax		749	1,537	
Numerator of the credit calculation				**39,600**

Example #14 - *continued*

Don paid $7,200 in rent for the year on his apartment in New Jersey and is eligible for a property tax deduction or credit. He will enter 18% of his rent on Line 37a, Form NJ-1040 and also on line 1 of Worksheet F. Don will complete only lines 1 and 2. He will then complete Schedule A and Worksheet I.

Worksheet F – Property Tax Deduction/Credit

Review the eligibility requirements in the instructions before completing Worksheet F. Part-year residents see instructions.

Complete both columns of this worksheet to find out whether the Property Tax Deduction or the Property Tax Credit is better for you. ***If you claim a credit for taxes paid to other jurisdictions,*** *complete only lines 1 and 2 of this worksheet. Then complete Schedule A and Worksheet I.*

1. **Property Tax.** Enter the property taxes you paid in 2014 from Line 37a, Form NJ-1040. Property tax reimbursement (Senior Freeze) applicants do not enter the amount from Line 37a. **See instructions.** 1. 1,296
2. **Property Tax Deduction.** Enter the amount from line 1 of this worksheet or $10,000, whichever is less. (Lesser of line 1 or $5,000 if you and your spouse/CU partner file separate returns but maintain the same principal residence.) Also enter this amount on line 4, column A below, see instructions. 2. 1,296

STOP if you are claiming a credit for taxes paid to other jurisdictions. Complete only lines 1 and 2. Then complete Schedule A and Worksheet I. See instructions.

		Column A		Column B
3. Taxable Income (Copy from Line 36 of Form NJ-1040)	3.		3.	
4. Property Tax Deduction (Copy from line 2 of this worksheet)	4.		4.	– 0 –
5. Taxable Income After Property Tax Deduction (Subtract line 4 from line 3)	5.		5.	
6. Tax you would pay on line 5 amount (Go to Tax Table or Tax Rate Schedules)	6.		6.	
7. Subtract line 6, column A from line 6, column B and enter the result here			7.	

8. **Is the line 7 amount $50 or more ($25 if you and your spouse/civil union partner file separate returns but maintain the same principal residence)?**

   ⬭ Yes. You receive a greater tax benefit by taking the Property Tax Deduction. Make the following entries on Form NJ-1040.

Form NJ-1040	*Enter amount from:*
Line 38	Line 4, column A
Line 39	Line 5, column A
Line 40	Line 6, column A
Line 49	Make no entry

   ⬭ No. You receive a greater tax benefit from the Property Tax Credit. (**Part-year residents,** see instructions before answering "No.") Make the following entries on Form NJ-1040.

Form NJ-1040	*Enter amount from:*
Line 38	Make no entry
Line 39	Line 5, column B
Line 40	Line 6, column B
Line 49	$50 ($25 if you and your spouse/civil union partner file separate returns but maintain the same principal residence). **Part-year residents,** see instructions.

(Keep for your records)

ABSOLUTE EXAMPLES

EXAMPLES

Example #14 - *continued*

The entry in Box 9a is the tax paid to Philadelphia on $39,600, which is calculated as follows: $1,537 × ($39,600 ÷ $44,000) = $1,383.

Don Jackson completes his Schedule A and Worksheet I as follows.

Schedule A **CREDIT FOR INCOME OR WAGE TAXES PAID TO OTHER JURISDICTION** If you are claiming a credit for income taxes paid to more than one jurisdiction, a separate Schedule A must be enclosed for each.

A COPY OF OTHER STATE OR POLITICAL SUBDIVISION TAX RETURN MUST BE RETAINED WITH YOUR RECORDS

1.	Income actually taxed by other jurisdiction during tax year (indicate name City of Philadelphia) (DO NOT combine the same income taxed by more than one jurisdiction) (The amount on Line 1 cannot exceed the amount shown on Line 2)					1.	39,600	
2.	Income subject to tax by New Jersey (From Line 28, Form NJ-1040)					2.	41,550	
3.	Maximum Allowable Credit Percentage (Divide Line 2 into Line 1)	1 39,600 / 2 41,550				3.	95.3069%	
	IF YOU ARE NOT ELIGIBLE FOR A PROPERTY TAX BENEFIT ONLY COMPLETE COLUMN B.				**COLUMN A**		**COLUMN B**	
4.	Taxable Income (after Exemptions and Deductions) from Line 36, Form NJ-1040			4.	40,550	4.	40,550	
5.	Property Tax and Deduction	Enter in Box 5a the amount from Worksheet F, line 1. See instructions.	5a. 1,296					
		Property tax deduction. Enter the amount from Worksheet F, line 2. See instructions.		5.	1,296	5.	- 0 -	
6.	New Jersey Taxable Income (Line 4 minus Line 5)			6.	39,254	6.	40,550	
7.	Tax on Line 6 amount (From Tax Table or Tax Rate Schedules)			7.	692	7.	749	
8.	Allowable Credit (Line 3 times Line 7)			8.	660	8.	714	
9.	Credit for Taxes Paid to Other Jurisdiction	Enter in Box 9a the income or wage tax paid to other jurisdiction during tax year on income shown on Line 1. See instructions.	9a. 1,383					
		Credit allowed. (Enter lesser of Line 8 or Box 9a). **(The credit may not exceed your New Jersey tax on Line 40).**		9.	660	9.	714	

- If you are not eligible for a property tax benefit, enter the amount from Line 9, Column B, on Line 41, Form NJ-1040. Make no entry on Lines 38 or 49, Form NJ-1040.
- If you are eligible for a property tax benefit, you must complete Worksheet I to determine whether you receive a greater benefit by claiming a property tax deduction or taking the property tax credit.

Example #14 - *continued*

Since Don's balance of tax after taking credit for the taxes he paid to Philadelphia is only $3 less when taking the property tax deduction than it would be without the deduction, he is better off claiming the $50 property tax credit.

Worksheet I
Which Property Tax Benefit to Use

	COLUMN A	COLUMN B
1. Tax. Enter amounts from Line 7, Schedule A, Columns A and B here	1. 692	1. 749
2. Credit for Taxes Paid to Other Jurisdiction. Enter amounts from Line 9, Schedule A, Columns A and B here. If you completed more than one Schedule A, enter the total of all Line 9 amounts (Columns A and B) in the corresponding column	2. 660	2. 714
3. Balance of Tax Due. Subtract line 2 from line 1 in each column	3. 32	3. 35
4. Subtract line 3, column A from line 3, column B and enter result here		4. 3

5. Is the line 4 amount $50 or more ($25 if you and your spouse/civil union partner file separate returns but maintain the same principal residence)?

◯ Yes. You receive a greater tax benefit by taking the Property Tax Deduction. Make the following entries on Form NJ-1040.

Form NJ-1040	*Enter amount from:*
Line 38	Line 5, Column A, Schedule A
Line 39	Line 6, Column A, Schedule A
Line 40	Line 7, Column A, Schedule A
Line 41	Line 2, Column A, Worksheet I
Line 49	Make no entry

● No. You receive a greater tax benefit from the Property Tax Credit. (**Part-year residents,** see instructions before answering "No.") Make the following entries on Form NJ-1040.

Form NJ-1040	*Enter amount from:*
Line 38	Make no entry
Line 39	Line 6, Column B, Schedule A
Line 40	Line 7, Column B, Schedule A
Line 41	Line 2, Column B, Worksheet I
Line 49	$50 ($25 if you and your spouse/civil union partner file separate returns but maintain the same principal residence) **Part-year residents,** see instructions.

(Keep for your records)

OBSOLETE

EXAMPLES

Example #15 - **Determining the numerator of the credit calculation fraction when the other jurisdiction allows an adjustment to (reduce) income which is not allowed in New Jersey, and when the other jurisdiction taxes income which is not taxed by New Jersey.**

Sam Spack and Dan Deveru are each single New Jersey residents who work in New York State and earn wages of $30,000 while contributing $2,000 to an IRA. Sam also has unemployment income from New York of $4,000. The schedules below illustrate how to determine the amount of income subject to tax in both jurisdictions, specifically when there is an adjustment to income allowed by the other jurisdiction, an adjustment for income excluded from the denominator, and an adjustment for tax paid to the other jurisdiction.

The unemployment income of $4,000 Sam received is subject to New York tax but not New Jersey tax. Since it is not included in the denominator of the credit calculation fraction (income subject to tax by New Jersey) it cannot be included in the numerator (income taxed by both New Jersey and New York).

(a) Sam Spack **Income Subject to Tax**

	New Jersey		New York	Both
Wages	30,000	30,000		
New York Adjustments (IRA)		(2,000)	28,000	28,000
Unemployment			4,000	
Income Subject to Tax Before Exemptions and Deductions	30,000		32,000	28,000
Less Exemptions	(1,000)			
New Jersey Taxable Income (From Line 36, Form NJ-1040)	29,000			
Tax	438		1,415	
Numerator of the credit calculation				**28,000**

EXAMPLES

OBSOLETE

Example #15 - *continued*

(b) Dan Deveru **Income Subject to Tax**

	New Jersey		New York	Both
Wages	30,000	30,000		
New York Adjustments (IRA)		(2,000)	28,000	28,000
Income Subject to Tax Before Exemptions and Deductions	30,000		28,000	28,000
Less Exemptions	(1,000)			
New Jersey Taxable Income (From Line 36, Form NJ-1040)	29,000			
Tax	438		1,238	
Numerator of the credit calculation				**28,000**

OBSOLETE

EXAMPLES

EXAMPLES

Example #15 - *continued*

For Sam and Dan, the amount to be used in the numerator is the same: $28,000. Since the amount reported in Box 9a must be the tax actually paid to New York on $28,000, Sam calculates the amount as follows: $1,415 × ($28,000 ÷ $32,000) = $1,238.

Neither Sam nor Dan is eligible for a property tax deduction/credit. They will each complete a New Jersey Schedule A like this:

Schedule A **CREDIT FOR INCOME OR WAGE TAXES PAID TO OTHER JURISDICTION** If you are claiming a credit for income taxes paid to more than one jurisdiction, a separate Schedule A must be enclosed for each.

A COPY OF OTHER STATE OR POLITICAL SUBDIVISION TAX RETURN MUST BE RETAINED WITH YOUR RECORDS

1.	Income actually taxed by other jurisdiction during tax year (indicate name New York State) (DO NOT combine the same income taxed by more than one jurisdiction) (The amount on Line 1 cannot exceed the amount shown on Line 2)				1.	28,000	
2.	Income subject to tax by New Jersey (From Line 28, Form NJ-1040)				2.	30,000	
3.	Maximum Allowable Credit Percentage (Divide Line 2 into Line 1)	1 28,000 / 2 30,000			3.	93.3333%	
	IF YOU ARE NOT ELIGIBLE FOR A PROPERTY TAX BENEFIT ONLY COMPLETE COLUMN B.			**COLUMN A**		**COLUMN B**	
4.	Taxable Income (after Exemptions and Deductions) from Line 36, Form NJ-1040			4.		4. 29,000	
5.	Property Tax and Deduction	Enter in Box 5a the amount from Worksheet F, line 1. See instructions.	5a.				
		Property tax deduction. Enter the amount from Worksheet F, line 2. See instructions.		5.		5. - 0 -	
6.	New Jersey Taxable Income (Line 4 minus Line 5)			6.		6. 29,000	
7.	Tax on Line 6 amount (From Tax Table or Tax Rate Schedules)			7.		7. 438	
8.	Allowable Credit (Line 3 times Line 7)			8.		8. 409	
9.	Credit for Taxes Paid to Other Jurisdiction	Enter in Box 9a the income or wage tax paid to other jurisdiction during tax year on income shown on Line 1. See instructions.	9a. 1,238				
		Credit allowed. (Enter lesser of Line 8 or Box 9a). **(The credit may not exceed your New Jersey tax on Line 40).**		9.		9. 409	

- If you are not eligible for a property tax benefit, enter the amount from Line 9, Column B, on Line 41, Form NJ-1040. Make no entry on Lines 38 or 49, Form NJ-1040.
- If you are eligible for a property tax benefit, you must complete Worksheet I to determine whether you receive a greater benefit by claiming a property tax deduction or taking the property tax credit.

For More Information

Online

- Division of Taxation website: **www.state.nj.us/treasury/taxation/**
- Email general State tax questions: **nj.taxation@treas.nj.gov**
  Do not include confidential information such as social security or Federal tax identification numbers, liability or payment amounts, dates of birth, or bank account numbers in your email.
- Subscribe to *NJ Tax E-News,* the Division of Taxation's online information service, at: **www.state.nj.us/treasury/taxation/listservice.shtml**

By Phone

- Call the Division of Taxation's Customer Service Center at **609-292-6400.**
- Text Telephone Service (TTY/TDD) for Hearing-Impaired Users: **1-800-286-6613** (toll-free within NJ, NY, PA, DE, and MD) or **609-984-7300**. These numbers are accessible *only* from TTY devices. Submit a text message on any New Jersey tax matter and receive a reply through NJ Relay Services (711).

In Person

Visit a New Jersey Division of Taxation regional office. For the address of the regional office nearest you call the Automated Tax Information System at 1-800-323-4400 or visit: **www.state.nj.us/treasury/taxation/ot1.shtml**

In Writing

New Jersey Division of Taxation
Technical Information Branch
PO Box 281
Trenton, NJ 08695-0281

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Forms and Publications

- Visit the Division of Taxation's website:
  Forms — **www.state.nj.us/treasury/taxation/forms.shtml**
  Publications — **www.state.nj.us/treasury/taxation/pubs.shtml**
- Call the Forms Request System at **1-800-323-4400** (within NJ, NY, PA, DE, and MD) or **609-826-4400** (Touch-tone phones only) to have printed forms or publications mailed to you.
  Note: Due to budgetary constraints, supplies are limited and only certain forms and publications can be ordered through this System.