

# GIT-6, Part-Year Residents (tax year 2002)

## **Introduction**

Generally, when you change your domicile during the year, you are a resident of New Jersey for part of the year (part-year resident) and a nonresident of New Jersey for part of the year (part-year nonresident). Your move is generally considered a change of residency status (resident to nonresident or vice versa) if at the time you moved, you intended to permanently leave one home and establish a new, fixed and permanent home somewhere else. This bulletin explains:

- Who is a part-year resident/part-year nonresident for New Jersey income tax purposes, as well as who is a full-year resident or nonresident;
- What your New Jersey income tax responsibilities are as a part-year resident/part-year nonresident;
- How to complete a part-year New Jersey income tax return; and
- When a part-year resident must file **both** resident and nonresident income tax returns with New Jersey in the same tax year.

This bulletin covers filing requirements for individual residents and nonresidents only. The examples illustrate how to prepare part-year tax returns for 2002. For information on estates and trusts, see the instructions for the New Jersey Gross Income Tax Fiduciary Return (Form NJ-1041).

## **Definitions**

For New Jersey income tax purposes, your residency status depends on where you were domiciled and where you maintained a permanent place of abode during the tax year.

### **Full-Year Resident**

You were a full-year New Jersey resident if:

- New Jersey was your domicile for the entire year, and you did not satisfy all three conditions for nonresident status (below).

or

- New Jersey was not your domicile, but you maintained a permanent place of abode in New Jersey for the entire year and you spent more than 183 days in New Jersey. (Members of the U.S. Armed Forces stationed in New Jersey who are not domiciled here are not residents under this definition.)

### **Full-Year Nonresident**

You were a full-year New Jersey nonresident if:

- New Jersey was your domicile and you met all three of the following conditions for the entire year:
  1. You did not maintain a permanent place of abode in New Jersey; and
  2. You did maintain a permanent place of abode outside of New Jersey; and
  3. You did not spend more than 30 days in New Jersey.

or

- New Jersey was not your domicile, and you spent 183 days or less here.  
or
- New Jersey was not your domicile, you spent more than 183 days here, but you did not maintain a permanent home here.

**Part-Year Resident/Part-Year Nonresident**

If, as a result of a change of your domicile, you met the definition of New Jersey resident or nonresident for only part of the year, you are a resident for part of the year (*part-year resident*) and a nonresident for the remainder of that year (*part-year nonresident*).

**Domicile** is any place you regard as your permanent home—the place to which you intend to return after a period of absence (e.g., vacation abroad, business assignment, educational leave, etc.). You have only one domicile, although you may have more than one place to live. Once established, your domicile continues until you move to a new location with the intent to establish a fixed and permanent home there. Moving to a new location, even for a long time, does not change your domicile if you intend to remain only for a limited time.

Domicile is based on many factors, including your intent, where you register to vote, maintain a driver’s license and vehicle registration, have family ties, etc. *You can have only one domicile at a time.* The burden of proof is upon the person asserting a change of domicile to show that the necessary intention existed to abandon his or her domicile in one location and to establish a fixed and permanent home in another.

**Permanent place of abode** is a residence (a building or structure where a person can live) that

you maintain permanently as your household, whether you own it or not. It usually includes a residence your husband or wife owns or leases.

A residence, whether inside or outside of New Jersey, is not *permanent* if you maintain it only during a temporary or limited period of time, no matter how long, for the accomplishment of a particular purpose (e.g., temporary job assignment). Likewise, a home used only for vacations is not a permanent place of abode.

If New Jersey is your domicile, you will be considered a resident for New Jersey tax purposes *unless* you meet all three conditions for nonresident status. See *Full-Year Nonresident* on page 1. Likewise, if New Jersey is not your domicile, you will be considered a New Jersey resident only if you maintain a *permanent* place of abode in New Jersey and spend more than 183 days here.

**Filing Requirements**

Your filing status and gross income determine whether you have to file a New Jersey income tax return. Age is not a factor in determining whether a person must file. Even minors (including students) and senior citizens must file if they meet the income filing requirements.

To find out whether or not you are required to file a New Jersey income tax return, use the “Who Must File” chart in either the resident (NJ-1040) or nonresident (NJ-1040NR) return booklet.

**Time Period Covered by Return (Full-Year or Part-Year)**

The period covered by your return will be twelve months (full-year return), or less than twelve months (part-year return). Most tax-

payers use a calendar year (January 1–December 31) to record their income. Fiscal year filers use a different period (e.g., July–June). This bulletin assumes that you are a calendar year filer.

New Jersey has three personal income tax returns for individuals: Form NJ-1040 or Form NJ-1040EZ for residents, and Form NJ-1040NR for nonresidents. New Jersey does not have separate tax returns for part-year residents or part-year nonresidents. You must use either Form NJ-1040 or Form NJ-1040NR (or both) depending on your residency status during the year, and show the income you received during the period of time covered by the return. (Form NJ-1040EZ is for full-year residents only.) Part-year residents will use the same form as full-year residents (Form NJ-1040) and will indicate the dates they were New Jersey residents on Line 13. The return should show only the income received during that period. Likewise, part-year nonresidents will use the same form as full-year nonresidents (Form NJ-1040NR), indicating the dates they were New Jersey residents on Line 13.

If you file a part-year nonresident return, you will *also* file a part-year resident return, unless you had no income during the part of the year you were a resident. You must allocate your income between the resident and nonresident returns as appropriate. That is, report the income you received during the time you were a resident on your part-year resident return, and report the income you received during the part of the year you were a nonresident on your part-year nonresident return.

### **Examples**

1. Mary Smith was a New Jersey resident from January 1 through December 31. She files a “full-year” resident return which shows income received during the twelve-month period January–December.
2. Harry and Louise Evans were New Jersey residents from May 1 to December 31. They must file a “part-year” resident return and report the income they received during their period of residency (May–December).

**NOTE:** If they had income from New Jersey sources between January 1 and April 30, the period when their residency status was “nonresident,” they must file a New Jersey part-year nonresident return, too. See *Part-Year Nonresidents*, on page 5.

3. Jane Henderson was a full-year resident of New York who worked in New Jersey from July through November. She files a “full-year” nonresident return because she was a nonresident for the entire year. Her New Jersey nonresident return will show the income she received during the period she was a nonresident i.e., January–December.
4. Adam Crenshaw worked in New Jersey for the entire year. For three months of the year he was a New Jersey resident and for the remaining nine months, a Delaware resident. Adam must file two New Jersey income tax returns: (1) a “part-year” resident return which shows the income he received during the three months he was a New Jersey resident and (2) a “part-year” nonresident return which shows his income during the period he was a nonresident of New Jersey.

## Residency Status and Income

### *Full-Year Residents*—

- *You must file a full-year New Jersey resident income tax return* if you were a New Jersey resident for the entire year and your gross income for the entire year was more than \$20,000 (\$10,000 if filing status is single or married, filing separate return).
- *You are not required to file a full-year New Jersey resident income tax return* if you were a New Jersey resident for the entire year and your gross income for the entire year was \$20,000 or less (\$10,000 or less if filing status is single or married, filing separate return).

**NOTE:** Full-year residents whose income is below the amount at which they would be required to file a tax return **must** file Form NJ-1040 or Form NJ-1040EZ (or file electronically using NJ Telefile, NJ Webfile, or approved vendor software) to claim a refund of tax withheld from wages or estimated payments made. You must also file a return to receive a New Jersey earned income tax credit even if you have no tax liability to New Jersey.

### *Part-Year Residents*—

- *You must file a part-year New Jersey resident income tax return* if you were a New Jersey resident for part of the year and your gross income from all sources for the entire year was more than \$20,000 (\$10,000 if filing status is single or married, filing separate return) and you received any income (whether from New Jersey sources or not) during the part of the year you were a New Jersey resident.

*You are subject to tax* on the income shown on your part-year resident return if your gross income for the *entire* year was more than \$20,000 (\$10,000 if filing status is single or married, filing separate return), even if the income you reported on your part-year return for the period of New Jersey residency was \$20,000 or less (\$10,000 or less if filing status is single or married, filing separate return).

*No New Jersey income tax is due* if the income you received during the entire year was \$20,000 or less (\$10,000 or less if filing status is single or married, filing separate return). If your gross income was \$20,000 or less (\$10,000 or less if filing status is single or married, filing separate return), enclose a copy of your Federal income tax return when you file your part-year New Jersey return. If you did not file a Federal return, enclose a statement with your New Jersey return certifying that your income for the entire year was \$20,000 or less (\$10,000 or less if filing status is single or married, filing separate return).

**NOTE:** When you are a part-year New Jersey resident, you are a nonresident for the remainder of that year. See the filing requirements for *Part-Year Nonresidents* on page 5.

### **Examples**

1. During 2002, Jane Hanson, single, was a resident of California for ten months and a New Jersey resident for two months. Her income as a California resident totaled \$23,000, and the income she received during the two months she was a New Jersey resident was \$2,900. Jane is subject to tax on

the \$2,900 she received as a part-year New Jersey resident because her income for the *entire* year was more than \$10,000.

2. Martha Gibson, single, was a New Jersey resident from January through September, 2002, when she moved to Florida and became a resident there. Her income as a New Jersey resident totaled \$5,800 and her income while a Florida resident was \$600. Martha is not required to file a New Jersey part-year resident return, and she owes no New Jersey income tax on the \$5,800 she received as a part-year New Jersey resident because her income for the *entire* year was \$10,000 or less. However, Martha must file a return to claim any refund of New Jersey income tax that was either withheld or remitted through estimated payments. When she files her 2002 New Jersey return, Martha must enclose a copy of her Federal income tax return or, if no Federal return is filed, a statement certifying that her income for the year was \$10,000 or less.

***Full-Year Nonresidents***—

- *You must file a full-year New Jersey nonresident income tax return* if you were not a New Jersey resident for any part of the year and your gross income for the entire year from all sources (both inside and outside New Jersey) was more than \$20,000 (\$10,000 if filing status is single or married, filing separate return) and you received any amount of income from New Jersey sources during the year.
- *You are not required to file a full-year nonresident return* if you were a nonresident for the entire year and your gross income from all sources (both inside and outside New

Jersey) was \$20,000 or less (\$10,000 or less if filing status is single or married, filing separate return).

**NOTE:** Full-year nonresidents whose income is below the amount at which they would be required to file a tax return **must** file Form NJ-1040NR to claim a refund of tax withheld from wages or estimated payments made.

***Part-Year Nonresidents***—

If you were a New Jersey resident for part of the year, you were a nonresident for the remainder of that year. File part-year resident and/or nonresident returns as follows:

- *You must file both a part-year resident return and a part-year nonresident return* if your gross income from all sources for the entire year was more than \$20,000 (\$10,000 if filing status is single or married, filing separate return) and you received income (whether from New Jersey sources or not) during the part of the year you were a resident and you received any amount of income from New Jersey sources during the part of the year you were a nonresident.

File only a part-year resident return if you received income (whether from New Jersey sources or not) during the part of the year you were a resident, but you had no income from New Jersey sources during the part of the year you were a nonresident. See *Part-Year Residents* on page 4.

- *You must file only a part-year nonresident income tax return* if your gross income from all sources for the entire year was more than \$20,000 (\$10,000 if filing status is single or married, filing separate return) and you had

income from New Jersey sources during the part of the year you were a nonresident and you had no income during the part of the year you were a resident.

*No New Jersey income tax is due* if the income you received from all sources during the entire year was \$20,000 or less (\$10,000 or less if filing status is single or married, filing separate return). If your gross income was \$20,000 or less (\$10,000 or less if filing status is single or married, filing separate return), enclose a copy of your Federal income tax return when you file your part-year New Jersey return. If you did not file a Federal return, enclose a statement with your New Jersey return certifying that your income for the entire year was \$20,000 or less (\$10,000 or less if filing status is single or married, filing separate return).

- *You need not file either a resident or a nonresident return* if you received no income during the part of the year you were a resident, and no income from New Jersey sources during the part of the year you were a nonresident.

## **Filing Status Considerations**

### **Spouse With Different Residency Status**

New Jersey law requires that your filing status for New Jersey gross income tax purposes be the same as for Federal income tax purposes. If you do not file a Federal return, but you are filing a New Jersey return, use the same filing status that you would have used if you had filed a Federal return. For more information request Tax Topic Bulletin GIT-4, *Filing Status*.

Generally, if you are married and file a joint Federal return with your spouse, you must file a joint New Jersey return. If you and your spouse file separate Federal returns, separate State returns must also be filed.

- *One spouse New Jersey resident, other spouse nonresident for entire year.* An exception exists to the requirement that you use the same filing status on your New Jersey income tax return as you do on your Federal return when one spouse was a New Jersey resident, and the other a nonresident during the entire year. In this case, separate New Jersey returns may be filed (the resident files a resident return and the nonresident files a nonresident return), even though the couple files a joint Federal return. Each spouse computes income and exemptions as if Federal married filing separate returns had been filed. The spouses have the option of filing jointly as residents, but if so, their joint income (from both inside and outside New Jersey) will be taxed as if both spouses were residents.
- *Married taxpayers, both nonresidents; only one spouse has income from New Jersey sources.* If both spouses were nonresidents of New Jersey during the entire taxable year, and only one spouse earned, received, or acquired income from New Jersey sources, the spouse who had income from New Jersey sources may file a separate New Jersey return, even though a joint Federal return was filed. The spouse with income from New Jersey sources computes income and exemptions as if a Federal married filing separate return had been filed. The spouses have the option of filing a joint return, but if so, joint income must be shown on the nonresident return. For more in-

formation on completing the nonresident return, see the instructions for Form NJ-1040NR.

**Remember:** A nonresident return must be filed if you received any amount of income from New Jersey sources as a nonresident, and your income from all sources (both inside and outside New Jersey) for the **entire** year was more than \$20,000 (\$10,000 if filing status is single or married, filing separate return).

## How Residents and Nonresidents Are Taxed

**Residents.** New Jersey residents are subject to tax on their income from all sources, whether the income is from inside or outside of New Jersey. As a part-year New Jersey resident you must report on your resident return all the income you received during the period of time you were a New Jersey resident, whether in the form of money, goods, property, benefits, or services, unless specifically excluded by law. Married persons filing jointly must report the income of both spouses.

The following are examples of income you must report if earned or received *while you were a resident of New Jersey*: wages, fees, or commissions earned in New Jersey or elsewhere (including a foreign country); interest received on a bank account whether located in or out of New Jersey; gain from the sale of property both in and out of New Jersey; lottery winnings from any state other than New Jersey; net profits from business, regardless of where the business is located; etc.

**Remember:** When completing your part-year resident return, report only the income you re-

ceived during the time period covered by your resident return.

Part-year residents must prorate all exemptions, deductions and credits, as well as the pension and other retirement income exclusions, to reflect the period covered by their return. For example, a full-year New Jersey resident is entitled to a \$1,000 personal exemption; whereas a resident for six months is entitled to a personal exemption of only \$500. See *Completing a Part-Year Resident Return*, on page 8.

**Nonresidents.** For nonresidents, New Jersey income tax liability is based on the percentage of their total income which comes from New Jersey.

The income section of the New Jersey nonresident return has two columns—Column A, income from everywhere and Column B, income from New Jersey sources. In the first column, report your income from all sources (both inside and outside New Jersey) as if you were a resident, and in the second column, list only income which was derived from New Jersey sources. Pennsylvania residents see page 17.

**Remember:** When completing your part-year nonresident return, report in each column only the income you received during the time period covered by your nonresident return.

As a nonresident, your tax is computed on your income from all sources as if you were a New Jersey resident, and then prorated according to the ratio that your New Jersey income bears to your income from both inside and outside New Jersey. In other words, your final New Jersey income tax liability is based on the percentage of your income which comes from New Jersey.

For more information on completing the non-resident return, refer to the instructions in the

nonresident income tax return instruction booklet (Form NJ-1040NR-P).

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## COMPLETING A PART-YEAR RESIDENT RETURN

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**Important Points:**

- Enter dates of your New Jersey residency on Line 13.
- Report income, withholdings and payments *for period of New Jersey residency only*.
- Prorate exemptions, deductions, and exclusions based on residency period.
- If you also complete a part-year nonresident return, allocate your income, withholdings, and payments between the two returns as appropriate.

<b>RESIDENCY STATUS</b>	13. If you were a New Jersey resident for ONLY part of the taxable year, give the period of New Jersey residency:	From	M M / D D / Y Y	To	M M / D D / Y Y
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1. **Residency Status.** Complete Line 13. Show the beginning and ending dates of your residency in New Jersey during the year. If you

were a resident for 15 days or more of a month, that month counts as a month of residence.

*Part-Year Residents (tax year 2002)*

14. Wages, salaries, tips, and other employee compensation (Enclose W-2) .....	14								
15a. Taxable interest income (See instructions) .....	15a								
15b. Tax-exempt interest income (See instructions) .....	15b								
DO NOT include on Line 15a									
16. Dividends .....	16								
17. Net profits from business (Enclose copy of Federal Schedule C, Form 1040) .....	17								
18. Net gains or income from disposition of property (Schedule B, Line 4) .....	18								
19. Pensions, Annuities and IRA Withdrawals									
a. Taxable Amount Received .....	19a								
b. Less N.J. Pension Exclusion .....	19b								
c. Subtract Line 19b from Line 19a .....	19c								
20. Distributive Share of Partnership Income (See instructions) .....	20								
21. Net pro rata share of S Corporation Income (See instructions) .....	21								
22. Net gain or income from rents, royalties, patents & copyrights (Schedule C, Line 3) .....	22								
23. Net Gambling Winnings .....	23								
24. Alimony and separate maintenance payments received .....	24								
25. Other (See instructions) .....	25								
26. Total Income (Add Lines 14, 15a, 16, 17, 18, 19c, 20, 21, 22, 23, 24, and 25) .....	26								
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27. Total Income (From Line 26, Page 1) .....	27								
28. Other Retirement Income Exclusion (See Worksheet and instructions) .....				28					
29. <b>New Jersey Gross Income</b> (Subtract Line 28 from Line 27) .....	29								
See instructions.									

2. **Income.** Complete Lines 14–25. Enter the total amount you received in each category of income during your period of residency in New Jersey (dates shown on Line 13).

3. **Pensions, Annuities, IRA Withdrawals (Line 19a).** Report the taxable amount of pensions, annuities, and IRA withdrawals you received while you were a resident.

If you are receiving a United States military pension or survivor's benefit payments, the military pension or survivor's benefit is not taxable for New Jersey gross income tax purposes, regardless of age or disability status. Do not include such payments on Line 19a, Form NJ-1040.

**Pension Exclusion (Line 19b).** If you qualify for the pension exclusion, prorate the amount by the number of months you were a New Jersey resident by using the formula below. For this calculation, 15 days or more is a month. Use the prorated pension exclusion amount on Line 19b.

**Other Retirement Income Exclusion (Line 28).** If you and/or your spouse were 62 years of age or older and you did not use your entire prorated pension exclusion on Line 19b (the amount reported on Line 19a was less than the prorated pension exclusion for your filing status), you may be entitled to exclude other income on Line 28. *Do not* complete Worksheet D in the NJ-1040 instruction booklet to determine whether or not you qualify for the Other Retirement Income Exclusion. Instead, total the earned income (wages, net profits from business,

partnership income, and net pro rata share of S corporation income) you received for the *entire year*. If your earned income for the entire year was \$3,000 or less, you are eligible for the exclusion and may enter the unused portion of your prorated pension exclusion on Line 28. This allows you to exclude other income reported on your part-year resident return.

**Note:** When you and your spouse file a joint return and only one of you is 62 or older, you may claim the full amount of the prorated exclusion. However, only the income of the qualified spouse may be excluded.

For more information on calculating your partnership and S corporation income, request Tax Topic Bulletin GIT-9P, *Income from Partnerships*, and GIT-9S, *Income from S Corporations*. For more detailed information on pension, annuity, and IRA withdrawal income and the New Jersey income exclusions, request Tax Topic Bulletins GIT-1, *Pensions and Annuities*, and GIT-2, *IRA Withdrawals*. For information on Roth IRAs, request Technical Bulletin TB-44, *Roth IRAs*.

**PRORATING THE PENSION EXCLUSION:**

$$\text{Total Pension Exclusion Amount} \times \frac{\text{Months of NJ Residence}}{12} = \text{Prorated Pension Exclusion Amount}$$

**Example**

A 65-year-old, single taxpayer who was a New Jersey resident for 4 months of the 2002 tax year prorates the pension exclusion amount like this:

$$\$13,125 \times \frac{4}{12} = \$4,375$$

30a. Exemptions: From Line 12a \_\_\_\_\_ x \$1,000 = \_\_\_\_\_  
 30b. From Line 12b \_\_\_\_\_ x \$1,500 = \_\_\_\_\_

30c. Total Exemption Amount (Add Line 30a and Line 30b).....  
 Part-Year Residents see instructions.

31. Medical Expenses.....  
 (See Worksheet and instructions)

32. Alimony and Separate Maintenance Payments.....

33. Qualified Conservation Contribution .....

34. Total Exemptions and Deductions (Add Lines 30c, 31, 32, and 33) .....

35. Taxable Income (Subtract Line 34 from Line 29) .....

If zero or less, MAKE NO ENTRY.

30c									
31									
32									
33									
34									
35									

4. **Exemptions.** You must prorate the exemption allowance amount based upon the number of months you were a New Jersey resident. For this calculation, 15 days or more is a month. First determine the full value of

your exemptions by completing Lines 30a and 30b, and then use the formula below. Enter the prorated exemption amount on Line 30c.

<b>PRORATING THE EXEMPTION ALLOWANCE:</b>	
Total Exemption Amount	$\times \frac{\text{Months of NJ Residence}}{\text{Total Exemption Amount}} = \text{Prorated Exemption Amount}$

5. **Deductions.**  
 (a) *Medical Expenses.* You may deduct certain medical expenses for which you were not reimbursed by insurance or any other plan, qualified Archer medical savings account (MSA) contributions, and health insurance costs of the self-employed. Use the worksheet in the resident return instruction booklet (Form NJ-1040-P). Include only those expenses which were incurred and paid during the period of time you were a New Jersey resident.

maintenance payments paid for the period of time you were a New Jersey resident. Child support payments are not deductible.

(b) *Alimony and Separate Maintenance Payments.* You may deduct alimony and separate

(c) *Qualified Conservation Contribution.* You may deduct the amount of any qualified conservation contribution you made during the period of time you were a New Jersey resident.

**NOTE:** New Jersey does not allow a deduction for adjustments taken on the Federal return such as employee business expenses or IRA and Keogh Plan contributions.

**Schedule 1 – Property Tax Deduction/Credit**

Complete both columns of this schedule to find out whether the Property Tax Deduction or the Property Tax Credit is better for you. **Do not complete this schedule if you claim a credit for taxes paid to other jurisdictions. Complete Schedule A.**

- 1. **Property Tax.** Enter the property taxes you paid in 2002. Renters enter 18% of rent paid in 2002. **See instructions.** 1. \_\_\_\_\_
- 2. **Property Tax Deduction.** Enter Line 1 or \$10,000, whichever is less. Also enter this amount on Line 4 below. **See instructions.** 2. \_\_\_\_\_

- 3. Taxable Income (Copy from Line 35 of your NJ-1040) .....
- 4. Property Tax Deduction (Copy from Line 2 of this schedule) .....
- 5. Taxable Income After Property Tax Deduction (Subtract Line 4 from Line 3) .....
- 6. Tax you would pay on Line 5 amount (Go to Tax Tables or Tax Rate Schedules and enter amount).....
- 7. Now, subtract Line 6, Column A from Line 6, Column B and enter the result here .....

Column A		Column B	
3.		3.	
4.		4.	- 0 -
5.		5.	
6.		6.	
7.		7.	

- 8. **Is the Line 7 amount \$50 or more (\$25 if filing status is married, filing separate return and you maintain the same residence as your spouse)?**
  - Yes. You receive a greater tax benefit by taking the Property Tax Deduction. Enter the amount on Line 4, Column A of this schedule on Line 36 of Form NJ-1040. Make no entry on Line 44 of Form NJ-1040 and complete the balance of the return.
  - No. You receive a greater tax benefit from the Property Tax Credit. **(Part-year residents, see instructions before answering "No.")** Enter \$50 on Line 44 of Form NJ-1040 (\$25 if filing status is married, filing separate return and you maintain the same residence as your spouse). Make no entry on Line 36 of Form NJ-1040 and complete the balance of the return. See instructions.

6. **Property Tax Deduction/Credit.** A part-year resident may be eligible to claim a deduction or credit for property taxes, or rent constituting property taxes (18% of rent) due and paid during their period of residency. If you do not claim credit for taxes paid to another jurisdiction, complete Schedule 1 to determine the amount of your property tax deduction and whether you should elect to take the property tax deduction on Line 36, Form NJ-1040 or the property tax credit on Line 44. If you claim credit for taxes paid to another jurisdiction, complete Schedule A and Worksheet F to make this determination. Enter the amount of property taxes or 18% of rent due and paid during your period of residency on Line 1 of Schedule 1. Complete the balance of the schedule according to the instructions. The minimum benefit for a full-year resident is \$50. You must prorate this minimum benefit based on the number of months you were a New Jersey resident.

For this calculation, 15 days or more is a month. You must also prorate if your filing status is married, filing separate return. After prorating the \$50 minimum benefit, answer the questions at Line 8 of Schedule 1 based on this prorated amount rather than the \$50 amount. You will then be able to determine whether you will receive a greater tax benefit by taking the property tax deduction or claiming the prorated credit.

For more information on claiming credit for taxes paid to another jurisdiction, request Tax Topic Bulletin GIT-3W, *Credit for Taxes Paid to Other Jurisdictions (Wage Income)*, and GIT-3B, *Credit for Taxes Paid to Other Jurisdictions (Business/Nonwage Income)*. For more detailed information on the property tax deduction/credit, see the instructions contained in the resident return instruction booklet (Form NJ-1040-P), or request our publication *Property Tax Deduction/Credit Frequently Asked Questions*.

42. Total Tax (Add Line 40 and Line 41) .....	42								
43. <b>Total New Jersey Income Tax Withheld</b> (Enclose Forms W-2 and 1099-R) .....	43								
44. Property Tax Credit (See instructions).....				44					
45. New Jersey Estimated Tax Payments/Credit from 2001 tax return..... <b>Fill in <input type="radio"/> if Form NJ-2210 is enclosed.</b>	45								
46. New Jersey Earned Income Tax Credit (See schedule Page 3) .....				46					
47. EXCESS New Jersey UI/HC/WD Withheld (See instructions) (Enclose Form NJ-2450).....				47					
48. EXCESS New Jersey Disability Insurance Withheld (See instructions) (Enclose Form NJ-2450) .....				48					
49. <b>Total Payments/Credits</b> (Add Lines 43 through 48) .....	49								

**7. Tax Withheld/Property Tax Credit/  
Estimated Payments.**

(a) Enter the amount of New Jersey income tax withheld from wages you earned or other payments you received while you were a New Jersey resident. If your employer combined wages you earned as a resident and wages you earned as a nonresident on the same W-2, and you earned some of those wages from New Jersey while a nonresident, include here only tax withheld during the period you were a resident. Allocate the New Jersey income tax withheld between your part-year resident and part-year nonresident returns. If you did not earn any of the wages on the W-2 while a nonresident, report the total New Jersey tax withheld on the W-2.

(b) If you are claiming a property tax credit rather than a property tax deduction, enter the amount of your prorated credit.

(c) Enter the amount of estimated payments to New Jersey for the period of time you were a resident. If you made estimated payments both as a resident and as a nonresident, enter on your part-year resident return the payment(s) made to meet the tax liability for your period of New Jersey residency. Enter on the part-year nonresident return the payment(s) made to satisfy your tax liability during the part of the year you were a nonresident. Also enter amounts, if any, paid to qualify for an extension of time to file.

EARNED INCOME TAX CREDIT SCHEDULE	
<p>You may be eligible for the New Jersey Earned Income Tax Credit if you claimed the Federal Earned Income Credit for 2002, your gross income on Line 29, Form NJ-1040 is \$20,000 or less and your filing status for New Jersey is the same as your filing status on your Federal income tax return. Complete this schedule to see if you are eligible. You are not eligible for the New Jersey Earned Income Tax Credit if your filing status is single or married, filing separate return or if you answer "No" to question 1 below. See instructions.</p>	
1. Did you file a 2002 Federal Schedule EIC, on which you listed at least one "qualifying child"?	<input type="radio"/> Yes <input type="radio"/> No
2. Fill in oval if you had the IRS figure your Federal Earned Income Credit	<input type="radio"/>
3. Enter the amount of Federal Earned Income Credit from your 2002 Federal Form 1040 or 1040A	<input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/>
4. Enter 17.5% of amount on Line 3 here and on Page 2, Line 46	<input type="text"/> <input type="text"/> <input type="text"/>

**8. New Jersey Earned Income Tax Credit**

You are allowed a New Jersey earned income tax credit if:

- ◆ The filing status on both your Federal return and your New Jersey return is married, filing joint return, head of household, or qualifying widow(er); and
- ◆ Your gross income for the entire year from all sources was \$20,000 or less; and
- ◆ You have at least one "qualifying child" for purposes of the Federal earned income credit.

Complete the Earned Income Tax Credit Schedule to see if you qualify. For tax year 2002, the New Jersey earned income tax credit equals 17.5% of the Federal earned income credit. However, you must prorate your credit based on the number of months you were a New Jersey resident. For this calculation 15 days or more is a month.

The credit reduces the amount of tax you owe and may also give you a refund, even if

you have no tax liability to New Jersey. If you are eligible for a Federal earned income credit, you may also be eligible for a New Jersey earned income tax credit.

You must file Form NJ-1040 to receive a New Jersey earned income tax credit, even if you are not required to file a return because your gross income is below the minimum income threshold (see *Part-Year Residents* on page 4).

**NOTE:** If your filing status is single or married, filing separate return, you may not claim a New Jersey earned income tax credit.

If you asked the Internal Revenue Service to calculate your Federal earned income credit, be sure to fill in the oval at Line 2 on the Earned Income Tax Credit Schedule. The IRS will provide information to the Division of Taxation in October 2003. Please allow at least 4–6 weeks for the Division to process the information and issue a check for your New Jersey earned income tax credit.

<b>PRORATING THE NEW JERSEY EARNED INCOME TAX CREDIT:</b>	
Total New Jersey EITC Amount ×	$\frac{\text{Months of NJ Residence}}{12} = \text{Prorated New Jersey EITC Amount}$

HR-1040  
2002

STATE OF NEW JERSEY  
HOMESTEAD REBATE APPLICATION

<p>1. <input type="radio"/> Single</p> <p>2. <input type="radio"/> Married, filing joint return</p> <p>3. <input type="radio"/> Married, filing separate return</p>	<p>4. <input type="radio"/> Head of household</p> <p>5. <input type="radio"/> Qualifying widow(er)</p>
---	--

**RESIDENCY STATUS**

6. If you were a New Jersey resident for ONLY part of the taxable year, give the period of New Jersey residency:

From	<input type="text" value="M"/>	<input type="text" value="M"/>	<input type="text" value="D"/>	<input type="text" value="D"/>	<input type="text" value="Y"/>	<input type="text" value="Y"/>		
To	<input type="text" value="M"/>	<input type="text" value="M"/>	/	<input type="text" value="D"/>	<input type="text" value="D"/>	/	<input type="text" value="Y"/>	<input type="text" value="Y"/>

7. On December 31, 2002, I (and/or my spouse) was a.  ← Age 65 or older b.  ← Blind or disabled c.  ← Not 65 or blind or disabled  
Fill in only **one** oval. See instructions.

8. Enter the GROSS INCOME you reported on Line 29, Form NJ-1040 or see instructions .....    ,    ,    .

9. If your filing status is MARRIED, FILING SEPARATE RETURN and you and your spouse MAINTAIN THE SAME PRINCIPAL RESIDENCE enter the gross income reported on your spouse's return (Line 29, Form NJ-1040) and **fill in** →     ,    ,    .

10. TOTAL GROSS INCOME (Add Line 8 and Line 9).....    ,    ,    .

**STOP – IF LINE 10 IS MORE THAN \$100,000, YOU ARE NOT ELIGIBLE FOR A REBATE. FURTHER RESTRICTIONS MAY BE APPLIED.**

11. Enter your **New Jersey** residence on December 31, 2002, if different than above. If you were not a resident on December 31, 2002, enter your last **New Jersey** residence. Street Address \_\_\_\_\_ Municipality \_\_\_\_\_

12. Fill in your residency status during 2002: a.  ← HOMEOWNER b.  ← TENANT c.  ← BOTH

13. If you indicated "Homeowner" or "Both" on Line 12, enter the block and lot number of the residence for which the rebate is claimed.

Block	<input type="text"/>							
Lot	<input type="text"/>							
Qualifier	<input type="text"/>							

14a. Did you live at more than one New Jersey residence during the year? .....  ← Yes  ← No

b. Did you share ownership of a principal residence during the year with anyone other than your spouse? .....  ← Yes  ← No

c. Did any principal residence you owned during the year consist of multiple dwelling units? .....  ← Yes  ← No

d. Did anyone, other than your spouse, occupy and share rent with you for an apartment or other rental dwelling during the year? .....  ← Yes  ← No

**If you answered "Yes" to any of the above, you MUST complete Schedule HR-A.**

**HOMEOWNER**

15. Enter the total 2002 property taxes you (and your spouse) paid on your principal residence in New Jersey during 2002 .....    ,    ,    .

*IF YOU COMPLETED SCHEDULE HR-A, PART I, enter:*

16a. Total Property taxes paid (Sch. HR-A, PART I, Line 5).....    ,    ,    .

16b. Number of days as an owner (Sch. HR-A, PART I, Line 4).....    Days

**TENANT**

17. Enter the total rent you (and your spouse) paid on your principal residence in New Jersey during 2002 .....    ,    ,    .

*IF YOU COMPLETED SCHEDULE HR-A, PART II, enter:*

18a. Total Rent Paid (Sch. HR-A, PART II, Line 11).....    ,    ,    .

18b. Number of days as a tenant (Sch. HR-A, PART II, Line 10) .....    Days

9. **Homestead Rebate Application.** A part-year resident may be eligible for a New Jersey homestead rebate. Since eligibility for the homestead rebate is based, among other things, on gross income, your application must show your gross income for the *entire year*. (This figure may be different from the amount of gross income you reported on Line 29 of your part-year resident return.) If you are married and filing separately, and

you and your spouse maintain the same principal residence, you must also list your spouse's income for the *entire year*. Complete the balance of the application according to the instructions. Enter your property tax or rent for the period of your residency. Complete Schedule HR-A only if you answered "Yes" to any of the questions at Line 14a–d of the homestead rebate application.

## COMPLETING A PART-YEAR NONRESIDENT RETURN

**Important Points:**

- Enter the dates you were a New Jersey *resident* on Line 13.
- Report income, withholdings, and payments *for period of New Jersey nonresidency only*.
- When reporting your income, fill out both Column A and Column B completely.
- Prorate exemptions, deductions, and exclusions based on nonresidency period.
- If you also complete a part-year resident return, allocate your income, withholdings, and payments between the part-year resident and part-year nonresident returns as appropriate.

Your Social Security Number		Last Name, First Name and Initial (Joint filers enter first name and initial of each—Enter spouse last name ONLY if different)		Place label on form if all preprinted information is correct. Otherwise, print or type your name and address.		
Spouse's Social Security Number		Home Address (Number and Street, including apartment number or rural route)				
↑You must enter your SSN(s) above↑		City, Town, Post Office	State		Zip Code	
State of Residency						
(Check only ONE box)						
1. <input type="checkbox"/> Single 2. <input type="checkbox"/> Married, filing joint return 3. <input type="checkbox"/> Married, filing separate return  Name and Social Security Number of Spouse  4. <input type="checkbox"/> Head of household 5. <input type="checkbox"/> Qualifying widow(er)	E X E M P T I O N S	6. Regular	<input checked="" type="checkbox"/> Yourself <input type="checkbox"/> Spouse	6		
		7. Age 65 or Over	<input type="checkbox"/> Yourself <input type="checkbox"/> Spouse	7		
		8. Blind or Disabled	<input type="checkbox"/> Yourself <input type="checkbox"/> Spouse	8		
		9. Number of your qualified dependent children			9	
		10. Number of other dependents			10	
		11. Dependents attending colleges			11	
		12. Totals (For Line 12a—Add Lines 6, 7, 8, and 11) (For Line 12b—Add Line 9 and Line 10)		12a	12b	
<b>RESIDENCY STATUS</b>		13. If you were a New Jersey resident for ANY part of the taxable year, give the period of New Jersey residency.		From	To	
				MONTH DAY YEAR	MONTH DAY YEAR	

**1. Residency Status.**

(a) Complete the “State of Residency” box below your social security number(s) at the top of the return. Indicate the place outside New Jersey where you lived for the period of *nonresidency*. If you lived at more than one location, give the most recent.

(b) Complete Line 13. Show the beginning and ending dates of your *residency in New Jersey* during the tax year.

**NOTE:** When you file a part-year nonresident return, you are likely to be required to file a part-year resident return, too. (See page 5.) The part-year resident return covers the period of residency shown on Line 13, and the part-year nonresident return covers the portion of the year you were *not a resident of New Jersey*. If you were a nonresident for 15 days or more of a month, that month counts as a month of nonresidence. See *Exemptions* on page 19.

PART I	TOTAL INCOME	Net losses in one category cannot be applied against income in another. In case of a net loss in any category, enter "zero" for that category.		(Column A)	(Column B)
				AMOUNT OF GROSS INCOME (EVERYWHERE)	AMOUNT FROM NEW JERSEY SOURCES
35.	Wages, salaries, tips, and other employee compensation.....	35			
36.	Interest.....	36			
37.	Dividends.....	37			
38.	Net profits from business (Attach copy of Federal Schedule C, Form 1040).....	38			
39.	Net gains or income from disposition of property (From Line 51).....	39			
40.	Net gains or income from rents, royalties, patents, and copyrights (From Line 54).....	40			
41.	Net Gambling winnings.....	41			
42.	Pensions, Annuities and IRA Withdrawals, Less New Jersey Exclusion.....	42			
43.	Distributive Share of Partnership Income.....	43			
44.	Net pro rata share of S Corporation Income.....	44			
45.	Alimony and separate maintenance payments received.....	45			
46.	Other—State Nature and Source.....	46			
47.	TOTAL INCOME (Add Line 35 thru 46) (Enter here and on Line 14a, Page 1).....	47			

NOTE: Retirement Income Exclusion is computed by completing the worksheet in the instruction booklet.		(Column A)	(Column B)
		AMOUNT OF GROSS INCOME (EVERYWHERE)	AMOUNT FROM NEW JERSEY SOURCES
14a.	Total Income (From Line 47, Part I).....	14a	14a
14b.	Other Retirement Income Exclusion (See Worksheet and Instructions).....	14b	14b
14c.	Gross Income (Subtract Line 14b from Line 14a).....	14c	14c

2. **Income.** Complete both Columns A and B, Lines 35–47. Include only income you received for the part of the year you were a nonresident. Report in Column A income from all sources (both inside and outside New Jersey) as if you were a resident; in Column B, show your income from New Jersey sources. Follow the instructions in the nonresident return instruction booklet for completing each line. For every entry in Column A, there should be an entry on the corresponding line in Column B. If none of the income in Column A is from New Jersey sources, enter "0" in Column B. In certain circumstances, the amount in Column B can exceed the amount in Column A.

**Pennsylvania residents** are not subject to income tax on wages they earn in New Jersey. Therefore, if you are a Pennsylvania

resident, you must report all your wages (including wages earned in New Jersey) in Column A, and "0" should be entered in Column B.

This exception applies only to wages. Pennsylvania residents are subject to New Jersey tax on other types of income from New Jersey sources. For example, winnings from a casino or racetrack located in New Jersey or net profits from a business located in New Jersey must be reported in both Column A and Column B.

3. **Pensions, Annuities, IRAs (Line 42).**  
**COLUMN A:** Calculate the amount of your reportable pensions, annuities, and IRA withdrawals and then subtract the New Jersey pension exclusion. Use only amounts you received while you were a nonresident, and prorate your pension exclusion by the

number of months you were a nonresident. For this calculation, 15 days or more is a month. See *Completing a Part-Year Resident Return*, on page 8, for a description of how to prorate the pension exclusion amount.

See page 10 for information on reporting military pensions.

For more information on pension, annuity, and IRA withdrawal income and the New Jersey income exclusions, request Tax Topic Bulletins GIT-1, *Pensions and Annuities*, and GIT-2, *IRA Withdrawals*.

**COLUMN B:** Pension, annuity, and IRA withdrawal income is not taxable to nonresidents. Therefore, no entry is needed on Line 42 in Column B.

**Other Retirement Income Exclusion (Line 14b, Columns A and B).**

If you and/or your spouse were 62 years of age or older and you did not use your entire prorated pension exclusion on Line 42, Column A, Part I (your pension, annuity, or IRA withdrawal was less than the prorated pension exclusion for your filing status), you may be entitled to exclude other income on Line 14b. Do not complete Worksheet A in the NJ-1040NR instruction booklet to

determine whether or not you qualify for the Other Retirement Income Exclusion. Instead, total the earned income (wages, net profits from business, partnership income, and net pro rata share of S corporation income) you received from both inside and outside New Jersey for the *entire year*. Your eligibility for the exclusion is determined by amounts you received from these types of income for the entire year, even though as a nonresident you are subject to New Jersey tax only on amounts you received from New Jersey sources. If your earned income for the entire year was \$3,000 or less, you are eligible for the exclusion and may enter the unused portion of your prorated pension exclusion on Line 14b. This allows you to exclude other income reported on your part-year nonresident return.

**Note:** When you and your spouse file a joint return and only one of you is 62 or older, you may claim the full amount of the prorated exclusion. However, only the income of the qualified spouse may be excluded.

For more information on calculating your partnership and S corporation income, request Tax Topic Bulletin GIT-9P, *Income from Partnerships*, and GIT-9S, *Income from S Corporations*.

15. Total Exemption Amount (See Instructions) .....	15			
16. Medical Expenses (See Worksheet and Instructions) .....	16			
17. Alimony & separate maintenance payments .....	17			
18. Qualified Conservation Contribution .....	18			
19. Total Exemptions and Deductions (Add Lines 15, 16, 17, and 18) .....	19			

4. **Exemptions.** You must prorate the exemption allowance amount based upon the number of months you were a New Jersey non-resident. For this calculation, 15 days or more is a month. First determine the full value of your exemptions as follows:

From Line 12a \_\_\_\_\_ x \$1,000 = \_\_\_\_\_  
 From Line 12b \_\_\_\_\_ x \$1,500 = \_\_\_\_\_  
 Total Exemption Amount \_\_\_\_\_

Once you have calculated your Total Exemption Amount, use the formula below and then enter the prorated exemption amount on Line 15.

**PRORATING THE EXEMPTION ALLOWANCE:**

$$\text{Total Exemption Amount} \times \frac{\text{Months of NJ Nonresidence}}{\text{Total Exemption Amount}} = \text{Prorated Exemption Amount}$$

5. **Deductions.**  
 (a) *Medical Expenses.* You may deduct certain medical expenses for which you were not reimbursed by insurance or any other plan, qualified Archer medical savings account (MSA) contributions, and health insurance costs of the self-employed. Complete Worksheet B to calculate your deduction for medical expenses. See the nonresident return booklet for instructions. Include only those expenses which were incurred and paid during the period of time you were a New Jersey nonresident.

(b) *Alimony and Separate Maintenance Payments.* You may deduct alimony and separate maintenance payments paid for the period of time you were a New Jersey nonresident. Child support payments are not deductible.

(c) *Qualified Conservation Contribution.* You may deduct the amount of any qualified conservation contribution you made during the period of time you were a New Jersey nonresident.

24. Total New Jersey Tax Withheld (Attach Form W-2) .....	24		Check <input type="checkbox"/> if Form NJ-2210 is attached.  ← If an amount is entered on Line 27 or Line 28 ← attach Form NJ-2450
25. New Jersey Estimated Tax Payments/Credit from 2001 tax return .....	25		
26. Tax paid on your behalf by Partnership(s) .....	26		
27. EXCESS N.J. UI/HC/WD Withheld (See Instructions) .....	27		
28. EXCESS N.J. Disability Insurance Withheld (See Instructions) .....	28		
29. Total Payments/Credits (Add Lines 24 through 28) .....	ENTER TOTAL →		29

**6. Tax Withheld/Estimated Payments.**

(a) Enter the amount of New Jersey income tax withheld from wages you earned or other payments you received while you were a New Jersey nonresident. If your employer combined wages you earned as a resident and wages you earned as a nonresident on the same W-2, and you earned some of those wages from New Jersey while a nonresident, include here only tax withheld during the period you were a nonresident. Allocate the New Jersey income tax withheld between your part-year resident and part-year nonresident returns if you earned wages from New Jersey as a resident and as a nonresident.

(b) Enter the amount of estimated payments to New Jersey for the period of time you were a nonresident. If you made estimated payments both as a resident and as a nonresident, enter on your part-year resident return the payment(s) made to meet the tax liability for your period of New Jersey residency. Enter on the part-year nonresident return the payment(s) made to satisfy your tax liability during the part of the year you were a nonresident. Also enter amounts, if any, paid to qualify for an extension of time to file.

<b>PART IV</b>	<b>ALLOCATION OF WAGE AND SALARY INCOME EARNED PARTLY INSIDE AND OUTSIDE NEW JERSEY</b>	(See instructions if compensation depends entirely on volume of business transacted or if other basis of allocation is used.)
55.	Amount reported on Line 35 in Column A of Part I required to be allocated .....	55
56.	Total days in taxable year .....	56
57.	Deduct non-working days (Sundays, Saturdays, holidays, sick leave, vacation, etc.).....	57
58.	Total days worked in taxable year (Line 56 minus Line 57).....	58
59.	Deduct days worked outside New Jersey .....	59
60.	Days worked in New Jersey (Line 58 less Line 59) .....	60
61.	ALLOCATION FORMULA $\frac{\text{(Line 60)}}{\text{(Line 58)}} \times \frac{\text{(Enter amount from Line 55)}}{\text{(Salary earned inside N.J.)}} =$ _____ (Include this amount on Line 35, Col. B, Part I)	

**7. Allocation of Wage and Salary Income Earned Partly Inside and Outside New Jersey.** Complete this section only when you have wage/salary income earned partly inside and partly outside New Jersey and you cannot readily determine the amount of

wage/salary income derived from New Jersey. For purposes of completing this section, “total days” on Line 56 means the number of days covered by your part-year return. Complete Lines 55–61 accordingly.

**Example A**

***Part-Year Resident/Part-Year Nonresident***

- John Perry, age 35, and Joan Perry, age 32, are married and file a joint Federal return. They have two dependents, their one-year-old son, and Mr. Perry's 67-year old mother.
- The family lived in an apartment in New York City until April 1, when they bought a house and moved to 123 Elm St., Montclair, NJ 07042 (Block 15, Lot 7.2). Property taxes for the time they lived in New Jersey, \$3,384.
- Husband worked for the same employer in New Jersey all year; wages for the year, \$72,000.
- Wife's wages for part-time job from September to December, \$3,000.
- Couple received \$6,400 interest on their joint accounts and \$480 in dividends for the year.
- On March 1 they sold 200 shares of jointly held stock in ABC Corp. for \$3,500, purchased the previous year for \$2,800.
- They won \$75 in the New York Lottery on February 3 and \$62 in the New Jersey Lottery on July 29.
- New Jersey income tax withheld: \$1,983 for Mr. Perry and \$52 for Mrs. Perry.
- Taxpayers made four estimated tax payments of \$50 each to New Jersey April 15, June 15, September 15, and January 15 of the following year.

NJ-1040NR 2002 STATE OF NEW JERSEY INCOME TAX—NONRESIDENT RETURN

Your Social Security Number <b>999   34   0722</b>		Last Name, First Name and Initial (Joint filers enter first name and initial of each—Enter spouse last name ONLY if different) <b>Perry, John and Joan</b>			Place label on form if all preprinted information is correct. Otherwise, print or type your name and address.		
Spouse's Social Security Number <b>999   01   3664</b>		Home Address (Number and Street, including apartment number or rural route) <b>123 Elm St.</b>					
↑You must enter your SSN(s) above↑ State of Residency <b>New York</b>		City, Town, Post Office <b>Montclair</b>	State <b>NJ</b>	Zip Code <b>07042</b>			
(Check only ONE box)							
1. <input type="checkbox"/> Single 2. <input checked="" type="checkbox"/> Married, filing joint return 3. <input type="checkbox"/> Married, filing separate return Name and Social Security Number of Spouse 4. <input type="checkbox"/> Head of household 5. <input type="checkbox"/> Qualifying widow(er)		<b>E X E M P T I O N S</b>		6. Regular <input checked="" type="checkbox"/> Yourself <input checked="" type="checkbox"/> Spouse 7. Age 65 or Over <input type="checkbox"/> Yourself <input type="checkbox"/> Spouse 8. Blind or Disabled <input type="checkbox"/> Yourself <input type="checkbox"/> Spouse 9. Number of your qualified dependent children ..... 10. Number of other dependents ..... 11. Dependents attending colleges ..... 12. Totals (For Line 12a—Add Lines 6, 7, 8, and 11) (For Line 12b—Add Line 9 and Line 10)	6   2 7   8   9   1 10   1 11   12a   2   12b   2		
<b>RESIDENCY STATUS</b>		13. If you were a New Jersey resident for ANY part of the taxable year, give the period of New Jersey residency. From <u>04-01-02</u> To <u>12-31-02</u> MONTH DAY YEAR MONTH DAY YEAR					
GUBERNATORIAL ELECTIONS FUND → Do you wish to designate \$1 of your taxes for this fund? ..... Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If joint return, does your spouse wish to designate \$1? ..... Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>					Note: If you check the "Yes" box(es) it will not increase your tax or reduce your refund.		
<b>NOTE:</b> Retirement Income Exclusion is computed by completing the worksheet in the instruction booklet.		(Column A) <b>AMOUNT OF GROSS INCOME (EVERYWHERE)</b>		(Column B) <b>AMOUNT FROM NEW JERSEY SOURCES</b>			
14a. Total Income (From Line 46, Part I) .....		14a	20495	00	14a	18000	00
14b. Other Retirement Income Exclusion (See Worksheet and Instructions) .....		14b			14b		
14c. Gross Income (Subtract Line 14b from Line 14a) .....		14c	20495	00	14c	18000	00
15. Total Exemption Amount (See Instructions) .....		15	1250	00	<b>NOTE: Part-Year Residents SEE INSTRUCTIONS</b>		
16. Medical Expenses (See Worksheet and Instructions) .....		16					
17. Alimony & separate maintenance payments .....		17					
18. Qualified Conservation Contribution .....		18					
19. Total Exemptions and Deductions (Add Lines 15, 16, 17, and 18) .....		19	1250	00			
20. TAXABLE INCOME (Subtract Line 19 from Line 14c, Column A) .....		20	19245	00			
21. Tax on amount on Line 20 (From Tax Table) .....		21	269	00			
22. Income Percentage (See Instructions) <span style="border: 1px solid black; padding: 2px;">87.83%</span>							
23. NEW JERSEY TAX (Multiply amount from Line 21 by percentage from Line 22) .....		23			23	236	00
24. Total New Jersey Tax Withheld (Attach Form W-2) .....		24	496	00	Check <input type="checkbox"/> if Form NJ-2210 is attached. ← If an amount is entered on Line 27 or Line 28 attach Form NJ-2450		
25. New Jersey Estimated Tax Payments/Credit from 2001 tax return .....		25	50	00			
26. Tax paid on your behalf by Partnership(s) .....		26					
27. EXCESS N.J. UI/HC/WD Withheld (See Instructions) .....		27					
28. EXCESS N.J. Disability Insurance Withheld (See Instructions) .....		28					
29. Total Payments/Credits (Add Lines 24 through 28) .....		ENTER TOTAL →			29	546	00
30. If payments (Line 29) are LESS THAN tax (Line 23) enter AMOUNT OF TAX YOU OWE .....		30					
31. If payments (Line 29) are MORE THAN tax (Line 23) enter OVERPAYMENT .....		31			31	310	00
32. Deductions from Overpayment on Line 31 which you elect to credit to:							
(A) Your 2003 Tax .....		32A			<b>NOTE: AN ENTRY ON LINE 32A, B, C, D, E, F or G WILL REDUCE YOUR TAX REFUND</b>		
(B) N.J. Endangered Wildlife Fund <input type="checkbox"/> \$10, <input type="checkbox"/> \$20, Other		32B					
(C) N.J. Children's Trust Fund <input type="checkbox"/> \$10, <input type="checkbox"/> \$20, Other		32C					
(D) N.J. Vietnam Veterans' Memorial Fund <input type="checkbox"/> \$10, <input type="checkbox"/> \$20, Other		32D					
(E) N.J. Breast Cancer Research Fund <input type="checkbox"/> \$10, <input type="checkbox"/> \$20, Other		32E					
(F) U.S.S. N.J. Educational Museum Fund <input type="checkbox"/> \$10, <input type="checkbox"/> \$20, Other		32F					
(G) Designated Contribution <span style="border: 1px solid black; padding: 2px;">0</span> <input type="checkbox"/> \$10, <input type="checkbox"/> \$20, Other		32G					
33. Total Deductions From Overpayment (Add Lines 31A, B, C, D, E, F and G) .....		ENTER TOTAL →			33		
34. REFUND (Amount to be sent to you, Line 31, LESS 33) .....		34			34	310	00
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete. If prepared by a person other than taxpayer, this declaration is based on all information of which the preparer has any knowledge.					Pay amount on Line 30 in full. Write social security number on check or money order and make payable to: STATE OF NEW JERSEY-TGI. You may also pay by e-check or credit card		
→ _____ Date _____		→ _____ Date _____					
Your signature		Spouse's signature (If filing jointly, BOTH must sign.)					

*Part-Year Residents (tax year 2002)*

<b>PART I</b>		<b>TOTAL INCOME</b>	Net losses in one category cannot be applied against income in another. In case of a net loss in any category, enter "zero" for that category.		<b>(Column A) AMOUNT OF GROSS INCOME (EVERYWHERE)</b>		<b>(Column B) AMOUNT FROM NEW JERSEY SOURCES</b>		
35.	Wages, salaries, tips, and other employee compensation .....	35	18000	00	18000	00			
36.	Interest .....	36	1600	00	0				
37.	Dividends .....	37	120	00	0				
38.	Net profits from business (Attach copy of Federal Schedule C, Form 1040).....	38							
39.	Net gains or income from disposition of property (From Line 51).....	39	700	00	0				
40.	Net gains or income from rents, royalties, patents, and copyrights (From Line 54) .....	40							
41.	Net Gambling winnings.....	41	75	00	0				
42.	Pensions, Annuities and IRA Withdrawals, Less New Jersey Exclusion.....	42							
43.	Distributive Share of Partnership Income .....	43							
44.	Net pro rata share of S Corporation Income.....	44							
45.	Alimony and separate maintenance payments received .....	45							
46.	Other—State Nature and Source .....	46							
47.	<b>TOTAL INCOME</b> (Add Line 35 thru 46) (Enter here and on Line 14a, Page 1).....	47	20495	00	18000	00			
<b>PART II</b>		<b>NET GAINS OR INCOME FROM DISPOSITION OF PROPERTY</b>	List the net gains or income, less net loss, derived from the sale, exchange, or other disposition of property including real or personal whether tangible or intangible.						
(a) Kind of property and description	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Gross sales price	(e) Cost or other basis as adjusted (see instructions) and expense of sale	(f) Gain or (loss) (d less e)				
48. 200 shs. ABC Corp.	2-15-01	3-1-02	3500	2800 00	700	00			
49. Capital Gains Distribution.....						49			
50. Other Net Gains .....						50			
51. <b>Net Gains</b> (Add Lines 48, 49, and 50) (Enter here and on Line 39) (If Loss, enter ZERO).....						51	700	00	
<b>PART III</b>		<b>NET GAINS OR INCOME FROM RENTS, ROYALTIES, PATENTS AND COPYRIGHTS</b>	List the net gains or net income, less net loss, derived from or in the form of rents, royalties, patents, and copyrights as reported on your Federal Income Tax Return.						
(a) Kind of property	(b) Net Rental Income (Loss)	(c) Net Income From Royalties	(d) Net Income From Patents	(e) Net Income From Copyrights					
52.									
53. <b>Totals</b>	(b)	(c)	(d)	(e)					
54.	Net Income (Combine Columns b, c, d, and e) (Enter here and on Line 40) (If Loss, enter ZERO).....						53		
<b>PART IV</b>		<b>ALLOCATION OF WAGE AND SALARY INCOME EARNED PARTLY INSIDE AND OUTSIDE NEW JERSEY</b>	(See instructions if compensation depends entirely on volume of business transacted or if other basis of allocation is used.)						
55.	Amount reported on Line 35 in Column A of Part I required to be allocated .....						55		
56.	Total days in taxable year .....						56		
57.	Deduct non-working days (Sundays, Saturdays, holidays, sick leave, vacation, etc.).....						57		
58.	Total days worked in taxable year (Line 56 minus Line 57).....						58		
59.	Deduct days worked outside New Jersey .....						59		
60.	Days worked in New Jersey (Line 58 less Line 59) .....						60		
61.	ALLOCATION FORMULA $\frac{\text{(Line 60)}}{\text{(Line 58)}} \times \frac{\text{(Enter amount from Line 55)}}{\text{(Salary earned inside N.J.)}}$ (Include this amount on Line 35, Col. B, Part I)								
<b>PART V</b>		<b>ALLOCATION OF BUSINESS INCOME TO NEW JERSEY</b>	(See instructions if other than Formula Basis of allocation is used.)						
BUSINESS ALLOCATION PERCENTAGE (From Schedule NJ-NR-A)									
Enter below, the line number and amount of each item of business income reported in Column A of Part I which is required to be allocated and multiply by allocation percentage to determine amount of income from New Jersey sources.									
From Line No. _____	Part I \$ _____	x _____	% = \$ _____						
From Line No. _____	Part I \$ _____	x _____	% = \$ _____						
From Line No. _____	Part I \$ _____	x _____	% = \$ _____						

**NJ-1040  
2002**

**STATE OF NEW JERSEY  
INCOME TAX-RESIDENT RETURN**

Your Social Security Number <table border="1" style="width:100%; text-align: center;"> <tr><td>9</td><td>9</td><td>9</td><td>-</td><td>3</td><td>4</td><td>-</td><td>0</td><td>7</td><td>2</td><td>2</td></tr> </table>	9	9	9	-	3	4	-	0	7	2	2	Last Name, First Name and Initial (Joint filers enter first name and initial of each - Enter spouse last name ONLY if different) <p style="text-align: center; font-size: 1.2em;">Perry, John and Joan</p>								
9	9	9	-	3	4	-	0	7	2	2										
Spouse's Social Security Number <table border="1" style="width:100%; text-align: center;"> <tr><td>9</td><td>9</td><td>9</td><td>-</td><td>0</td><td>1</td><td>-</td><td>3</td><td>6</td><td>6</td><td>4</td></tr> </table>	9	9	9	-	0	1	-	3	6	6	4	Home address (Number and Street, including apartment number or rural route) <p style="text-align: center; font-size: 1.2em;">123 Elm St.</p>								
9	9	9	-	0	1	-	3	6	6	4										
County/Municipality Code (See Table) <table border="1" style="width:100%; text-align: center;"> <tr><td>0</td><td>7</td><td>1</td><td>3</td></tr> </table>	0	7	1	3	City, Town, Post Office State Zip Code <p style="text-align: center; font-size: 1.2em;">Montclair NJ 07042</p>															
0	7	1	3																	
(Fill in only one) 1. <input type="radio"/> Single 2. <input checked="" type="radio"/> Married, filing joint return 3. <input type="radio"/> Married, filing separate return Enter Spouse's Social Security Number in the boxes provided above  4. <input type="radio"/> Head of household 5. <input type="radio"/> Qualifying widow(er)	6. Regular <input checked="" type="radio"/> Yourself <input type="radio"/> Spouse 7. Age 65 or Over <input type="radio"/> Yourself <input type="radio"/> Spouse 8. Blind or Disabled <input type="radio"/> Yourself <input type="radio"/> Spouse 9. Number of your qualified dependent children ..... 10. Number of other dependents ..... 11. Dependents attending colleges ..... 12. Totals (For Line 12a - Add Lines 6, 7, 8, and 11) (For Line 12b - Add Lines 9 and 10) .....																			
13. If you were a New Jersey resident for ONLY part of the taxable year, give the period of New Jersey residency: <table border="1" style="width:100%; text-align: center;"> <tr> <td style="width:15%;"><b>RESIDENCY STATUS</b></td> <td style="width:45%;">From</td> <td style="width:10%;">0</td><td style="width:10%;">4</td> <td style="width:10%;">/</td> <td style="width:10%;">0</td><td style="width:10%;">1</td> <td style="width:10%;">/</td> <td style="width:10%;">0</td><td style="width:10%;">2</td> <td style="width:10%;">To</td> <td style="width:10%;">1</td><td style="width:10%;">2</td> <td style="width:10%;">/</td> <td style="width:10%;">3</td><td style="width:10%;">1</td> <td style="width:10%;">/</td> <td style="width:10%;">0</td><td style="width:10%;">2</td> </tr> </table>		<b>RESIDENCY STATUS</b>	From	0	4	/	0	1	/	0	2	To	1	2	/	3	1	/	0	2
<b>RESIDENCY STATUS</b>	From	0	4	/	0	1	/	0	2	To	1	2	/	3	1	/	0	2		
<table border="1" style="width:100%;"> <tr> <td style="width:25%;"><b>GUBERNATORIAL ELECTIONS FUND</b></td> <td style="width:5%; text-align: center;">➔</td> <td style="width:40%;">Do you wish to designate \$1 of your taxes for this fund? If joint return, does your spouse wish to designate \$1?</td> <td style="width:10%; text-align: center;"> <input type="radio"/> Yes <input type="radio"/> No                 </td> <td style="width:20%; text-align: center;"> <input type="radio"/> Yes <input type="radio"/> No                 </td> <td style="width:10%; font-size: 0.8em;">                     Note: If you fill in the Yes oval(s) it will not increase your tax or reduce your refund.                 </td> </tr> </table>		<b>GUBERNATORIAL ELECTIONS FUND</b>	➔	Do you wish to designate \$1 of your taxes for this fund? If joint return, does your spouse wish to designate \$1?	<input type="radio"/> Yes <input type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No	Note: If you fill in the Yes oval(s) it will not increase your tax or reduce your refund.													
<b>GUBERNATORIAL ELECTIONS FUND</b>	➔	Do you wish to designate \$1 of your taxes for this fund? If joint return, does your spouse wish to designate \$1?	<input type="radio"/> Yes <input type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No	Note: If you fill in the Yes oval(s) it will not increase your tax or reduce your refund.															

14. Wages, salaries, tips, and other employee compensation (Enclose W-2) .....	14	5	7	0	0	0	0	0	0
15a. Taxable interest income (See instructions) .....	15a	4	8	0	0	0	0	0	0
15b. Tax-exempt interest income (See instructions) ..... DO NOT include on Line 15a	15b								
16. Dividends .....	16	3	6	0	0	0	0	0	0
17. Net profits from business (Enclose copy of Federal Schedule C, Form 1040) .....	17								
18. Net gains or income from disposition of property (Schedule B, Line 4) .....	18								
19. Pensions, Annuities and IRA Withdrawals	19a	19b							
a. Taxable Amount Received .....									
b. Less N.J. Pension Exclusion .....									
c. Subtract Line 19b from Line 19a .....	19c								
20. Distributive Share of Partnership Income (See instructions) .....	20								
21. Net pro rata share of S Corporation Income (See instructions) .....	21								
22. Net gain or income from rents, royalties, patents & copyrights (Schedule C, Line 3) .....	22								
23. Net Gambling Winnings .....	23								
24. Alimony and separate maintenance payments received .....	24								
25. Other (See instructions) .....	25								
26. Total Income (Add Lines 14, 15a, 16, 17, 18, 19c, 20, 21, 22, 23, 24, and 25) .....	26	6	2	1	6	0	0	0	0

Part-Year Residents (tax year 2002)

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27. Total Income (From Line 26, Page 1).....	27			,		6	2	,	1	6	0	.	0	0	
28. Other Retirement Income Exclusion (See Worksheet and instructions) .....					28							.			
29. <b>New Jersey Gross Income</b> (Subtract Line 28 from Line 27) .....	29			,		6	2	,	1	6	0	.	0	0	
See instructions.															
30a. Exemptions: From Line 12a $\frac{2}{2} \times \$1,000 = 2,000$															
30b. From Line 12b $\frac{2}{2} \times \$1,500 = 3,000$															
30c. Total Exemption Amount (Add Line 30a and Line 30b).....	30c						3	,	7	5	0	.	0	0	
Part-Year Residents see instructions.															
31. Medical Expenses.....	31											.			
(See Worksheet and instructions)															
32. Alimony and Separate Maintenance Payments.....	32											.			
33. Qualified Conservation Contribution.....	33											.			
34. Total Exemptions and Deductions (Add Lines 30c, 31, 32, and 33).....	34						3	,	7	5	0	.	0	0	
35. Taxable Income (Subtract Line 34 from Line 29).....	35						5	8	,	4	1	0	.	0	0
If zero or less, MAKE NO ENTRY.															
36. Property Tax Deduction (See instructions) .....					36		3	,	3	8	4	.	0	0	
37. <b>NEW JERSEY TAXABLE INCOME</b> (Subtract Line 36 from Line 35).....	37						5	5	,	0	2	6	.	0	0
If zero or less, MAKE NO ENTRY.															
38. TAX (From Tax Table).....	38									9	2	8	.	0	0
39. Credit for Income Taxes Paid to Other Jurisdictions (See instructions) .....	39											.			
40. Balance of Tax (Subtract Line 39 from Line 38).....	40									9	2	8	.	0	0
41. Use Tax Due on Out-of-State Purchases (See instructions).....	41										0	.	0	0	
If no Use Tax, enter ZERO (0.00).															
42. Total Tax (Add Line 40 and Line 41).....	42									9	2	8	.	0	0
43. <b>Total New Jersey income Tax Withheld</b> (Enclose Forms W-2 and 1099-R).....	43						1	,	5	3	9	.	0	0	
44. Property Tax Credit (See instructions).....										44		.			
45. New Jersey Estimated Tax Payments/Credit from 2001 tax return .....	45									1	5	0	.	0	0
<b>Fill in <input type="radio"/> if Form NJ-2210 is enclosed.</b>															
46. New Jersey Earned Income Tax Credit (See schedule Page 3).....					46							.			
47. EXCESS New Jersey UI/HC/WD Withheld (See instructions) (Enclose Form NJ-2450).....					47							.			
48. EXCESS New Jersey Disability Insurance Withheld (See instructions) .....					48							.			
(Enclose Form NJ-2450)															
49. <b>Total Payments/Credits</b> (Add Lines 43 through 48) .....	49						1	,	6	8	9	.	0	0	





**Schedule 1 – Property Tax Deduction/Credit**

Complete both columns of this schedule to find out whether the Property Tax Deduction or the Property Tax Credit is better for you. **Do not complete this schedule if you claim a credit for taxes paid to other jurisdictions. Complete Schedule A.**

1. **Property Tax.** Enter the property taxes you paid in 2002. Renters enter 18% of rent paid in 2002. **See instructions.** 1. 3,384
2. **Property Tax Deduction.** Enter Line 1 or \$10,000, whichever is less. Also enter this amount on Line 4 below. **See instructions.** 2. 3,384

	Column A		Column B
3. Taxable Income (Copy from Line 35 of your NJ-1040).....	3. 58,410	3.	58,410
4. Property Tax Deduction (Copy from Line 2 of this schedule).....	4. 3,384	4.	- 0 -
5. Taxable Income After Property Tax Deduction (Subtract Line 4 from Line 3).....	5. 55,026	5.	58,410
6. Tax you would pay on Line 5 amount (Go to Tax Tables or Tax Rate Schedules and enter amount).....	6. 928	6.	1,011
7. Now, subtract Line 6, Column A from Line 6, Column B and enter the result here.....		7.	83

8. **Is the Line 7 amount \$50 or more (\$25 if filing status is married, filing separate return and you maintain the same residence as your spouse)?**
- Yes. You receive a greater tax benefit by taking the Property Tax Deduction. Enter the amount on Line 4, Column A of this schedule on Line 36 of Form NJ-1040. Make no entry on Line 44 of Form NJ-1040 and complete the balance of the return.
- No. You receive a greater tax benefit from the Property Tax Credit. **(Part-year residents, see instructions before answering "No.")** Enter \$50 on Line 44 of Form NJ-1040 (\$25 if filing status is married, filing separate return and you maintain the same residence as your spouse). Make no entry on Line 36 of Form NJ-1040 and complete the balance of the return. See instructions.



## For More Information

### By Phone

- Call the Division of Taxation's Customer Service Center at **609-292-6400**
- TTY equipment users call **1-800-286-6613** (within NJ, NY, PA, DE, and MD) or **609-984-7300** (anywhere)

### Online

- Division of Taxation Web site:  
[www.state.nj.us/treasury/taxation/](http://www.state.nj.us/treasury/taxation/)
- E-mail: [taxation@tax.state.nj.us](mailto:taxation@tax.state.nj.us)

### In Writing

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

## Order Forms and Publications

- Call the Forms Request System at **1-800-323-4400** (Touch-tone phones within NJ, NY, PA, DE, and MD) or **609-826-4400** (Touch-tone phones anywhere)
- Call NJ TaxFax at **609-826-4500** from your fax machine's phone
- Visit the Division of Taxation's Web site:  
[www.state.nj.us/treasury/taxation/](http://www.state.nj.us/treasury/taxation/)