

2020 PTE-100

Pass-Through Business Alternative Income Tax Return Instructions

General Information

Pass-through entities that filed an election to pay the Business Alternative Income Tax must file Form PTE-100 and pay the tax due. They must also provide Schedule PTE-K-1 to each member reporting the amount of the member's share of distributive proceeds and Business Alternative Income Tax. Members will include a copy of the Schedule PTE-K-1 with their New Jersey Gross Income Tax or Corporation Business Tax return to claim credit for their share of the tax paid. See the instructions for the appropriate return for more information on how to claim the credit.

If the pass-through entity has operations outside New Jersey, all income, gain, or loss derived from sources other than real property must be allocated according to the business allocation percentage as determined by the Business Allocation Schedule (NJ-NR-A). Income, gain, or loss attributable to real property that is physically located in New Jersey must be allocated entirely to this State.

Pass-through entities that elect to pay the Business Alternative Income Tax shall make estimated payments on or before the 15th day of each of the fourth, sixth, and ninth months of the tax year and the first month of the following tax year.

Pass-through entities must file an election to pay the Business Alternative Income Tax before filing form PTE-100. Elections must be made [electronically](#) prior to the original due date of the PTE-100. **If an election is not made prior to the original due date of the return, Form PTE-100 will not be accepted.**

Who Must File

Every pass-through entity that has filed an election to pay the Business Alternative Income Tax must file Form PTE-100. **Filing Form PTE-100 does not satisfy the requirement for partnerships to file Form NJ-1065 or for S corporations to file Form CBT-100S.**

What to File

The following forms and statements must be included with the PTE-100:

- Schedule PTE-K-1 for every member;
- Schedule NJ-NR-A if any of the following conditions apply: (1) the pass-through entity is doing business both inside and outside New Jersey, or (2) 100% of the pass-through business entity's business is carried on outside New Jersey.

How to File

Form PTE-100 and all related forms and payments **must** be filed electronically. Visit www.state.nj.us/treasury/taxation/payments-notice.shtml or check with your soft-

ware provider to see if they support any or all of these filings. Visit the New Jersey Division of Revenue and Enterprise Services' website at www.state.nj.us/treasury/revenue/partnerships.shtml or email the Division of Revenue and Enterprise Services at e-GovServices@treas.nj.gov. **Paper forms mailed to the Division of Taxation will not be accepted.**

When to File

Form PTE-100 for calendar year 2020 is due March 15, 2021. Fiscal year returns are due the 15th day of the third month after the end of the tax year.

Any short period return must be filed by the due date of the federal Form 1065 or Form 1120S. The pass-through entity should use the most current form available from the Division of Taxation.

Extension of Time to File

Taxpayers can request a six-month extension of time to file by submitting Form PTE-200-T, Pass-Through Business Alternative Income Tax Application for Extension of Time to File Form PTE-100, on or before the original due date of the return.

There is no extension of time to pay tax due. Penalties and interest are imposed whenever tax is paid after the original due date.

A six-month extension of time to file your PTE-100 may be granted if at least 80% of the total tax reported on your PTE-100 when filed is paid by the original due date. Taxpayers will be notified only if the extension is denied, but not until after the PTE-100 is actually filed.

Definitions

Pass-through entity means a partnership, an S corporation, or a limited liability company, with at least one member who is liable for tax on distributive proceeds under the New Jersey Gross Income Tax Act.

Partnership means a syndicate, group, pool, joint venture, and any other unincorporated organization through or by means of which any business, financial operation, or venture is carried on in New Jersey.

Member means a shareholder of an S corporation; a partner in a general, limited, or limited liability partnership; or a member of a limited liability company.

Hedge Fund Status is met for New Jersey tax purposes if the investment entity's only activity is the purchase, holding, or sale of intangible personal property, such as commodities or securities, and such intangible personal property is not held for sale to customers as defined at [N.J.S.A. 54A:5-8c](#). An entity that qualifies for hedge fund status in one year may not meet the requirements

every year. The entity must evaluate its situation on a yearly basis. The entity, not the member, must make the determination.

Accounting Method

A pass-through entity's accounting method(s) used for the PTE-100 must be the same as the accounting method(s) used for federal purposes.

Accounting Periods

The 2020 PTE-100 should be used for:

- Calendar Year 2020;
- A partnership with a fiscal year that began in 2020;
- An S corporation with a fiscal year that began in 2020. (Tax year for Form PTE-100 may be different from Form CBT-100S.)

If filing for a fiscal year or a short tax year, enter at the top of the PTE-100 the month, day, and year the tax year began, and the month, day, and year it ended. The tax year for New Jersey purposes must be the same as the tax year for federal income tax purposes.

Rounding Off to Whole Dollars

Money items can be shown in whole dollars (eliminate amounts under 50 cents; enter amounts over 50 cents as the next higher dollar amount).

Signatures

The return must be signed by a general partner, limited liability company member, if applicable, a receiver, trustee in bankruptcy, or assignee, or an officer of the corporation who is authorized to attest to the truth of the statements contained in the return. The fact that an individual's name is signed on the return is prima facie evidence that the individual is authorized to sign the return on behalf of the entity.

Tax preparers. Anyone who prepares the return for a fee must sign the return as a "Paid Preparer" and must enter their Social Security number or federal practitioner tax identification number. The company or corporation name and federal employer identification number must be included if applicable. If someone prepares the return at no charge, the paid preparer's area does not need to be completed. A tax preparer who fails to sign the return or provide a correct tax identification number may incur a \$25 penalty for each omission.

Time Limits for Assessing Additional Tax

Pass-through entities that elect to pay the Business Alternative Income Tax are subject to the provisions of the Gross Income Tax Act, which has a three-year statute of limitations (time allowed by law) for the Division of Taxation to send a bill. The Division generally has three years from the date the entity filed its PTE-100 or the original due date of the return, whichever is later, to send the entity a bill for additional tax. There is no time limit if the

entity did not file a PTE-100, or if the entity filed a false or fraudulent return with the intent to evade tax. The time limit may be extended in certain circumstances.

Penalties and Interest

Late Filing Penalty. 5% per month (or part of a month) up to a maximum of 25% of the outstanding tax liability will be imposed when a return is filed after the due date or extended due date. A penalty of \$100 for each month or part of a month the return is delinquent may be imposed.

Late Payment Penalty. 5% of the outstanding tax balance may be imposed.

Interest. 3% above the prime rate for every month or part of a month the tax is unpaid, compounded annually. At the end of each calendar year, any tax, penalties, and interest remaining due (unpaid) will become part of the balance on which interest is charged. The interest rates assessed by the Division of Taxation are published [online](#).

Collection Fees. In addition, if the tax bill is sent to our collection agency, a referral cost recovery fee of 10.7% of any tax, penalty, and interest due will be added to the liability in accordance with N.J.S.A. 54:49-12.3. If a certificate of debt is issued for the outstanding liability, a fee for the cost of collection of the tax may also be imposed.

Amended Returns

To amend PTE-100 returns, submit a PTE-100 for the appropriate tax year and check the box to indicate that it is an amended return. Amended returns must be submitted electronically.

Fraudulent Returns

Any person who deliberately fails to file a return, files a fraudulent return, or attempts to evade the tax in any way may be liable for a penalty up to \$7,500 or imprisonment for three to five years, or both.

Forms and Assistance

To get New Jersey tax forms, visit our website at: njtaxation.org.

Assistance from a Division representative is available by contacting the Division's Customer Service Center at (609) 292-6400.

Electronic Filing Assistance

For electronic filing assistance:

- Call the Division of Revenue and Enterprise Services' Call Center at (609) 292-9292.
- Download the needed formats from the New Jersey Division of Revenue and Enterprise Services' website at: www.state.nj.us/treasury/revenue

Line-by-Line Instructions

Reporting Period

If you are reporting for a period other than Calendar Year 2020, enter the beginning and ending dates of your fiscal year. The beginning date cannot be earlier than January 1, 2020.

Pass-Through Entity Identification

Enter the pass-through entity's federal employer identification number (FEIN), name, and address.

Check the appropriate boxes to indicate if the pass-through entity:

- Is a General Partnership;
- Is a Limited Partnership;
- Is a Limited Liability Company;
- Is a Limited Liability Partnership;
- Is a New Jersey S corporation;
- Meets hedge fund status.

Check the box to indicate if the return is an amended return. Also, indicate if the return is a consolidated filing.

Federal Income (Lines 1–11)

Line 1 – Ordinary Income (Loss) From Trade or Business Activities

Enter the amount of ordinary income or loss derived from the pass-through entity's trade or business activities. This will be the amount reported on line 1, Schedule K, federal Form 1065 or 1120-S.

Line 2 – Net Income (Loss) From Rental Real Estate Activities

Enter the net income or loss from rental real estate activities. This will be the amount reported on line 2, Schedule K, federal Form 1065 or 1120-S.

Line 3 – Net Income (Loss) From Other Rental Activities

Enter the net income or loss from other rental activities. This will be the amount reported on line 3c, Schedule K, federal Form 1065 or 1120-S.

Line 4 – Guaranteed Payments

Enter the amount of guaranteed payments reported on line 4c, Schedule K, federal Form 1065.

Line 5 – Interest Income

Enter the amount of interest income reported on line 5, Schedule K, federal Form 1065 or line 4, Schedule K, federal Form 1120-S.

Line 6 – Dividend Income

Enter the amount of dividend income reported on line 6a, Schedule K, federal Form 1065 or line 5a, Schedule K, federal Form 1120-S.

Line 7 – Royalty Income

Enter the royalty income reported on line 7, Schedule K, federal Form 1065 or line 6, Schedule K, federal Form 1120-S.

Line 8 – Net Gain (Loss) From Disposition of Property

Enter the total of the net short-term and long-term gains and/or losses reported on lines 8 and 9a, Schedule K, federal Form 1065 or lines 7 and 8a, Schedule K, federal Form 1120-S.

Line 9 – Net IRC Section 1231 Gain (Loss)

Enter the net IRC Section 1231 gain or loss reported on line 10, Schedule K, federal Form 1065 or line 9, Schedule K, federal Form 1120-S.

Line 10 – Other Income (Loss)

Enter any other income or loss that is not included on lines 1 through 9 above. This will include the amount reported on line 11, Schedule K, federal Form 1065 or line 10, Schedule K, federal Form 1120-S.

Line 11 – Tax-Exempt Interest Income

Enter the amount of tax-exempt interest income reported on line 18a, Schedule K, federal Form 1065 or line 16a, Schedule K, federal Form 1120-S.

Line 12 – Subtotal

Add lines 1 through 11 and enter the result.

New Jersey Subtractions

Line 13a – Net Income (Loss) From Rental Real Estate Activities

Enter any income or loss that resulted from rental real estate activities and is included in the amount reported on lines 1 or 2.

Line 13b – Net Gain (Loss) From Disposition of Real Property

Enter any gain or loss that resulted from the sale, exchange, or disposition of real property and is included in the amount reported on lines 1, 8, or 9.

Line 13c – Guaranteed Payments – Pension

Enter the amount of guaranteed payments to retired partners who are receiving such payments as a result of a period of service to the partnership pursuant to a retirement agreement or pension plan.

Line 13d – Interest Income From Federal Obligations

Enter any interest from federal obligations that is excludable from New Jersey gross income and is included in the amount reported on line 5 or 6.

Line 13e – Interest Income From New Jersey Obligations

Enter the amount of interest income from New Jersey obligations that is excludable from New Jersey gross

income and is included in the amount reported on line 6 or 11.

Note: For lines 13d and 13e, amounts excludable from income include interest and dividends on obligations of the State of New Jersey or any of its political subdivisions and from tax-exempt obligations of the United States government, its territories, or instrumentalities. Distributions from New Jersey qualified investment funds are also exempt, as are distributions from other investment funds, but only to the extent the distribution is derived from obligations of the type described at N.J.S.A. 54A:6-14, et seq.

Line 13f – Net Gain (Loss) From Sale of Exempt Federal and New Jersey Obligations

Enter any gain or loss that resulted from the sale of exempt federal and New Jersey obligations and is included in the amount reported on line 12.

Line 13g – Total Subtractions

Total lines 13a through 13f and enter the result.

Line 14a – Subtotal

Subtract line 13g from line 12 and enter the result.

New Jersey Allocated Income

Line 14b – New Jersey Allocated Adjusted Income

A Business Allocation Schedule, Form NJ-NR-A, must be completed by every pass-through entity, including those that have met hedge fund status, that is not reporting 100% of its activity to New Jersey.

Enter the business allocation percentage from line 5, NJ-NR-A on the line provided at 14b. Enter 100% if all pass-through entity activities are carried on in New Jersey or 0% if all activities are carried on outside New Jersey. Multiply the amount on line 14a by this percentage and enter the result on line 14b.

Where a pass-through entity's activity is carried on both within and outside New Jersey, the portion of the income, gains, expenses, or losses attributable to sources within New Jersey must be determined by use of the NJ-NR-A as prepared by the entity.

Line 15 – Net Income (Loss) From NJ Rental Real Estate Activities

Enter the amount of net income or loss derived from rental real estate physically located in New Jersey that was reported on line 13a.

Line 16 – Net Gain (Loss) From Disposition of Real Property in NJ

Enter the amount of gain or loss derived from the disposition of real property physically located in New Jersey that was reported on line 13b.

Line 17 – Net Income (Loss)

Add lines 14b, 15, and 16 and enter the total.

Complete Members Directory columns A–F before continuing.

Line 18 – Hedge Fund Income of Nonresident Members

Enter the total from column D of the Members Directory.

Line 19 – Subtotal

Subtract line 18 from line 17 and enter the result.

Line 20 – Guaranteed Payments – Pension (Residents Only)

Enter the total from column E of the Members Directory.

Line 21 – Distributive Proceeds

Add lines 19 and 20 and enter the total.

Business Alternative Income Tax Calculation

Line 22 – Distributive Proceeds

Enter the total of each member's share of distributive proceeds from column F of the Members Directory.

Line 23 – Business Alternative Income Tax

Use the chart on page 5 to calculate the amount of tax and enter the tax on line 23.

Line 24 – Payments

Include on this line any estimated Business Alternative Income Tax payments made for 2020 and any amounts paid with an application for extension of time to file.

Amount Due or Overpayment – Lines 25–28

Compare lines 23 and 24.

- If line 24 is less than line 23, you have a balance due. Complete lines 25, 26, and 27.
- If line 24 is more than the line 23, you have an overpayment. Complete line 26 (if applicable) and line 28.

Line 25 – Balance of Tax Due

Subtract line 24 from line 23 and enter the result.

Line 26 – Penalty and Interest

Include any penalties and interest. See the Penalties and Interest section for information.

Note: If the taxpayer has an overpayment or no tax liability and has calculated penalties and interest due, these amounts must be added to the balance due or subtracted from the overpayment.

Line 27 – Total Balance Due

Add lines 25 and 26 and enter the total.

Line 28 – Refund

Subtract the total of lines 23 and 26 from the amount on line 24 and enter the result.

Members Directory

List the members in order of their ownership interest in the pass-through entity, beginning with the member who holds the largest share.

Column A: Use the following codes to identify the member's residency status and type:

- RI – New Jersey Resident Individual
- NR – Nonresident Individual
- PI – Part-Year Resident Individual
- RP – New Jersey Resident Partnership
- NP – Nonresident Partnership
- RT – New Jersey Resident Trust
- NT – Nonresident Trust
- RE – New Jersey Resident Estate
- NE – Nonresident Estate
- RC – New Jersey Corporation
- FC – Non-New Jersey Corporation
- RO – New Jersey Resident Other
- NO – Nonresident Other

Column B: Enter each member's Social Security number (SSN) for individuals or federal employer identification number (FEIN) for entities other than individuals, as well as each member's name and address. For individuals, the address must be that of the person's principal residence. If the member is an entity other than an individual, enter the member's business name. For corporations, enter the address of commercial domicile. Enter each member's ownership percentage as of the close of the tax year. If a member disposed of all or part of an ownership interest during the year, list the member by the ownership percentage before the disposition.

Enter a "Y" if this is the final Schedule PTE-K-1 for the member.

Column C: Enter each member's share of New Jersey source net income from line 17 of the PTE-100.

Column D: Enter each nonresident (codes NR, NT, NE) member's share of New Jersey source hedge fund income if the pass-through entity meets hedge fund status and has checked the box on the front of the PTE-100.

Total the amounts in column D. Also enter the total on line 18 of the PTE-100.

Column E: For each *resident* member who is receiving guaranteed payments as a result of a period of ser-

vice to the pass-through entity pursuant to a retirement agreement or pension plan, enter the member's share of those payments that are allocated to New Jersey.

Total the amounts in column E. Also enter the total on line 20 of the PTE-100.

Column F: Subtract column D from column C and add column E for each member.

Total the amounts in column F. Also enter the total on line 22 of the PTE-100.

Complete PTE-100, lines 18–28, before completing column G.

Column G: For each member with a positive share of distributive proceeds in column F, divide the member's share by the total distributive proceeds on line 22. Multiply this percentage by the Business Alternative Income Tax on line 23 and enter the result in column G.

Note: If there are any negative shares of distributive proceeds in column F, those amounts must be added back to the amount on line 22 for the purpose of calculating the member's share of tax for column G.

If an amended return is filed and the member's share of tax is less than the amount reported on the original Members Directory, report the amount listed on the original Members Directory. Do not report the lesser amount, since the member is entitled to claim credit for the originally reported amount.

Business Allocation Schedule NJ-NR-A

If business activities are carried on both inside and outside New Jersey, business income may be allocated to determine the amount of income from New Jersey sources.

Be sure that the NJ-NR-A is included with the PTE-100, and that the name and address on the Business Allocation Schedule agree exactly with the name and address on the return.

Section 1 – Business Locations

Use Section 1 to list the locations where the business activities are conducted. In columns (a) and (b), list the

| If Distributive Proceeds (line 1) is: | | Enter line 1 | Multiply line 1 by: | Subtract | Business Alternative Income Tax |
|---------------------------------------|--------------|--------------|---------------------|-------------------------|---------------------------------|
| Over | But not over | | | | |
| \$ 0 | \$ 250,000 | _____ | X .05675 | = _____ – \$ 0 | = _____ |
| \$ 250,000 | \$ 1,000,000 | _____ | X .0652 | = _____ – \$ 2,112.50 | = _____ |
| \$ 1,000,000 | \$ 5,000,000 | _____ | X .0912 | = _____ – \$ 28,112.50 | = _____ |
| \$ 5,000,000 | and over | _____ | X .109 | = _____ – \$ 117,112.50 | = _____ |

exact locations at which the business carries on activities both inside and outside the State. List all business locations. In column (c), describe the places listed in columns (a) and (b) (i.e., branch office, agency, factory, warehouse, etc.). In column (d), indicate whether the business rents or owns each location listed. Include additional sheets if necessary.

Section 2 – Average Values

Use Section 2 to determine the average value of your business assets.

The average value of property owned is determined by adding (1) the book value of the property at the beginning of the tax year and (2) the book value of the property at the end of the tax year and dividing the sum by two.

The average value of property rented or leased is valued at eight times the annual rent. Rent includes any amounts paid in addition to, or accrued in lieu of, rent for the period covered by the return (such as interest, taxes, insurance, and repairs).

Line 1 – Real Property Owned

Column A. Enter on line 1, column A, the average value of the real property listed in Section 1 that was owned for the period covered by the return. Include property located both inside and outside New Jersey.

Column B. Enter on line 1, column B, the average value of the real property listed in Section 1 that was owned in the State. Include only property located in New Jersey.

Line 2 – Real and Tangible Property Rented

Column A. Enter on line 2, column A, the average value of property, both real and tangible, that was rented for the period covered by the return. Include property located both inside and outside New Jersey.

Column B. Enter on line 2, column B, the average value of property, both real and tangible, that was rented in the State. Include only property located in New Jersey.

Line 3 – Tangible Personal Property Owned

Column A. Enter on line 3, column A, the average value of the tangible personal property that was owned and used in the business for the period covered by the return. Include property located both inside and outside New Jersey.

Column B. Enter on line 3, column B, the average value of the tangible personal property that was owned and used in the business in the State. Include only property located in New Jersey.

Line 4 – Totals

Column A. Add lines 1–3 of column A and enter the total on line 4, column A.

Column B. Add lines 1–3 of column B and enter the total on line 4, column B.

Section 3 – Business Allocation Percentage

Use Section 3 to determine the business allocation percentage that must be applied to business income. The business allocation percentage must be applied to business income from all sources to determine the amount from New Jersey sources.

Line 1 – Average Values of Property

Line 1a – In New Jersey. Enter on line 1a the average values of the business property in New Jersey from line 4, column B, Section 2.

Line 1b – Everywhere. Enter on line 1b the average values of the business property from everywhere (both inside and outside New Jersey) from line 4, column A, Section 2.

Line 1c – Percentage in New Jersey. Divide the amount on line 1a by the amount on line 1b. The result will be 100% or less. Enter the result on line 1c.

Line 2 – Total Receipts From All Sales, Services, and Other Business Transactions

Line 2a – In New Jersey. Enter on line 2a the total of receipts from all sales made, services performed, and business transactions conducted in New Jersey during the period covered by the return. This includes sales made and services performed by partners, employees, agents, agencies, or independent contractors of the business situated at, or sent out from, the offices of the business (or its agencies) located in New Jersey. For example, if a salesperson working out of the New Jersey office covers the states of New Jersey, New York, and Pennsylvania, all sales made are to be allocated to New Jersey and reported on line 2a.

Line 2b – Everywhere. Enter on line 2b the total of receipts from all sales made, services performed, and business transactions conducted both inside and outside New Jersey during the period covered by the return.

Line 2c – Percentage in New Jersey. Divide the amount on line 2a by the amount on line 2b. The result will be 100% or less. Enter the result on line 2c.

Line 3 – Wages, Salaries and Other Personal Compensation Paid During the Year

Line 3a – In New Jersey. Enter on line 3a the total of wages, salaries, and other personal compensation paid to employees in connection with operations carried on in New Jersey during the period covered by the return. Compensation is paid in connection with operations carried on in New Jersey if work is based in an office or other place of business located in New Jersey. Include only amounts paid to employees on line 3a. Do not in-

clude payments to independent contractors, independent sales agents, etc.

Line 3b – Everywhere. Enter on line 3b the total compensation paid to employees both inside and outside New Jersey during the period covered by the return. Do not include payments to independent contractors, independent sales agents, etc.

Line 3c – Percentage in New Jersey. Divide the amount on line 3a by the amount on line 3b. The result will be 100% or less. Enter the result on line 3c.

Line 4 – Sum of New Jersey Percentages. Add lines 1c, 2c, and 3c and enter the total on line 4.

Line 5 – Business Allocation Percentage. Divide the total on line 4 by three and enter the result on line 5. Also enter this percentage at line 14b of the PTE-100.

If one of the fractions (property, receipts, or payroll) is missing, the other two percentages are added and the sum is divided by two. If two of the fractions are missing, the remaining percentage may be used as the allocation factor. A fraction is not missing merely because its numerator is zero, but is missing if its denominator is zero.

Schedule PTE-K-1

Schedule PTE-K-1 provides each member with their share of distributive proceeds and Business Alternative Income Tax. A Schedule PTE-K-1 must be completed for every member that was a member of the pass-through entity at any time during the year.

Members must be furnished with a copy of their Schedule PTE-K-1 on or before the due date of the return (PTE-100). If interest is held by a nominee on behalf of another person, the pass-through entity is required to furnish Schedule PTE-K-1 to the nominee.

A copy of all PTE-K-1(s) must be retained by the pass-through entity as part of the entity's records.

Name and Address

Enter the name and address of both the member and the pass-through entity. Enter the federal employer identification number (FEIN) of the pass-through entity and, if the particular member is an entity other than an individual, enter the FEIN of the member as well. If the member is a person, enter their Social Security number. If the member is an Individual Retirement Arrangement (IRA), enter the identification number of the custodian of the IRA, not the Social Security number of the person for whom the IRA is maintained.

If spouses each had an interest in the pass-through entity, prepare a separate Schedule PTE-K-1 for each spouse. If spouses held an interest together as one member, prepare one Schedule PTE-K-1.

Distributive Proceeds

Enter the member's share of distributive proceeds reported in column F of the Members Directory.

Business Alternative Income Tax

Enter the member's share of Business Alternative Income Tax reported in column G of the Members Directory.

If an amended Schedule PTE-K-1 is filed, do not report less than the amount reported on the original Schedule PTE-K-1.

Exempt Corporations That are Members. An exempt corporate member that is a corporation exempt from tax pursuant N.J.S.A. 54:10A-3 can claim a refund for the amount of tax paid by the pass-through entity on its share of distributive proceeds by filing form A-3730 with an attached copy of its schedule PTE-K-1.