

New Jersey State Tax news

Volume 41, Numbers 1/2
Spring/Summer 2012

A Quarterly Newsletter

ISSN 1073-6808



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NJ Budget Funds Property Tax Relief

The State Budget for fiscal year 2013 (which began July 1, 2012) contains changes to both the Homestead Benefit and Property Tax Reimbursement (Senior Freeze) Programs.

Homestead Benefit

The Budget provides funding for the 2011 Homestead Benefit Program at the same level as for 2010. Under the terms of the Budget, eligibility and benefit amounts for 2011 homeowner benefits are limited based on income, and benefits must be calculated based on 2006 property taxes. Funding for 2011 tenant benefits was not included in the Budget.

Applications for the 2011 Homestead Benefit were mailed in May, and the original June 30 filing deadline has now been extended to October 19, 2012. Most homeowners can file their applications either [online](#) or by phone (1-877-658-2972).

Most eligible homeowners will receive their Homestead Benefit for 2011 as a credit applied to their February 2013 property tax bills. These homeowners can expect to receive a revised property tax bill or advice copy that will show the amount of the benefit. Homeowners who indicate when filing that they no longer own the property that was their principal residence on October 1, 2011, or whose principal residence was a unit in a co-op

or continuing care retirement community, will have their Homestead Benefit issued in the form of a check (or direct deposit).

More information on the [Homestead Benefit Program](#), including eligibility requirements and calculation of benefit amounts, is available on the Division of Taxation's Web site.

Senior Freeze

Under the terms of the fiscal year 2013 State Budget, only those applicants whose 2011 income did not exceed \$70,000 (the original limit was \$80,000) are eligible to receive a reimbursement payment for 2011, provided they met all the other eligibility requirements.

Residents whose 2011 income was over \$70,000 but not over \$80,000 will not receive reimbursements for 2011, even if they met all the other program requirements. However, by filing a 2011 application by the due date, these qualified residents can establish their eligibility for benefits in future years and ensure they will be mailed an application for 2012.

In mid-July, reimbursement checks for 2011 were mailed to over 163,000 qualified senior and disabled residents who had filed their applications by June 1, 2012. The deadline for filing 2011 reimbursement applications has also been extended to October 19, 2012. Checks for applicants who filed applications after the original June 1 due

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date will be issued as quickly as possible.

Additional information on the [Senior Freeze Program](#) is available on the Division's Web site. □

LOCAL PROPERTY TAX Tax Assessors' Calendar

July 1-

- Where County Board of Taxation cannot hear and determine all appeals within the prescribed time, Board may apply to Director, Division of Taxation for extension of time to hear and determine appeals.
- Disallowed property tax deduction recipients granted a filing extension required to pay back tax deductions previously granted. If unpaid, become real property liens.
- MOD IV Master file sent to Property Administration via appropriate medium.
- Assessor to mail Application for Farmland Assessment (Form FA-1) for tax year 2013 together with a notice that the completed form must be filed with assessor by August 1, 2012, to claim continuance of Farmland Assessment.

2nd Tuesday in July-

- State Equalization Table prepared.

August 1-

- Owners of farmland must file Application for Farmland Assessment (Form FA-1) with the assessor to have land assessed under Farmland Assessment Act for tax year 2013.

August 5-

- All SR-1A forms showing sales transactions to be used in compiling 2012 Table of Equalized Valuations for State School Aid to be received by Property Administration.

August 15-

- County Board of Taxation Presidents to file annual appeal statistics report (Form TAS) with Director, Division of Taxation.

August 25-

- State Equalization Table completed by Director, Division of Taxation.

September 1-

- Extension to file Application for Farmland Assessment (Form FA-1) where assessor determines failure to file by August 1 was due to owner's illness or death or the death of an immediate family member.
- Local exchange telephone, telegraph, and messenger system companies file tangible business personal property returns (Form PT-10) for tax year 2013 with the assessor for taxing district in which property is located.
- Petroleum refineries file tangible business personal property returns (Form PT-10.1) with assessor for tax year 2013 for machinery, apparatus, or equipment directly used to manufacture petroleum products from crude oil.

September 10-

- County Board of Taxation to revise Table of Aggregates to include the tax rate for local taxing purposes for municipalities having adopted the State fiscal year.

New Jersey State Tax news

is published quarterly by the:

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

The *State Tax News* is published on the Division of Taxation's Web site.

Subscribe to *NJ Tax E-News* on our Web site to be notified when new issues become available.

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

Division of Taxation

Acting Director: Michael J. Bryan

News Coordinators for This Issue:

<i>Audit</i>	Diane Gay
<i>Compliance</i>	Valerie Lawrence
<i>Criminal Investigation</i>	Rose Tuthill
<i>Conference and Appeals</i>	William Bittner
<i>Legislation</i>	John Kelly
<i>Property Admin.</i>	Michael Vrancik
<i>Regulatory Services</i>	Dorothy Aicher Beth Berniker

Contributors: Jeffrey Adams, Pamela Allen, David Bahney, Marlene Barnhart, Michael Birnie, Audrey Boyd, Marianne Cawley, Paul Cox, Charles Giblin, Russell Glenn, Marianne Joralemon, Donald Krulwicz, Marijane LaMattina, Debra Lewaine, Michael Mullane, Trygve Myklebust, Maryanna Paolinie, William Pena, Charles Peters, Lee Roach, Andrew Staltari, Bruce Stuck

Staff: Lauren D. Higgins, Monique M. Hughes, Terry A. McWilliams, and Sara E. Murphey.

Editor: Linda B. Hickey

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September 13–

- County Tax Board transmits Table of Aggregates to County Treasurer who then files, prints, and transmits to Taxation and Local Government Services Directors, State Auditor, Municipal Clerks, and Clerk of Board of Freeholders. □

Criminal Enforcement

Criminal enforcement over the past several months included:

- On October 9, 2011, Christopher Elia was sentenced before New Jersey State Superior Court Judge Francis P. DeStefano in Freehold to a five-year State prison term. Elia pled guilty in April 2011, admitting to third-degree failure to pay taxes and the theft of more than \$75,000, a second-degree offense. When arrested in May 2010, he had solicited more than \$596,000 in contributions for phony charities, mostly from local, small business owners, then used the money to pay personal expenses and gambling debts. Victims thought they were donating to organizations that helped local police officers, firefighters, and disabled veterans. Assistant Monmouth County Prosecutor, Christopher Matthews, handled the case for the State. This has been a joint case with the Monmouth County Prosecutor's Office and the Office of Criminal Investigation (OCI) since October 2009.
- Stavroula Mavrikis (a.k.a. Stephanie Voulgaris), owner of Venture Holdings LLC, was recently apprehended as a result of an arrest

warrant issued by the Trenton Municipal Court. \$7,500 bail was forfeited as a result of her failure to appear for a prior Court appearance as required. The original criminal charges were filed on September 6, 2006, and the warrant was outstanding until recently. Mavrikis was scheduled to appear on February 3, 2012.

- Gordon Lenworth, t/a Elite Pro Cleaning Services of Neptune, failed to appear before the Trenton Municipal Court to answer charges filed by OCI's Technical Enforcement Unit on a bad electronic funds transfer (EFT) payment. The Court set \$4,500 in cash bail.
- During the last quarter of 2011 OCI's Special Investigation Unit (SIU) conducted investigations into New Jersey businesses and individuals which resulted in the seizure of 1,743.6 cartons of contraband cigarettes and 37,731 units of tobacco products. The special agents had 11 arrests during this time period, which resulted in 37 guilty pleas and a total of \$28,873 in fines and various terms of incarceration and/or probation. Also seized was cash in the amount of \$122,583, as well as seven vehicles and other counterfeit goods.
- The Technical Enforcement Unit (TEU) is now an arm of OCI. TEU has filed criminal charges against 95 taxpayers since its inception. At this point, 71 taxpayers have made full restitution and 58 of the Criminal Court cases have been closed with guilty pleas. Arrest warrants have been issued for 8 taxpayers for their failure to appear for scheduled court appearances. Currently 70 criminal

cases remain active at various stages within the court system. This reporting period 19 taxpayers were charged and 17 criminal cases were resolved with full restitution and guilty pleas. Collections totaled \$432,422.86, for that time period. Bad check notices were sent to 247 taxpayers for \$756,491.86, and 202 failed EFT payment letters were sent totaling \$1,093,722.27.

- During the last quarter of 2011 the Special Frauds Unit identified 2,011 fraudulent refunds totaling \$2,873,925 of gross income tax revenue protected.
- On January 6, 2012, Dawn Woolbert of Waldwick, New Jersey, was sentenced to three years in New Jersey State Prison for her involvement in a mortgage fraud scheme during 2007–2009 that resulted in the default of over \$3 million in residential mortgage loans. The sentence is the outcome of a 25-count indictment

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Interest 6.25%

The interest rate assessed on amounts due for the period January 1, 2012 – December 31, 2012, will be 6.25%.

The assessed interest rate history is listed below.

Effective Date	Interest Rate
1/1/07	11.25%
1/1/08	10.50%
4/1/08	9.00%
1/1/09	7.00%
1/1/10	6.25%
1/1/11	6.25%
1/1/12	6.25%



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against Ms. Woolbert, a former loan officer at Paragon Federal Credit Union, and 11 others who approved the mortgages submitted with false financial information, fictitious W-2s, and fabricated income tax returns. This case was a joint investigation with OCI and the Bergen County Prosecutor's Office.

- On January 9, 2012, FedEx Security contacted OCI relative to intercepted untaxed cigarettes which originated in the Shinnecock Reservation, Southampton, New York. A total of 329 cartons valued at \$27,550.46 were seized by OCI. FedEx sent a Cease and Desist letter to the shipper. OCI will identify recipients as appropriate. All cigarettes are Master Settlement Agreement (MSA) violations. The Division of Law will be advised accordingly.
- On January 27, 2012, Chaudhary Akhtar, t/a Glassboro Shell, of Gibbsboro, New Jersey, was found in possession of untaxed tobacco products (922 units) as well as unknown powdery substances and synthetic marijuana. Additionally, a number of invoices showing the purchase of tobacco products shipped via mail from out of State and where no New Jersey tobacco products taxes were indicated were seized. Charges for possession of untaxed goods, no registration, and not remitting the tax were filed by OCI. Charges for the marijuana possession were filed by the Camden County Sheriff's Office. On April 19, 2012, the subject pled guilty to the charges by OCI and was fined.

- On January 28, 2012, OCI special agents arrested Ellis Williams of New York City, New York, for possession of 34 cartons of Delaware-stamped cigarettes after he was detained by New Jersey State Police on the New Jersey Turnpike. Charges for possession of contraband cigarettes, no invoices, no license and transportation have been filed in Greenwich Township, New Jersey. The subject was released on his own recognizance. The vehicle was not seized. Hardware consistent with that of a "trap" compartment was also discovered during a search of the vehicle. In an interview, the driver admitted he transported cigarettes on a regular basis from Delaware. On June 11, 2012, the subject pled guilty to the charges and was fined.
- On January 28, 2012, Michael L. Meglino and his wife, Susan

Gisela Hernandez-Meglino, were admitted into the Pretrial Intervention Program provided they meet certain conditions. Susan G. Hernandez-Meglino must amend her New Jersey CBT-100 returns relating to her limited liability corporations, SGM Construction and Twelve Point Construction, as well as make payment to the State of New Jersey towards the total joint liability of \$43,012.04 with her husband. A \$10,000 payment must be made at the defendants' (Susan and Michael Meglino) formal acceptance into the program. This case was jointly investigated by the Office of Criminal Investigation and the Office of the Insurance Fraud Prosecutor. Michael Meglino, while President of the Oak Hollow Condo Association, made payments from the condo association funds to Susan

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Enforcement Summary Statistics Fourth Quarter 2011

Following is a summary of enforcement actions for the quarter ending December 31, 2011.

	Number	Amount
• Bank Levies	1,060	\$ 4,575,005
• Certificates of Debt	3,487	35,934,156
• Seizures	84	736,901
• Auctions	4	125,460

First Quarter 2012

Following is a summary of enforcement actions for the quarter ending March 31, 2012.

	Number	Amount
• Bank Levies	981	\$ 2,516,194
• Certificates of Debt	4,278	53,658,364
• Seizures	106	951,013
• Auctions	7	89,189
• Warrants of Satisfaction	3,935	



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Hernandez-Meglino's LLCs for over \$400,000 in 2005 and 2006. The income was not reported.

- On January 30, 2012, two men from North Carolina were convicted in U.S. District Court in North Carolina. Emad Hasan Tawfiq Wshah of Winterville, North Carolina, and Mamoun Hasah Wshah of Greenville, North Carolina, were busted in "Operation Smoke Screen," a two-year undercover investigation of Middle Eastern men suspected of trafficking cigarettes. Also indicted were Sobhi Sulieman Shehadeh of Roanoke Rapids, Virginia; Nabil Nafiz Mustafa of Greensboro, North Carolina; and Omar M. Nijim of Brooklyn, New York. The group was indicted in February 2011 on 40 counts related to interstate contraband cigarette smuggling. The group purchased what they thought were stolen cigarettes and "export only" cigarettes, and shipped \$21 million worth of these cigarettes through North Carolina, South Carolina, Virginia, New Jersey, and New York. Federal and State agents seized approximately \$1.9 million in cash, approximately \$10 million in bank accounts, including a Bureau of Alcohol, Tobacco,

Firearms and Explosives (ATF) undercover account, a 1999 Ferrari, a 2008 BMW SUV, a 2009 Chevrolet Tahoe, and a 2010 Ford F-150. Emad Wshah and Mamoun Wshah pled guilty to conspiring to transport stolen goods valued at more than \$5,000 in interstate commerce, as did Sobhi Shehadeh. Emad Wshah was sentenced to 26 months in prison. Investigation of this case was conducted by the ATF, the National Tax and Trade Bureau (TTB), United States Immigration and Customs Enforcement (ICE), Homeland Security Investigations (HSI), the Federal Bureau of Investigation, the Internal Revenue Service, and the Office of Criminal Investigation. OCI provided significant operational support in New Jersey and later testified in the Federal District Court in North Carolina.

- On January 31, 2012, OCI coordinated the arrest of a fugitive who was wanted on active warrants by the Pennsylvania Department of Revenue. New Jersey State Police Detectives assigned to the casino detail at the Borgata Hotel Casino located and arrested the subject within an hour of the request. This coordination between agencies illustrates the cooperative operations that exist between the revenue/tax law enforcement agencies.
- OCI special agents shut down a Roll Your Own (RYO) Cigarette outlet in south Jersey. This location did not have a manufacturer's license and was operating three tabletop electric cigarette rolling machines, which were seized by special agents. Additionally, over 900 counterfeit DVDs, which

were also seized. Charges were filed in Bridgeton Municipal Court and then transferred to the Cumberland County Prosecutor's Office because of the number of counterfeit DVDs. All parties were found guilty and all seized RYO machines were forfeited to the State.

- OCI's Special Agent in Charge was subpoenaed by the Cayuga County, New York, District Attorney's Office, as an expert witness in the trial of Aiman Abujudeh who has prior contraband convictions in New Jersey. In a very unusual move the subject was tried in absentia. The subject had been arrested by a New York State Trooper and was believed to be en route back to New Jersey with master cases of contraband cigarettes purchased from New York-based Native American Reservations. The subject claimed he had purchased the cigarettes in New Jersey and showed invoices from a New Jersey wholesaler that is not authorized to possess or sell unstamped cigarettes. A warrant has been issued for his arrest. New York will extradite.
- On February 2, 2012, Victor, Angiolina, Charlie, and Harold Madera entered into the Pretrial Intervention Program for a period of 36 months where they will receive court-ordered supervision from the Middlesex County Prosecutor's Office. All items seized were forfeited to the Office of Criminal Investigation. This case was initiated by an OCI investigator and led by an OCI special agent. On May 18, 2011, Victor, Angiolina, Charlie, and Harold Madera were arrested by

Public Auction Information

Announcements of upcoming public auctions of seized property are published on the Division of Taxation's Web site under "[Auctions](#)." Select the name of the business for details about that auction.

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OCI for their involvement in the sale of contraband cigarettes and charged with trademark counterfeiting, forgery of New Jersey counterfeit tax stamp, and possession of 2,000 or more contraband cigarettes. Seized were 82 cartons of cigarettes, \$116,726.54, and two vehicles.

- On February 14, 2012, six men from southern New Jersey were arrested for their alleged roles in a \$9.6 million conspiracy to obtain contraband untaxed cigarettes for sale. Each of the six defendants, Melido Fortuna and his brother Jose Fortuna, of Camden; Muhammad Shafique and his son, Kamran Khalid, of Egg Harbor Township; Wael Kasharmeh of Gibbstown; and Mohammad Rafiq of Atlantic City, was arrested in Cumberland or Atlantic County, New Jersey, and are charged in a separate complaint with conspiracy to obtain and sell contraband cigarettes. Shafique, Rafiq, and Khalid were also charged with conspiracy to commit money laundering for allegedly using criminal proceeds to make additional illegal purchases. Prior to September 2010, OCI special agents began investigating a cigarette smuggling operation in which the defendants purchased contraband cigarettes, which did

not bear the New Jersey State cigarette excise tax stamp or bore a counterfeit stamp, and resold them at a profit while avoiding State taxes of \$27 per carton. During the course of the investigation, which lasted from September 2010 until February 2012, the defendants purchased contraband cigarettes from a confidential informant and two undercover law enforcement officers. During that time, the defendants bought approximately 253,741 cartons of cigarettes for \$9,680,197, resulting in a tax loss of approximately \$6,851,655. The defendants sold the contraband cigarettes to others for sale at retail stores or sold them at various retail stores they owned and operated. Some of the money obtained from selling the cigarettes was used to purchase additional contraband cigarettes. These were later sold to New Jersey-based retail stores. The defendants bartered a shotgun and, on two occasions, two vehicles to pay for the cigarettes. The defendants are facing up to 15 years in Federal prison. The defendants also each face a maximum fine of \$250,000, or twice the gross gain from the offense. Additionally, the government seeks forfeiture of all property, real and personal, involved in the money laundering offense. Special agents of the U.S. Bureau of Alcohol, Tobacco,

Firearms and Explosives, Federal Bureau of Investigation, U.S. Immigration and Customs Enforcement, Homeland Security, and local law enforcement from the various states, as well as the New York Department of Taxation and Finance Criminal Investigations Division (CID) worked cooperatively to bring this case to its conclusion. This case started when an OCI special agent observed significant contraband activity in south Jersey and arrested one of the defendants for New Jersey violations during that time. An OCI special agent worked to bring this case to the Federal level when he was assigned to a Federal Task Force last year. OCI special agents laid the ground work for this case and worked with ATF to make numerous undercover purchases, operate an undercover warehouse, and provide coordination with other agencies. OCI will share in the seizure proceeds as well as move to recover the tax due the State of New Jersey.

- On February 24, 2012, at the request of personnel from the Compliance and Enforcement Activity, OCI special agents responded to Glassworld, a business that had been seized for the third time by Division of Taxation investigators. Despite changed locks and appropriately posted signs on the premises, the owner broke into the building and let his employees in to conduct business. Special agents questioned the owner who admitted to illegally entering and removing some of the seizure notices. As a result, he was arrested and transported to the Ocean Township, Monmouth County, Police Department for processing

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where he was charged with defendant trespass and obstruction of a governmental function. He was released on his own recognizance pending a first appearance in Municipal Court.

- OCI's Special Investigations Unit conducted a "sweep" in Jersey City. 21 locations were inspected resulting in 3 seizures of 7.4 cartons seized (all counterfeit stamped) and 3 locations that were unlicensed or had expired licenses. Additionally, one illegal handgun was seized and special agents intervened in a stabbing occurring in their presence at another location. This was the second phase of the Jersey City sweeps. It appears the word of these operations was out to the retailers thus obtaining the desired deterrent effect.
- OCI conducted joint operations with the United States Air Force Police at Joint Base McGuire-Dix-Lakehurst involving individuals from the northeast region who have attempted to smuggle tobacco products and cell phones into the Federal Bureau of Prisons facility on the base. 10 individuals were arrested and charged on various dates for possession of contraband tobacco products, which were bundled with cell phones. The intent was for the subjects to throw the bundles over the wall of the Federal Correction Center for inmates to retrieve. All subjects were lodged in a Burlington County Corrections facility and charged in Pemberton Municipal Court. All were individually found guilty and fined. In two cases defendants also received short terms of incarceration.

- Investigators from OCI have visited over 40 licensed New Jersey cigarette wholesalers in an ongoing project intended to gauge, through unannounced inspections, the wholesaler's voluntary compliance with requirements under both the New Jersey Cigarette Tax Act and New Jersey Administrative Code. These inspections have been very successful, as a majority of license holders thus far have been compliant and cooperative with reporting and record keeping requirements. Those who fell short were on the right track and were provided a short grace period to complete their records or face criminal prosecution. This project was initiated because many retail violators are blaming their suppliers for various violations. Inspections of this type have not been conducted in over seven years.
- During the first quarter of 2012, there were a total of 7 arrests; 31 cases that resulted in contraband seizures, with 1,143 cartons of contraband cigarettes and 6,075 units of contraband tobacco products; 30 guilty pleas entered in various cases; and \$21,653 in fines imposed.
- Also during the first quarter of 2012, the Special Frauds Activity identified 4,256 fraudulent refunds totaling \$6,863,630. □

Tax Briefs

Gross Income Tax

Contributions to Pension Plans on Behalf of Partner or Sole Proprietor — An accountant inquired about the New Jersey gross income tax treatment of a partner's contributions to certain pension plans and

the limit on the amount that is excludable for determining income subject to tax, as well as the treatment of pension contributions made on behalf of a sole proprietor.

Contributions to a 401(k) plan made on behalf of a partner or a sole proprietor are excluded from gross income when contributed, whether the amount is considered to be an employee or employer contribution, up to the allowable Federal dollar limits for the Federal tax exclusion. However, a partner or a sole proprietor is not allowed to exclude any type of contribution made on his or her behalf to other types of pension plans, such as SEP, Simple IRA or Keogh plans. See N.J.A.C. 18:35-1.3(d)1.iii.(3).

Filing New Jersey Extension When Federal Income Tax Extension Has Been Filed — An individual taxpayer inquired about a six-month extension for filing the 2011 New Jersey income tax return, Form NJ-1040. The taxpayer had a valid Federal automatic extension for filing the 2011 Federal income tax return.

If the taxpayer has 80% of the 2011 tax liability paid in the form of withholdings, payments, and credits by the original return due date, and if the taxpayer attaches a copy of the Federal Application for Automatic Extension to the NJ-1040 return, the New Jersey extension will be valid. A line is provided at the top of Form NJ-1040 where the taxpayer must indicate that a Federal extension is being filed.

If the taxpayer has not paid at least 80% of the 2011 New Jersey tax liability by the original due date of the return (through withholdings,

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credits, and estimated tax payments), then the taxpayer must file Form NJ-630, Application for Extension of Time to File New Jersey Gross Income Tax Return. The taxpayer must include with Form NJ-630 a valid payment that will make the total payments (including withholdings and credits) equal to or exceed the 80% requirement.

N.J.A.C. 18:35-6.1(d) provides: "Failure to satisfy either the 80 percent payment requirement ... by the original due date of the return, or to file the gross income tax return by the extended due date, will result in the retroactive denial of the extension as of the original due date of the return."

Income From Pennsylvania S Corporation — A New Jersey resident shareholder of a Pennsylvania S corporation inquired about whether the Federal S corporation income or the Federal S corporation income with New Jersey modifications, such as the 100% meal deduction and charitable contribution deduction, should be used in determining the net pro rata share of S corporation income.

The Division responded that the amount of S corporation income to be used as the shareholder's net pro rata share is determined by completing Reconciliation Worksheet B. This worksheet requires the shareholder to enter the amount of ordinary income

or loss as reported on Federal Form 1120S, Schedule K-1. Any item that is excludable or deductible from S corporation income under the New Jersey Gross Income Tax Act is included on Line 4c along with Line 4f of Worksheet B.

Therefore, the taxpayer should use the Federal S corporation income with New Jersey modifications, such as the 100% meal and entertainment expense deduction, charitable contribution deduction, and New Jersey depreciation computation, for determining net pro rata share of S corporation income for New Jersey gross income tax purposes.

Nonresident With Income From IRA Rolled Over Into Roth IRA —

A taxpayer inquired about the New Jersey gross income tax treatment of income received from converting a traditional IRA into a Roth IRA in 2010. The taxpayer made a Federal election to report the income in equal installments on the Federal return in 2011 and 2012. The taxpayer became a nonresident of New Jersey on July 1, 2011, and asked how to report the income on the 2011 New Jersey return.

For New Jersey gross income tax purposes, tax is paid on the amounts contributed to an IRA. Therefore, only interest, dividends, and other earnings credited to a traditional IRA are subject to tax when IRA amounts are withdrawn or rolled over.

For the first six months of 2011, the taxpayer was a New Jersey resident and he must report income from the conversion as pensions and annuities on Form NJ-1040 in accordance with Federal reporting. To calculate the amount to report, the taxpayer would determine the amount subject to tax for all of 2011 and multiply by one-half.

In accordance with N.J.S.A. 54A:5-8(b), nonresidents are not taxed on pension income regardless of where earned. Therefore, with regard to the six months in 2011 when the taxpayer was a nonresident, if the taxpayer had income from New Jersey sources and files a nonresident return, the taxpayer will report the other portion (one-half) of the 2011 taxable distribution amount on the pensions and annuities line in Column A, "Amount of Gross Income Everywhere," on Form NJ-1040NR.

Partnership's Sale of Partnership Assets —

A New Jersey resident taxpayer recently inquired if a particular transaction is considered a "complete liquidation" for New Jersey gross income tax purposes under N.J.A.C. 18:35-1.3(d)2. Specifically, the taxpayer is one of several partners in a New Jersey partnership which sold the assets of the partnership business. The taxpayer still owns part of the actual partnership entity, although all of the operations and operating assets were sold as a result of this transaction. The only assets left on the balance sheet of the seller entity are the installment notes, some cash, and some remaining trade receivables because the partnership must survive for at least a couple more years to collect on the notes and remaining accounts receivable.

40th Anniversary

The *New Jersey State Tax News* is celebrating its 40th year of publication. The first copy of the newsletter appeared in June 1972, and the newsletter has been providing tax-related information to the public ever since. Thank you to everyone who has made the *New Jersey State Tax News* what it is today.

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A complete liquidation of a partnership is deemed to occur in the tax year when it and all its partners discontinue all partnership activities, all its assets have been distributed to partners, and the partners are required to recognize their gain or loss on the disposition of their partnership interests for Federal income tax purposes. N.J.A.C. 18:35-1.3(d)2.

Therefore, based on the information provided, the transaction is not considered a complete liquidation for New Jersey gross income tax purposes under N.J.A.C. 18:35-1.3(d)2 since all the assets such as installment notes, some cash, and some remaining trade receivables have not yet been distributed to partners.

Sales and Use Tax

Doggie Day Care and Pet Sitting — The Division received an inquiry regarding the application of the Sales and Use Tax Act to doggie day care occurring at the service provider's facility and pet sitting occurring at the pet owner's home.

The Division responded that under the Act a distinction is made between doggie day care and pet sitting. Doggie day care occurring at the service provider's facility is considered animal boarding, which is subject to tax pursuant to N.J.S.A. 54:32B-3(b) (3); whereas pet sitting occurring at the pet owner's home is considered an exempt personal service. N.J.S.A. 54:32B-2(e)(4)(A).

Needles and Syringes Purchased by a Health Care Provider — The Division received an inquiry from a doctor's office regarding the taxability of hypodermic needles and syringes purchased for use in providing medical services.

The Division responded that N.J.S.A. 54:32B-8.1c states that "[r]eceipts from sales of supplies purchased for use in providing medical services for compensation, but not transferred to the purchaser of the service in conjunction with the performance of the service ..." are taxable.

Therefore, disposable or reuseable hypodermic needles and syringes sold to a health care provider for use

in providing medical services but not transferred to the patient are subject to sales and use tax.

Personal Seat License — A sports team inquired whether the sale of a Personal Seat License (PSL) is subject to sales tax given the following facts:

A PSL will give the licensee the right to purchase season tickets for the selected seat at the regular admission price for the team's home games. A PSL is purchased for a one-time fee. PSLs will sell for different prices, depending on the location of the seating that is associated with the PSL. The PSL licensee will own the right to purchase season tickets for the selected seat for all pre-season, regular season and playoff games. A PSL licensee will not be permitted admission to the stadium without a ticket.

The Division responded that the Sales and Use Tax Act imposes tax on any admission charge to or for the use of any place of amusement in New Jersey or to any entertainment event or sporting activity which takes place in this State. N.J.S.A. 54:32B-3(e)(1). However, "for any person having the permanent use or possession of a box or seat or lease or a license, other than a season ticket, for the use of a box or seat at a place of amusement, the tax shall be upon the amount for which a similar box or seat is sold for each performance or exhibition at which the box or seat is used or reserved by the holder, licensee or lessee." N.J.S.A. 54:32B-3(e)(1).

Based on the fact that the PSL entitles the licensee to the right to purchase season tickets and that the PSL is sold separate and apart from

Practitioners' E-File Mandate

For the 2011 taxable year and later, preparers that reasonably expect to prepare 11 or more individual gross income tax resident returns (including those filed for trusts and estates) during the tax year must use electronic methods to file those returns for which an electronic filing option is available. At this time, there is no electronic filing option available for a New Jersey fiduciary return, Form NJ-1041 (or Form NJ-1041SB for a small business trust). Although the fiduciary returns are currently not filed electronically, preparers must include the number of fiduciary returns they expect to prepare when determining whether they must file all other returns electronically. A tax preparer is liable for a penalty of \$50 for each return he or she fails to file electronically when required to do so.

If you have questions concerning the E-File Mandate, call the Division of Taxation at 609-633-6657 or [e-mail us at nj.taxation@treas.state.nj.us](mailto:nj.taxation@treas.state.nj.us)

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the taxable season ticket, a charge for a PSL is not subject to sales or use tax.

Service Charge Imposed by Satellite Television Company — A taxpayer inquired whether it was correct for a satellite television company to charge sales tax on a service charge imposed by the satellite television company.

The Division responded that the answer will depend upon what the service charge represents. Under the Sales and Use Tax Act, the definition of “receipt” does not allow for a deduction of expenses in an otherwise taxable transaction. N.J.S.A. 54:32B-2(d); N.J.S.A. 54:32B-2(oo). The service charge imposed by the satellite television company follows the taxability of the underlying product or service. Thus, the answer depends upon whether the underlying product or service is the charge for the television service or the charge for the rental of the receiver.

Charges to subscribers for television audio and video programming services, such as cable service, are excluded from the sales tax imposed on telecommunications services. N.J.S.A. 54:32B-2(cc)(13). Therefore, charges for satellite television subscription service are not subject to tax. The service charge is not subject to tax if it is a charge imposed on the television service.

On the other hand, a charge to rent a receiver is subject to tax. N.J.S.A. 54:32B-3(a); N.J.S.A. 54:32B-2(f). The service charge is taxable if it is a charge imposed on the rental of the receiver since it is simply an increase in the taxable receipt.

Transfer of Vehicle With Lien From Deceased Family Member — A taxpayer inquired whether New Jersey sales tax applies to the transfer of title to a vehicle that previously belonged to his deceased mother. The taxpayer acquired the vehicle with a lien.

The Division responded that the Sales and Use Tax Act imposes tax on retail sales of tangible personal property. N.J.S.A. 54:32B-3(a). A sale is defined to include a “transfer of title.” N.J.S.A. 54:32B-2(f). A sale does not occur if there is no consideration (e.g., a gift).

Since there is a balance due (lien) remaining on the vehicle, consideration exists when the vehicle is transferred from the deceased’s name to the surviving relative’s name. There is no exemption in the Sales and Use Tax Act for transfers of tangible personal property for consideration. Thus, the surviving relative is required to pay tax when title to the vehicle is transferred to him.

However, if the decedent’s estate pays the lien in full and then gifts the vehicle to the surviving relative, sales tax would not be due. The decedent’s estate is not required to pay tax and consideration does not exist when the decedent’s estate gifts the vehicle to the surviving relative. □

In Our Courts

Gross Income Tax

S Corporation Shareholder Deductions – *Schulmann, Daniel et al., v. Director, Division of Taxation*, decided December 6, 2011; Superior Court of New Jersey, Appellate Division, Docket No. A-2089-10T3.

The New Jersey Superior Court, Appellate Division affirmed the Tax

Court decision upholding the Director’s assessment.

Daniel Schulmann, known as Tiger Schulmann, owns, operates, and franchises karate schools. During the tax years 2000, 2001, and 2002, Daniel Schulmann used his personal funds to pay commissions that two S corporations were contractually obligated to pay to instructors at Tiger Schulmann Karate Schools. The corporations did not report those commissions as expenses on their corporation business tax returns. Instead, Mr. Schulmann deducted the commission expenses from the S corporation income that he reported on his New Jersey personal income tax return.

The Appellate Court agreed with the Tax Court in that Mr. Schulmann could not deduct commission payments he paid as a business expense under N.J.S.A. 54A:5-1(b) (net income from the operation of a business). It was determined that income from an S corporation is a separate income category under N.J.S.A. 54:5-1(p) and, therefore, Mr. Schulmann could not “cross-net an alleged business expense” against net pro rata share of S corporation income.

In addition, the Court stated that the fact that the S corporations could have taken deductions for the commissions had they paid them did not mean that Mr. Schulmann could deduct them on his New Jersey personal income tax return.

Local Property Tax

Retroactive Refund of Disabled Veteran’s Property Tax Exemption – *Salvatore Del Priore v. Edison Township*, decided March 29, 2012; Tax Court.

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Plaintiff, Salvatore Del Priore, disputed the denial of a retroactive refund for a disabled veteran's property tax exemption. On April 20, 2006, the U.S. Department of Veterans Affairs (VA) issued a letter determining the plaintiff was 100% permanently and totally disabled due to wartime service-connected disabilities. The effective date for this determination was September 17, 1997. On April 24, 2006, the plaintiff filed an application for a full exemption of local property taxes for his residence under N.J.S.A. 54:4-3.30 to 54:4-3.34. The municipal assessor granted the exemption for 2006 and on May 10, 2006, the Edison Township Municipal Council refunded the plaintiff his first-quarter taxes in the amount of \$1,966.78.

After receiving the initial refund, the plaintiff sent a letter dated June 6, 2006, requesting a retroactive refund dating back to September 17, 1997, the effective date of his disability per the VA. Del Priore's letter made reference to the Township Council's prior full retroactive payment practice. The Township Council then authorized another refund in the amount of \$7,615.12 for taxes the plaintiff paid in 2005. A letter from Anthony Cancro, Edison's former business administrator, that accompanied the second refund explained that any further reimbursement would cause an undue hardship to the town and its residents.

Del Priore, dissatisfied with the determination, responded to Cancro with examples of other residents who were granted retroactive payments in full from the effective date of total and permanent disability as determined by the VA. No further response was received from Mr.

Cancro and the plaintiff made another attempt to request retroactive payment to the Township Council on December 11, 2006. The municipal assessor acknowledged receipt of the letter and advised Mr. Del Priore that his request would be revisited; however, there was no additional correspondence.

It is noted that, unlike the plaintiff, for the majority of cases which received a retroactive refund, the gap between the date of the VA determination and the effective date of the total and permanent disability was less than two years. The amount of refunds varied with the largest being \$13,570.98, the second largest \$9,581.90, and the remaining veterans receiving smaller amounts. Through OPRA the plaintiff identified 20 more fully refunded veterans.

In light of this situation, the Township Council adopted an ordinance which went into effect on October 23, 2007, limiting the retroactive property tax refund to the current year and the prior year, and in no case greater than a 24-month period in aggregate, for persons entitled to the veteran's exemption under N.J.S.A. 54:4-3.30. The ordinance stated the reason for the limitation was the impact and financial burden that this would cause on the township and its residents.

Del Priore inquired again about his refund request and in August of 2008 was supplied with a copy of the ordinance. Soon after, on or about September 8, 2008, Del Priore filed an appeal with the Middlesex County Tax Board. The Board issued a judgment on September 18, 2008, dismissing the petition for lack of jurisdiction and served it on September 23, 2008. Finally, Del Priore filed an appeal with the Tax

Court on October 30, 2008, requesting an additional refund of \$45,896.69 for local property taxes paid from September 17, 1997, through December 31, 2004. Del Priore indicated that he was willing to extend payment of the refund over a 48-month period.

The Court found that it had been the Township's policy to grant a tax refund back to the effective date of disability. It was the decision that the plaintiff was not seeking a prior exemption which was granted from the date he filed on April 24, 2006, but rather a prior refund. It is the discretion of the Township that is considered in this case. The Court concluded that the permissive language of the statute "may return" was discretionary, not mandatory. The Court further held the Township's policy change had a rational basis and did not violate the Equal Protection Clause of the U.S. Constitution.

Sales Tax

Jurisdiction – *Scott Frybarger, t/a Titan Power Equipment, Inc. v. Director, Division of Taxation*, decided December 20, 2011; Tax Court Docket No. 017189-2011.

Judge DeAlmeida denied plaintiff's motion seeking preliminary injunctive relief barring the Division of Taxation from levying on a bank account to satisfy a fixed and final sales tax obligation.

Frybarger had filed in several courts previously (a tort claim in Federal District Court; New Jersey Superior Court, Law Division; New Jersey Superior Court, Appellate Division; and finally to the New Jersey Supreme Court, who denied plaintiff's

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petition for certification) seeking to have a \$660,000 jeopardy assessment dismissed.

Frybarger, a Florida resident, had hired Ohio residents to sell construction equipment in New Jersey. No sales tax was collected on these transactions.

On October 28, 2011, a year and a half after the Appellate Division decision, Frybarger filed an Order to Show Cause in Tax Court, stating that the State does not have jurisdiction over him personally in New Jersey. Frybarger was claiming that he was not personally responsible for the debts of Titan Power Equipment, Inc.

Judge DeAlmeida opined, “The public interest is served in this case by the collection of outstanding tax liabilities. Protection of the public fisc is in the interest of all members of the public, as the provision of vital government services cannot be maintained if tax revenues authorized by the Legislature remain uncollected. While a showing of true hardship coupled with a likelihood of ultimate success on the merits might overcome this important public objective, plaintiff has not made such a showing. The standards for entry of preliminary injunctive relief are set forth in *Crowe v. DeGioia*, 90 N.J. 126, 133 (1982). The court must weigh several factors, including whether the requested relief is necessary to prevent irreparable harm, whether the party seeking the relief is likely to succeed on the legal rights asserted, whether a balancing of the relative hardships to the parties of granting or denying relief favors entry of preliminary relief and

the public interest. Each factor was examined in turn.”

After reviewing each of the standards outlined in *Crowe*, Judge DeAlmeida ruled that preliminary injunctive relief was not warranted.

Gross Sales – *Anthony Murphy, Inc. t/a Murphs Liquor & Bar and Peter Murphy, Individually v. Director, Division of Taxation*, decided December 22, 2011; Superior Court of New Jersey, Appellate Division, Docket No. A-1102-10T4.

The taxpayer is a subchapter S corporation trading as Murphs Liquor & Bar. The bar also engaged in retail sales of liquor. During the audit period, the bar operated with a single, noncomputerized cash register. The tapes from the cash register were not routinely saved. Instead, the owner counted the cash proceeds, recorded the amount, then deposited the cash into a bank account.

During the examination the auditor sought various documents needed for the audit. Although some were received, others, including most of the cash register tapes, were not provided. Based upon the auditor’s analysis of the records received, the absence of records such as cash register tapes, and the inconsistency of income reported for specific years on different reports and deposit records, the auditor concluded that there were insufficient books and records to complete the audit.

The auditor recalculated the taxes due based on the additional gross income resulting from the mark-up analysis and deducted the amount of taxes already paid. The auditor determined that both the corporation and the shareholder owed additional taxes.

The taxpayer filed a timely protest and an administrative conference was held. The taxpayer’s representative promised to provide additional cash register tapes to support the business’s position. Instead, the taxpayer’s representative provided an annotated adding machine tape and some other documents.

The taxpayer filed a complaint in Tax Court. The Director moved for summary judgment in October 2009. Oral argument was held on October 1, 2010. The Tax Court judge delivered a brief oral decision granting the Director’s motion. On appeal, the taxpayer’s representative argued that the Tax Court judge erred in granting summary judgment because there were issues of fact requiring a plenary trial. The Director argued that the judge properly determined that the taxpayer did not offer sufficient evidence to warrant a trial because they were unable to overcome the presumption of correctness that attaches to an assessment by the Division.

On appeal, the taxpayer tried to overcome the presumption of correctness by attacking the credibility of the auditor and conferee, questioning the methodology used by the Division. The taxpayer did not contradict the Director’s assertions that the bulk of the cash register tapes were not produced or that there were insufficient books and records to complete the audit. The taxpayer did not provide an expert report pointing to errors of fact, methodology, or calculation with respect to the Division’s mark-up analysis. Since the taxpayer had not provided the type of proofs required to rebut the presumption of correctness, the Appellate Division ruled that the Tax Court correctly

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determined that summary judgment in favor of the Director was appropriate.

Sales Tax Subjectivity – *Atlantic City Showboat, Inc. v. Director, Division of Taxation; Our Lady of Lourdes Medical Center, Inc. v. Director, Division of Taxation*, decided January 24, 2012; Tax Court of New Jersey, Docket Nos. 000036-2007 and 006119-2007.

Plaintiffs' motions for summary judgment were denied and the Director's cross-motions for summary judgment were granted. As a result, the Court affirmed the final determinations of the Director finding that all charges and expenses related to the service of transmitting and transporting electricity to the user or customer are subject to sales tax.

Plaintiffs argued that the law applied only to the service of transmitting the electricity to the distribution facility. Further, the distribution charges related to transmitting the electricity to the user/customer and other expenses passed on to them by the utilities pursuant to State law were unrelated to the provision of electricity and as such not subject to sales tax.

Judge DeAlmeida disagreed. N.J.S.A. 54:32B-2(d) did not require that a charge for a service be related to the provision of that service in order to be taxable. Distribution charges were subject to sales tax because electricity distribution was a "utility service" within the meaning of N.J.S.A. 54:32B-2(hh), as the charges were levied in exchange for the movement of electricity. Market transition costs were authorized as a cost of electricity distribution

services and, therefore, part of the taxable receipts for utility service. The transition bond charges were authorized by statute to recoup public utility expenses associated with bonds and as such are taxable. Society benefits charges were charges for electricity distribution services subject to the sales tax. The customer service charges paid for administrative activities associated with the delivery of electricity are also subject to the sales tax. □

In Our Legislature **Cosmetic Medical Procedure Gross Receipts Tax**

Phase Out — P.L. 2011, c.189, signed into law on January 17, 2012, and effective immediately, phases out the cosmetic medical procedure gross receipts tax, which is paid pursuant to P.L. 2004, c.53 (N.J.S.A. 54:32E-1 et seq.). The current 6% rate will be reduced to 4% on taxable services performed on or after July 1, 2012, but before July 1, 2013. It is further reduced to 2% on taxable services performed on or after July 1, 2013, but before July 1, 2014, and eliminated entirely on taxable services performed on or after July 1, 2014.

Gross Income Tax

Checkoff for American Red Cross-NJ Fund — P.L. 2011, c.211, signed into law on January 17, 2012, and effective for 2012 and subsequent tax years, establishes the American Red Cross-NJ Fund. It gives New Jersey taxpayers the opportunity to make voluntary contributions on their State gross income tax returns in support of the programs and services of the New Jersey chapters of the American Red Cross.

Checkoff for Girl Scouts Councils in New Jersey Fund

— P.L. 2011, c.227, signed into law on January 17, 2012, and effective for 2013 and subsequent tax years, establishes the Girl Scouts Councils in New Jersey Fund. It gives New Jersey taxpayers the opportunity to make voluntary contributions on their State gross income tax returns in support of the programs and services of the Girl Scouts Councils in New Jersey.

Local Property Tax

Urban Farming and Gardening — P.L. 2011, c.171, signed on January 5, 2012, and effective immediately, amends various parts of the law to allow all municipalities to sell and lease public property not needed for public purposes to certain nonprofit entities for "urban" farming and gardening purposes. Under the previous law, this practice was restricted to municipalities located in cities of the first, second, third, or fourth class.

Miscellaneous

Grow New Jersey Assistance Program — P.L. 2011, c.149, signed into law on January 5, 2012, and effective immediately, establishes the Grow New Jersey Assistance Program to encourage businesses to engage in economic development, job creation, and the preservation of existing jobs within New Jersey. The new law establishes a \$200 million tax credit incentive program that emphasizes growth of New Jersey-based companies through capital investment, creation of new jobs, and retention of existing jobs.

To be eligible for program tax credits, the law requires a business to make capital investments of at least

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\$20 million at a qualified business facility at which it will employ at least 100 full-time employees in retained full-time jobs, or create at least 100 new full-time jobs in an industry deemed desirable by the New Jersey Economic Development Authority (EDA). Eligibility for program tax credits is entirely the province of the EDA.

The program's cost falls under the \$1.5 billion cap established under the Urban Transit Hub Tax Credit (UTHTC) Program. The bill allows the initial \$200 million program allocation to be increased by the board of the EDA if the board determines the credits to be reasonable, justifiable, and appropriate. It also requires that all applications for eligibility under the program shall be made to the EDA by July 1, 2014.

The new law provides that the amount of tax credits that can be applied by a business annually under the program cannot exceed the lesser of one-tenth of the capital investment, or \$4 million. The Urban Transit Hub Tax Credit is capped at \$1.5 billion over its 10-year life.

An eligible business will receive a base tax credit of \$5,000 per job, per year, for 10 years with no distinction between retained or new jobs. The tax credit term of 10 years includes an annual compliance review for credit issuance. The base tax credit may be increased by a bonus award amount of up to \$3,000 per job by an eligible business, as determined by the authority based on factors in the Act. The per-project benefit shall not exceed the capital investment at the project site. Tax credits issued to an eligible business are transferable through elective tax credit transfer certificates.

There are provisions which would call for forfeiting of the benefit for noncompliance.

The definition of "urban transit hub" under the UTHTC law will now include in the eligibility criteria for that tax credit assistance program any project commencing construction located within a half mile radius of a New Jersey Transit Corporation rail station sited at an international airport, except for any property owned or controlled by the Port Authority of New York and New Jersey.

The law makes clarifying changes to the Business Retention and Relocation Assistance Grant (BRRAG) Program to expand the definition of "capital investment" and to repeal the requirement that tax credits issued under the BRRAG program may not be applied by the business against liability until the State Treasurer has certified that the amount of retained State tax revenue from the business for the tax period prior to the period in which the credits will be applied equals or exceeds the amount of the tax credits.

Finally, the State Treasurer may make certain sales and conveyances to the New Jersey Performing Arts Center.

Motor Fuel Signs Must Display Cash and Credit Prices — P.L. 2011, c.152, signed into law on January 5, 2012, and effective the 120th day following its enactment, or May 4, 2012, provides that price signs posted by a retail motor fuel dealer on the dealer's premises and visible from any adjacent roadway shall include the price per gallon, or the price per gallon and per liter, for both cash and credit card purchases of motor fuel in accordance with

regulations prescribed by the Director of the Division of Taxation.

Benefits Allowable for Motor Fuel Purchases on Credit, Debit, or Rewards Card — P.L. 2011, c.164, signed into law on January 5, 2012, and effective immediately, amends subsection e. of section 201 of P.L. 1938, c.163 (N.J.S.A. 56:6-2) to stipulate that a consumer who earns credits through purchases on a credit card, debit card, or rewards card may utilize those credits to receive a rebate, allowance, concession, or benefit when that person purchases motor fuels.

The use of credits earned through purchases on a credit card, debit card, or rewards card would not change the retail price of motor fuel displayed pursuant to section 3 of P.L. 1952, c.258 (N.J.S.A. 56:6-2.3); and the retail dealer would not bear the cost of the rebate, allowance, concession, or benefit received by the motor fuel purchaser, except for a processing fee assessed in the ordinary course of business.

Wine or Beer Manufactured for Personal or Household Use or Consumption — P.L. 2011, c.169, was signed into law on January 5, 2012, and became effective immediately. Under the previous law, a person over age 21 could manufacture at home up to 200 gallons of wine or beer for personal or household use or consumption annually; however, prior to producing the wine or beer, the person was required to obtain a special permit from the Director of the Division of Alcoholic Beverage Control. This new law eliminates the requirement to obtain a permit. Home production of wine or beer continues to be limited to a

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maximum of 200 gallons annually under Federal regulations.

Reports and Publications Must be Available Electronically on the Internet — P.L. 2011, c.184, signed on January 17, 2012, and effective immediately, repeals N.J.S.A. 52:14-21, 22, 25, and 25.2 and makes certain other technical changes and clarifications.

The new law requires that any reports and publications produced by the State or its agencies and submitted to the Governor, the Legislature, or the public must be made available electronically on the Internet instead of being printed in hard copy. Individuals who are unable to access reports or publications electronically on the Internet may request a printed copy. A notice of availability must be provided and in certain instances copies must be furnished to the State Librarian. The new law does not apply to the publication and distribution of the New Jersey Administrative Code and the New Jersey Register.

Out-of-State Winery License — P.L. 2011, c.207, signed into law on January 17, 2012, and effective on the first day of the fourth month after enactment, or April 1, 2012, permits direct shipping by wineries and creates an out-of-State winery license. In doing so, it makes various changes to the statutes governing the sale and distribution of products by New Jersey wineries and creates a new out-of-State winery license governing New Jersey sales by wineries licensed in other states.

Plenary wineries that produce a maximum of 250,000 gallons per year and farm wineries would be

permitted to sell their products directly to licensed retailers after paying a fee. Plenary wineries would pay a graduated fee ranging from \$100 to \$1,000 and farm wineries would pay a fee of \$100. The winery is required to retain the original invoices for any wine shipped for at least three years on the winery premises for inspection by the State.

Previously, all plenary and farm winery licensees were permitted to sell their products to retailers. Under the new law all plenary and farm wineries are able to sell their products to licensed wholesalers. The law also permits the wineries to sell their products by the glass at the salesrooms. □

Tax Calendar

The following three calendars provide listings of filing and payment dates for tax year 2011 (January 1, 2011 – December 31, 2011) and tax year 2012 (January 1, 2012 – December 31, 2012) for businesses and individuals:

- **Chronological List of Filing Deadlines** — This calendar is for use by both businesses and individuals. If you are responsible for a return that is not listed in this calendar, please refer to the instructions that accompanied the return, or contact the Customer Service Center at 609-292-6400 for the appropriate filing deadline.

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*important
phone
numbers*

- Customer Service Ctr.... 609-292-6400
- Automated Tax Info ... 1-800-323-4400
- 609-826-4400
- Homestead Benefit Hotline
for Homeowners 1-888-238-1233
- Property Tax Reimbursement
Hotline 1-800-882-6597
- Earned Income Tax Credit
Information 609-292-6400
- NJ TaxFax 609-826-4500
- Business Paperless Telefiling
System 1-877-829-2866
- Alcoholic Bev. Tax 609-633-7068
- Corp. Liens, Mergers, Withdrawals
& Dissolutions..... 609-292-5323
- Director’s Office 609-292-5185
- Inheritance Tax..... 609-292-5033
- Local Property Tax..... 609-292-7974
- Motor Fuels Tax
Refunds 609-633-8878
- Public Utility Tax..... 609-633-0013

- **Alphabetical Summary of Due Dates by Tax Type**

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- **Payment Dates for Weekly Payers** — An employer or other withholder of New Jersey gross income tax is designated a “weekly payer” if the amount of tax they withheld during the previous tax year was \$10,000 or more.

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Urban Transit Hub Tax Credit Act and the New Jersey Economic Stimulus Act of 2009 Expanded (Legislature)	2-4	30			

2011 TAX LAWS

CH.	DATE	SYNOPSIS	TAX*	BILL
19	2/1/11	Revises various aspects of casino industry regulations. Provides for transition of administration of certain casino taxes and fees to the Division of Taxation.	CAS	S-12(4R)
28	3/1/11	Allows all qualified UEZ businesses to be eligible to receive the sales tax exemption at the point of purchase regardless of annual gross receipts.	S&U	SCS for A-1559
30	3/1/11	Provides for the creation of benefit corporations, the purpose of which is to create a “general public benefit.”	CBT	S-2170
35	3/1/11	Encourages nonprofit corporations and associations to help transform vacant properties located in older urban areas into gardens for growing fresh fruits and vegetables.	LPT	A-2859(2R)
38	3/21/11	Provides dedicated line item on property tax bill to fund municipal free public libraries and joint free public libraries.	LPT	S-2068(1R)
49	4/8/11	Makes various technical changes in the sales tax law to maintain compliance with the Streamlined Sales and Use Tax Agreement.	S&U	S-2130
57	4/20/11	Establishes the Boys and Girls Clubs in New Jersey Fund and provides for voluntary contributions by taxpayers on gross income tax returns.	GIT	A-3267
59	4/28/11	Modifies the formula used to determine the portion of the income of a corporation subject to tax by New Jersey from a three-factor formula to a single (sales) factor formula and establishes a specialized sales fraction formula for airlines that are subject to taxation. This change is being phased in over three years.	CBT	S-2753
60	4/28/11	Establishes an alternative calculation that permits taxpayers who generate income from different types of business entities to offset gains from one type of business with losses from another, and permits taxpayers to carry forward business-related losses for a period of up to 20 taxable years.	GIT	S-2754
80	6/29/11	Amends the Tobacco Products Wholesale Sales and Use Tax Act, Cigarette Tax Act, and related criminal statutes. Establishes procedure for destroying certain contraband tobacco products and cigarettes.	CIG/ TPT	SS for S-2175(1R)
83	6/30/11	Removes the limitation on the application of the research and development tax credit to 50% of the liability otherwise due.	CBT	S-2980
84	6/30/11	Decreases the minimum corporation business tax on certain New Jersey subchapter S corporations by 25%.	CBT	S-2981

2011 TAX LAWS *(continued)*

CH.	DATE	SYNOPSIS	TAX*	BILL
89	7/26/11	Expands the Urban Transit Hub Tax Credit Act (UTHTCA) and the New Jersey Economic Stimulus Act of 2009 to include certain mixed-use projects as creditable investments and to change the manner in which the tax credits under the UTHTCA are treated by eligible businesses.	MIS	S-2972(2R)
117	8/19/11	Establishes the NJ National Guard State Family Readiness Council Fund and provides for voluntary contributions by taxpayers on gross income tax returns.	GIT	A-2286
118	8/19/11	Makes changes to several laws that affect the regulation and business operations of employee leasing companies or professional employer organizations.	MIS	S-2164(3R)
119	8/19/11	Revises the method for the regulation and collection of surplus lines insurance premium taxes.	IPT	S-2930(1R)
122	8/24/11	Extends the moratorium on the imposition of fees on nonresidential construction projects for two years.	MIS	S-2974
123	9/1/11	Requires the establishment and maintenance of a program to assist small businesses in identifying financial assistance programs offered by any State agency for which the business may be eligible. A uniform application will be created to gather basic information from small businesses seeking assistance.	MIS	A-3195(1R)
124	9/14/11	Exempts certain sales of real property from the bulk sale notification requirements that are used to administer State taxes.	MIS	A-2748(2R)
131	9/16/11	Requires the Division of Taxation to display Senior Gold Prescription Discount Program information in the gross income tax return instructions.	GIT	A-2632(1R)
149	1/5/12	Establishes the Grow New Jersey Assistance Program to encourage businesses to engage in economic development, job creation, and the preservation of existing jobs within New Jersey.	MIS	S-3033(5R)
152	1/5/12	Provides that price signs posted by a retail motor fuel dealer on the dealer's premises and visible from any adjacent roadway shall include the price per gallon, or the price per gallon and per liter, for both cash and credit card purchases.	MIS	S-847(1R)
164	1/5/12	Stipulates that a consumer who earns credits through purchases on a credit card, debit card, or rewards card may utilize those credits to receive a rebate, allowance, concession, or benefit when that person purchases motor fuels.	MIS	A-3133(1R)
169	1/5/12	Eliminates the requirement to obtain a permit to produce wine or beer at home for personal or household use or consumption.	MIS	A-4012(1R)

2011 TAX LAWS *(continued)*

CH.	DATE	SYNOPSIS	TAX*	BILL
171	1/5/12	Allows all municipalities to sell and lease public property not needed for public purposes to certain nonprofit entities for “urban” farming and gardening purposes.	LPT	A-4114
184	1/17/12	Requires that any reports and publications produced by the State or its agencies and submitted to the Governor, the Legislature, or the public must be made available electronically on the Internet instead of being printed in hard copy.	MIS	S-1217(1R)
189	1/17/12	Phases out the cosmetic medical procedures gross receipts tax.	CMPT	S-1988(2R)
207	1/17/12	Makes various changes to the statutes governing the sale and distribution of products by New Jersey wineries and creates a new out-of-State winery license governing New Jersey direct sales by wineries licensed in other states.	MIS	S-3172(1R)
211	1/17/12	Establishes the American Red Cross-NJ Fund and provides for voluntary contributions by taxpayers on gross income tax returns.	GIT	A-1400(2R)
227	1/17/12	Establishes the Girl Scouts Councils in New Jersey Fund and provides for voluntary contributions by taxpayers on gross income tax returns.	GIT	A-4182

2011 TAX LAWS *(continued)*

***Legend for 2011 Tax Laws**

ABT = Alcoholic Beverage Tax	LPT = Local Property Tax
ALL = All Taxes Administered by the Division	MFT = Motor Fuel Tax
CAS = Casino Taxes and Fees	MIS = Miscellaneous
CBT = Corporation Business Tax	MULT = Multiple Taxes
CIG = Cigarette Tax	PPT = Petroleum Products Gross Receipts Tax
CMC = Cape May County Tourism Sales Tax	PTRP = Property Tax Relief Programs
CMPT = Cosmetic Medical Procedures Gross Receipts Tax	PUT = Public Utility Taxes
DSF = Domestic Security Fee	RTF = Realty Transfer Fee
ENV = Environmental Taxes	S&U = Sales and Use Tax
ERF = 9-1-1 System & Emergency Response Fee	SCC = Spill Compensation & Control Tax
FBT = Financial Business Tax	TEFA = Transitional Energy & Facility Assessment
GIT = Gross Income Tax	TIR = Motor Vehicle Tire Fee
HMO = Hotel Motel Occupancies	TIT/ET = Transfer Inheritance & Estate Tax
IPT = Insurance Premium Tax	TPT = Tobacco Products Tax
LIT = Litter Control Fee	