



NEW JERSEY – ANNUAL TAX COMPLIANCE

New Jersey - Taxation



Certain states in the United States ('US') impose **Franchise tax** for the privilege of having or exercising its corporate charter in the State or doing business, employing or owning capital or property, maintaining an office, deriving receipts, or engaging in contracts in that state.

However, **New Jersey** does not levy any franchise tax. Instead, it has the highest state corporate tax rate of 9% among the states which levy corporate taxes in the US.

Entities which are even exempt from Corporate Tax in New Jersey:

- Certain agricultural cooperative associations;
- Federal corporations which are exempt from state taxation;
- Corporations created under the limited-dividend housing corporation law;
- Non-profit cemetery corporations;
- Non-profit corporations without capital stock;
- Non-stock mutual housing corporations;
- Railroad and canal corporations;
- Sewerage and water corporations;
- Insurance companies subject to premiums tax;
- Certain municipal electric corporations

C- Corporation Business Tax Rates

The income-based tax on C-corporation in the state is measured by that portion of the **net income allocable to New Jersey**.

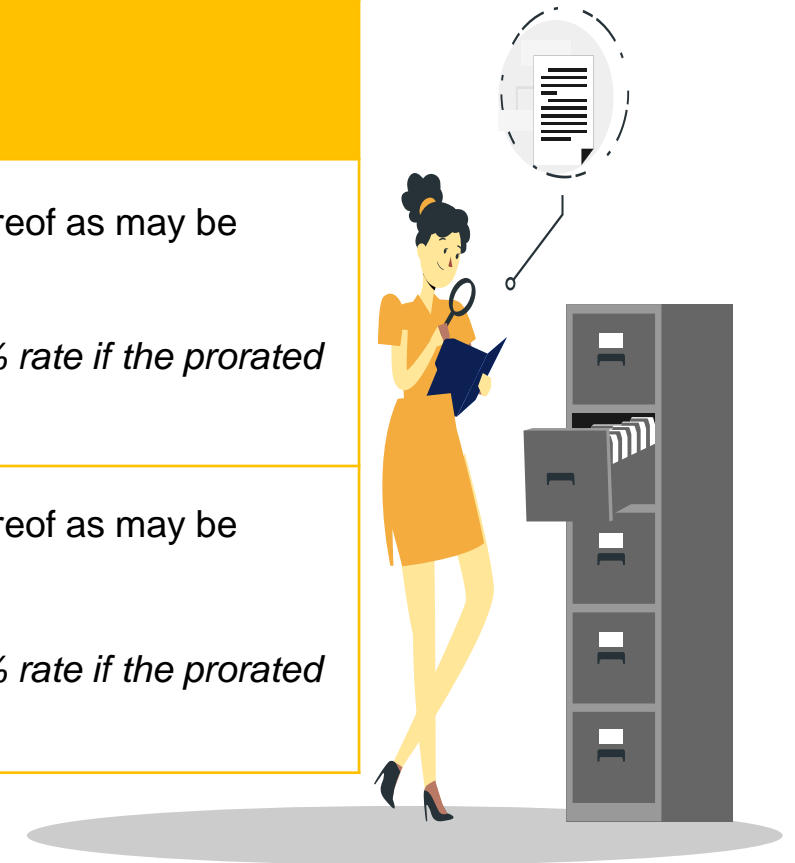


Entire Net Income of the entity	Tax rate
Less than or equal to \$50,000	6.5% on adjusted entire net income or such portion thereof as may be allocable to New Jersey. <i>(Tax periods of less than 12 months qualify for the 6.5% rate if the prorated entire net income does not exceed \$4,166 per month).</i>
Greater than \$50,000 and less than or equal to \$100,000	7.5% on adjusted entire net income or such portion thereof as may be allocable to New Jersey. <i>(Tax periods of less than 12 months qualify for the 7.5% rate if the prorated entire net income does not exceed \$8,333 per month).</i>
Greater than \$100,000	9% on adjusted entire net income or such portion thereof as may be allocable to New Jersey.

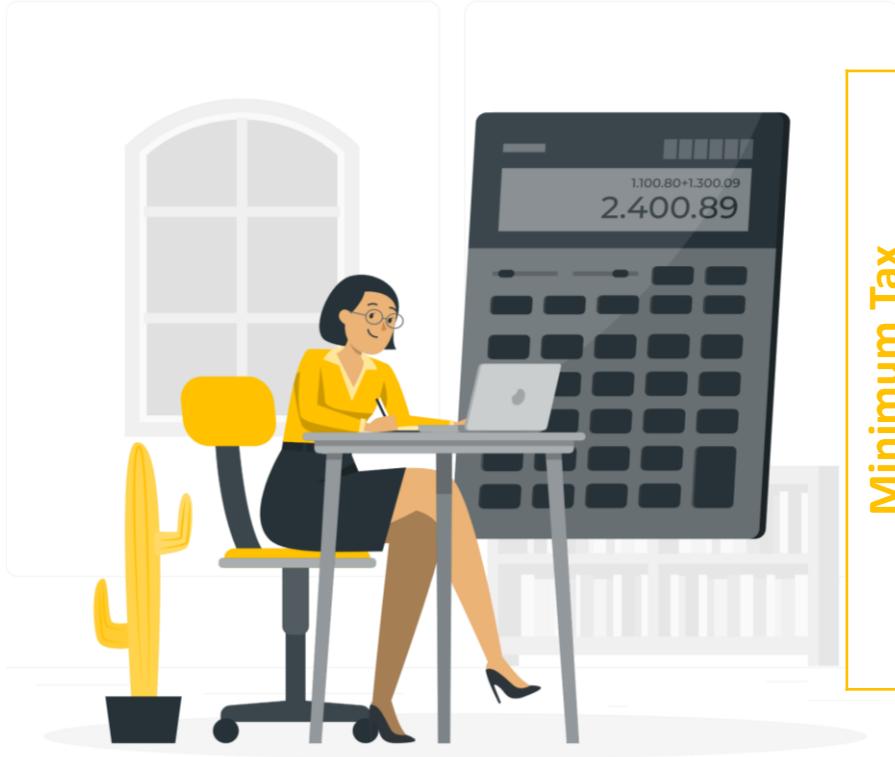
S- Corporation Business Tax Rates

For taxpayers with total entire net income that is **not subject to federal income taxation**, or such portion thereof as may be allocable to New Jersey, there **shall be no rate of tax imposed**. The tax rate is **9% of entire net income** that is **subject to federal income taxation**, or such portion thereof as may be **allocable to New Jersey**.

Total entire net income + Non - operational income with New Jersey Nexus	Tax rate
Less than or equal to \$50,000	6.5% on adjusted entire net income or such portion thereof as may be allocable to New Jersey. <i>(Tax periods of less than 12 months qualify for the 6.5% rate if the prorated entire net income does not exceed \$4,166 per month).</i>
Greater than \$50,000 and less than or equal to \$100,000	7.5% on adjusted entire net income or such portion thereof as may be allocable to New Jersey. <i>(Tax periods of less than 12 months qualify for the 7.5% rate if the prorated entire net income does not exceed \$8,333 per month).</i>



Minimum Tax Payable

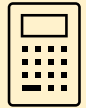


	Gross Receipts:	C- Corporation Tax	S- Corporation Tax
Minimum Tax	Less than \$100,000	\$500	\$375.00
	\$100,000 or more but less than \$250,000	\$750	\$562.50
	\$250,000 or more but less than \$500,000	\$1,000	\$750.00
	\$500,000 or more but less than \$1,000,000	\$1,500	\$1,125.00
	\$1,000,000 or more	\$2,000	\$1,500.00

Provided however that for a taxpayer that is a member of an affiliated or controlled group which **has a total payroll of \$5,000,000 or more** (consolidated payroll for the whole group) for the return period, **the minimum tax shall be \$2,000**

Tax periods **of less than 12 months** are subject to **the higher minimum tax** if the prorated total payroll **exceeds \$416,667 per month**

Estimated Income Tax



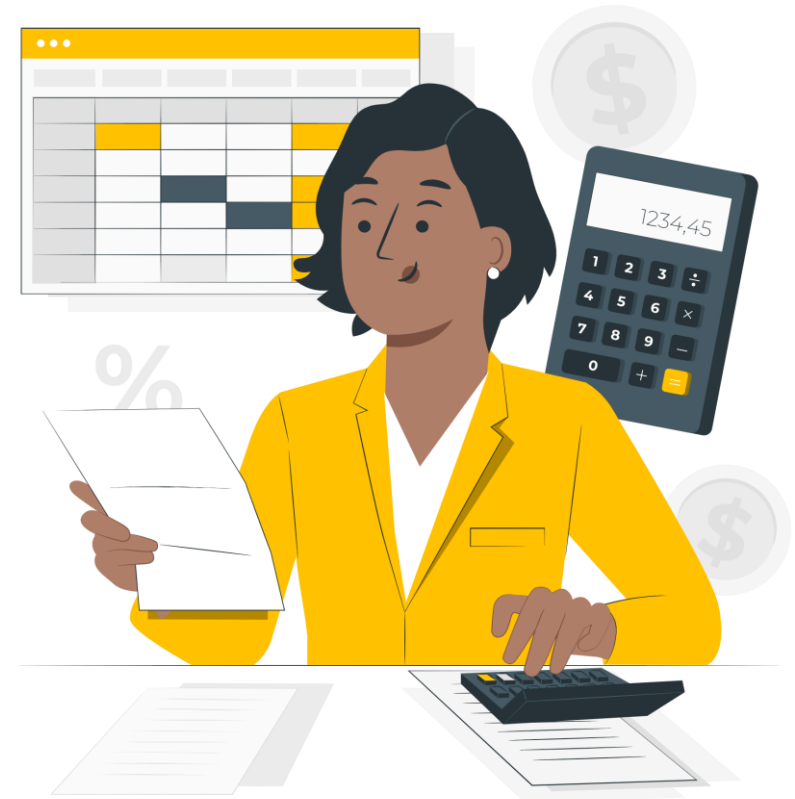
Taxpayers are required to **make installment payments** of estimated tax made electronically in Form CBT-150. The requirement for making these payments is based on the full accounting period.



If the total tax liability is **\$500 or more** for C-corps / **\$375 or more** for S-Corps, the taxpayer must make installment payments on or before the 15th day of the 4th, 6th, 9th, and 12th month of the tax year.



If the total tax liability is **less than the limit** mentioned above, installment payments may be made as shown above or in lieu of making installment payments, the taxpayer may **make a payment of 50% of the total tax liability**.



If gross receipts of large companies are over \$50 million the installments are to be paid in the following manner - 25% on 4th, 50% on 6th and remaining 25%- on the 12th month.

New Jersey – Sales & Use Tax

The State of New Jersey's sales and use tax imposes a tax on the receipts from every retail sale of tangible personal property, specified digital products, and the sale of certain services, except as otherwise provided in the Act at a rate of **6.625%**. The deadlines for sales tax return fall on the **20th day of the following month (for monthly filers)** and. required to be filed **even if there is no sales tax to report**.



IN STATE SALES

- The state of New Jersey follows what is known as a **destination-based** sales tax policy.
- This means that long-distance sales within New Jersey are taxed according to the address of the buyer.
- This policy applies to state, country, and city sales taxes

- New Jersey businesses need to pay sales **tax on out-of-state sales only** if they have **nexus** in other states.
- Common types of nexus include: a **physical location**, an **employee** who works remotely or who is a traveling, sales **representative**, a marketing affiliate, **drop-shipping** from a third-party seller or a temporary physical location, **including festival and fair booths**.

OUT OF STATE SALES

New Jersey – Sales & Use Tax

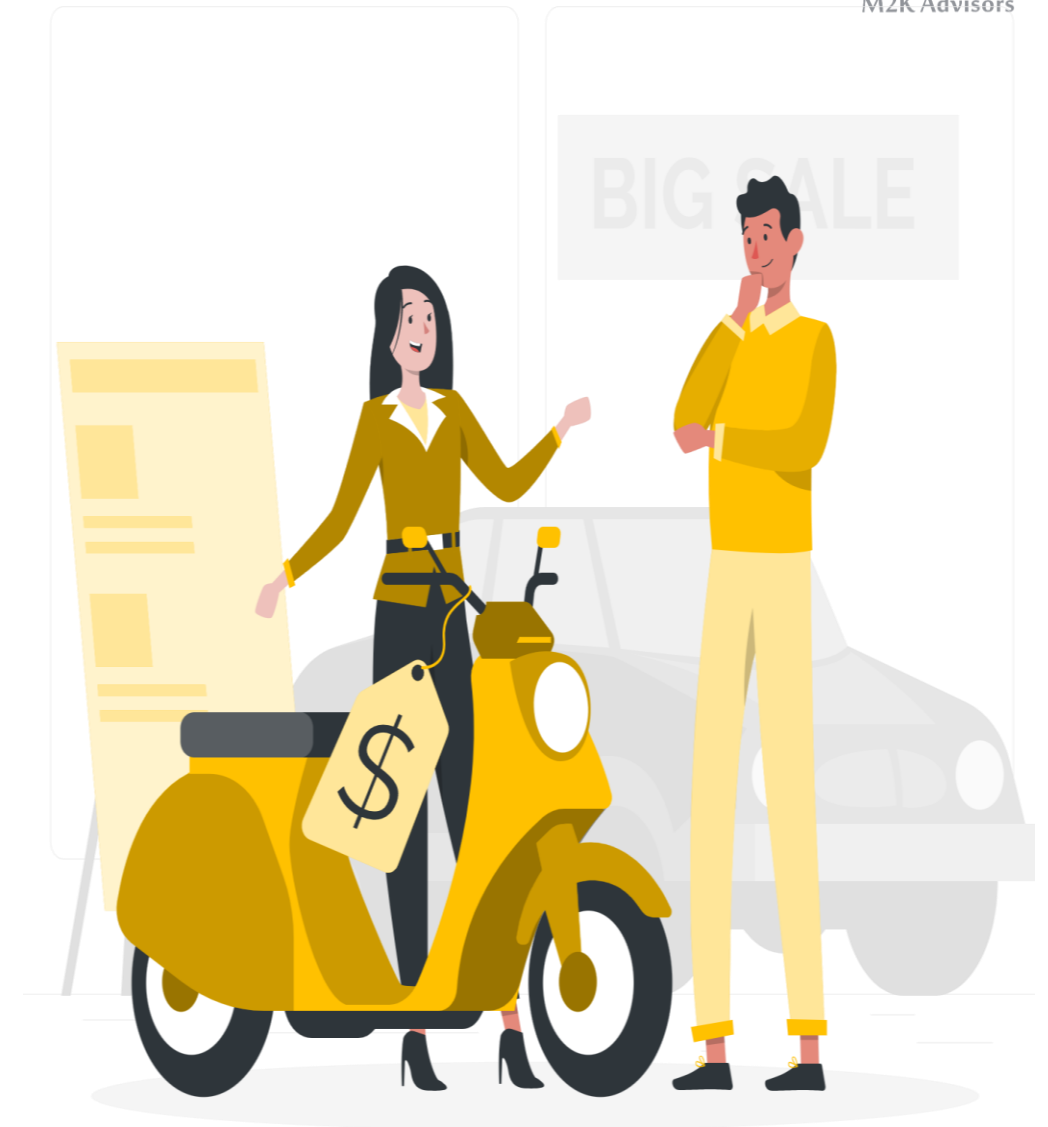
Goods that are subject to sales tax in New Jersey include **physical property, like furniture, home appliances, and motor vehicles**. The purchase of both prescription and non-prescription medicine, groceries, gasoline and clothing **are exempt**

A digital good or service is anything **electronically delivered**, such as an album downloaded from iTunes, or a film purchased from Amazon. Businesses are required to **collect sales tax on the sale of digital goods or services**.

A late filing penalty of **\$100 plus 5% per month or partial month up to a maximum of 25% of the balance due** that is reported on the tax return as chargeable by the State.

A late payment penalty that is equal to **5% of the tax that is unpaid** is also chargeable. The state assesses the unpaid tax with a **compounded interest rate of 3% per year** for any unpaid tax or penalty.

Business that have a collection of **less than \$500** in sales tax per month should elect to file returns on a **quarterly basis**.



Tax Filing Requirements for Corporations



Corporations - Requirements

Forms

Corporations registered with New Jersey are required to file the **CBT-100 or CBT-100S** returns annually. This applies both to corporations formed in New Jersey and foreign (*out-of-state*) corporations.

Due Date

New Jersey Income Tax returns are **due 30 days after** the original due date of the federal corporate income. Hence, state tax returns are supposed to be filed by the **15th day of the fifth month** for an entity having calendar year as its fiscal tax year.

A complete copy of the **federal form** ([refer our previous alerts to understand federal tax requirements](#)) and all related forms and schedules must be included **along with the CBT-100 form**.

THANK YOU

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