

## What's New for 2018 from the State of New Jersey, Division of Taxation:

Several important legislative changes will impact filings during 2018 and will affect consumers, retirees, veterans, businesses and heirs who receive an inheritance. See below:

## Sales and Use Tax

**Rate Reduction** – The New Jersey Sales and Use Tax is being reduced in two phases between 2017 and 2018.

- On January 1, 2017, the tax rate decreased from 7% to 6.875%.
- On January 1, 2018, and after, the tax rate will decrease to 6.625%.

Additional information on the Sales and Use Tax changes is available online.

**Limousine Services** – Beginning May 1, 2017, receipts from transportation services provided by a limousine operator are exempt from Sales and Use Tax.

## Estate Tax

The New Jersey Estate Tax is being phased out in two parts:

- On January 1, 2017, the New Jersey Estate Tax exemption increased from \$675,000 to \$2 million. The Estate Tax exemption is the amount of property that can be transferred (inherited) before a New Jersey Estate Tax liability is incurred. This means that individuals dying on or after January 1, 2017, can leave up to a \$2 million estate to their heirs without being subject to any New Jersey Estate Tax;
- On January 1, 2018, the New Jersey Estate Tax will no longer be imposed for individuals dying on or after that date.

Additional information on the Estate Tax changes is available online.

## Income Tax

**Retirement Income Exclusion** – The retirement income exclusion is available to taxpayers with \$100,000 or less in gross income for the entire year and who are 62 or older or blind or disabled. The exclusion is being increased over a four-year period, beginning with Tax Year 2017, as shown below:

**Personal Exemption for Veterans** — Veterans who were honorably discharged or released under honorable circumstances from active duty in the Armed Forces of the United States will be eligible for an additional \$3,000 exemption. This includes persons serving in the Armed Forces Reserves or National Guard of New Jersey. Additional information on this new exemption is available online.

**Designated Contribution** – The New Jersey Yellow Ribbon Fund has been added to the list of organizations to which taxpayers can contribute on the New Jersey tax return.

**Tax Credit** – The Angel Investor Tax Credit has been revised to allow a credit for a qualified investment in a New Jersey emerging technology business holding company as long as 100% of the investment is transferred from the holding company to the New Jersey emerging technology business. This credit is being applied retroactively to qualified investments made for tax years beginning on or after January 1, 2012.

## **Local Property Tax**

**Annual Assessment** – Beginning with Tax Year 2017, any notice of annual assessment or change in assessment issued to a property owner must contain the deadline to file an appeal in boldface type.

**Annual Deduction for Veterans and Property Tax Exemption for Disabled Veterans** – Eligibility for deduction or exemption has been extended to members of the United States Armed Forces assigned to the rescue and recovery mission at the World Trade Center.

## **Corporation Business Tax**

Two new tax credits have been added to the tax return:

- Business Employment Incentive Program Credit (for more information, see Form 324); and
- Public Infrastructure Credit (for more information, see Form 325).

In addition, the Angel Investor Tax Credit has been revised to allow a credit for a qualified investment in a New Jersey emerging technology business holding company as long as 100% of the investment is transferred from the holding company to the New Jersey emerging technology business. This credit is being applied retroactively to qualified investments made for tax years beginning on or after January 1, 2012.

## **Petroleum Products Gross Receipts Tax**

There were some important changes affecting the Petroleum Products Gross Receipts Tax that took effect in Tax Year 2017. The tax rate increased, a number of new exemptions were added, and certain reporting requirements were changed. More information on the Petroleum Products Gross Receipts Tax changes is available online.