

CHAPTER 308

AN ACT concerning the gross income tax credit for child and dependent care expenses, amending P.L.2018, c.45.

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

1. Section 5 of P.L.2018, c.45 (C.54A:4-17) is amended to read as follows:

C.54A:4-17 Certain credits permitted.

5. a. A resident taxpayer with New Jersey taxable income of \$150,000 or less who is allowed a credit for expenses for household and dependent care services for federal income tax purposes pursuant to section 21 of the Internal Revenue Code (26 U.S.C. s.21) shall be allowed a credit against the tax otherwise due pursuant to the “New Jersey Gross Income Tax Act,” N.J.S.54A:1-1 et seq. The credit shall be in an amount equal to a percentage of the credit allowed the taxpayer for federal income tax purposes for the taxable year, according to the following schedule:

NJ taxable income is:	Amount of NJ credit is:
Not over \$30,000	50% of federal credit
over \$30,000 but not over \$60,000	40% of federal credit
over \$60,000 but not over \$90,000	30% of federal credit
over \$90,000 but not over \$120,000	20% of federal credit
over \$120,000 but not over \$150,000	10% of federal credit.

The \$150,000 income limit set forth in this subsection shall apply to taxpayers of any filing status.

b. If the amount of the credit allowed pursuant to this section exceeds the amount of gross income tax otherwise due pursuant to the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., the amount of excess shall be treated as a refundable overpayment.

c. Married couples shall file a joint return in order to claim the credit provided by this section. A taxpayer eligible to receive a credit pursuant to paragraph (3) or (4) of subsection (e) of section 21 of the federal Internal Revenue Code (26 U.S.C. s.21) shall be eligible for the credit provided by this section, provided the taxpayer satisfies the income limit set forth in subsection a. of this section.

d. In the case of a part-year resident claimant, the amount of the credit allowed pursuant to this section shall be pro-rated, based upon that proportion which the total number of months of the claimant's residency in the taxable year bears to 12 in that period. For this purpose, 15 days or more shall constitute a month.

2. This act shall take effect immediately and shall apply retroactively to taxable years beginning on and after January 1, 2021.

Approved December 3, 2021.