ASSEMBLY, No. 115

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

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SYNOPSIS

Repeals surtax imposed on certain businesses.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.

AN ACT concerning the surtax imposed on certain businesses, amending P.L.2018, c.48 (C.54:10A-5.41).

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

1. Section 1 of P.L.2018, c.48 (C.54:10A-5.41) is amended to read as follows:

1. a. In addition to the tax paid by each taxpayer determined pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5), each taxpayer, except for a public utility, shall be assessed and shall pay a surtax as follows:

(1) For a taxpayer, except a public utility, that has allocated taxable net income in excess of $1 million for the privilege **[**periods**]** period, beginning on or after January 1, 2018 through **[**December 31, 2019**]** December 31, 2018, the surtax imposed shall be 2.5%;

(2) **[**For a taxpayer, except a public utility, that has allocated taxable net income in excess of $1 million for the privilege periods, beginning on or after January 1, 2020 through December 31, 2021, the surtax imposed shall be 1.5%**]** (Deleted by amendment, P.L. , c. (pending before the Legislature as this bill).

b. For purposes of this section,

(1) "taxpayer" shall mean any business entity that is subject to tax as provided in the Corporation Business Tax (1945), P.L.1945, c.162 (C.54:10A-1 et seq.).

(2) "allocated taxable net income" shall mean allocated entire net income for privilege periods ending before July 31, 2019, or taxable net income as defined in subsection (w) of section 4 of P.L.1945, c.162 (C.54:10A-4) for privilege periods ending on and after July 31, 2019.

The surtax imposed under this section shall be imposed on allocated taxable net income, and shall be due and payable in accordance with section 15 of P.L.1945, c.162 (C.54:10A-15), and the surtax shall be administered pursuant to the provisions of P.L.1945, c.162 (C.54:10A-1 et seq.). Notwithstanding the provisions of any other law to the contrary, no credits shall be allowed against the surtax liability computed under this section except for credits for installment payments, estimated payments made with a request for an extension of time for filing a return, or overpayments from prior privilege periods.

(cf: P.L.2018, c.131, s.7)

2. This act shall take effect immediately.

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

STATEMENT

This bill repeals the recently enacted surtax on certain businesses.

In July of 2018 a surtax was imposed for four privilege periods on businesses subject to the corporation business tax, other than public utilities, with more than $1 million of taxable net income. For the first two privilege periods beginning on or after January 1, 2018, the surtax is imposed at 2.5 percent of income. The surtax is imposed at 1.5 percent for the two privilege periods after that.

This bill eliminates the surtax for privilege periods beginning on or after January 1, 2019, so that the surtax would no longer be in effect for the three privilege periods beginning on or after that date.