

ASSEMBLY, No. 463

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

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District 10 (Ocean)

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SYNOPSIS

Provides corporation business tax and gross income tax credits for employing immediate family members of members of the Armed Forces of the United States who were killed in action.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 **AN ACT** establishing corporation business tax and gross income tax
2 credits for employing immediate family members of members of
3 the Armed Forces of the United States who were killed in action,
4 supplementing P.L.1945, c.162 (C.54:10A-1 et seq.) and Title
5 54A of the New Jersey Statutes.

6
7 **BE IT ENACTED** *by the Senate and General Assembly of the State*
8 *of New Jersey:*

9
10 1. a. A taxpayer shall be allowed a credit against the
11 corporation business tax imposed pursuant to section 5 of P.L.1945,
12 c.162 (C.54:10A-5), in an amount equal to the value of ten percent
13 of the qualified wages paid for the privilege period to immediate
14 family members of members of the Armed Forces of the United
15 States who were killed in action. For each privilege period, a
16 taxpayer's credit allowed pursuant to this section shall not exceed
17 \$1,200 for each immediate family member.

18 b. (1) The order of priority of the application of the credit
19 allowed pursuant to this section and any other credits allowed
20 against the corporation business tax for a privilege period shall be
21 as prescribed by the director.

22 (2) Credit allowed pursuant to this section in excess of a
23 taxpayer's corporation business tax liability for a privilege period
24 shall not be allowed as a refund of overpayment of tax. Unused
25 credit resulting from this limitation may be carried forward, to the
26 earliest available use within the 20 privilege periods immediately
27 following the privilege period for which the credit is allowed.

28 (3) A taxpayer shall not be granted a credit pursuant to this
29 section for the qualified wages if the wages or associated employees
30 are included in the calculation of another State tax credit or grant
31 for a period of time that coincides with the applicable privilege
32 period.

33 (4) If the qualified wages allowed in the calculation of a credit
34 for a privilege period subsequently become disqualified wages due
35 to insufficient duration of employment or another matter of
36 noncompliance with this section, the director may recapture the
37 credit in a subsequent privilege period as an adjustment to the
38 taxpayer's corporation business tax liability.

39 c. As used in this section:

40 "Immediate family member" means a service member's spouse,
41 child, or parent.

42 "Members of the Armed Forces of the United States who were
43 killed in action" mean individuals dying in, or as a result of, active
44 duty in the Armed Forces of the United States or Reserve
45 Component thereof including the National Guard.

46 "New and sustained employment" means the full-time
47 employment of an individual, not previously employed by the

1 taxpayer, for a period of time of no less than nine full and
2 consecutive calendar months in the State.

3 “Qualified wages” mean any salaries, wages, and remuneration
4 subject to the “New Jersey Gross Income Tax Act,” N.J.S.54A:1-1
5 et seq., paid in the course of new and sustained employment to an
6 immediately family member of a Member of the Armed Forces who
7 was killed in action.

8

9 2. a. A taxpayer shall be allowed a credit against the “New
10 Jersey Gross Income Tax Act,” N.J.S.54A:1-1 et seq., in an amount
11 equal to the value of ten percent of the qualified wages paid for the
12 taxable year to immediate family members of members of the
13 Armed Forces of the United States who were killed in action. For
14 each taxable year, a taxpayer’s credit allowed pursuant to this
15 section shall not exceed \$1,200 for each immediate family member.

16 b. (1) The order of priority of the application of the credit
17 allowed pursuant to this section and any other credits allowed
18 against the gross income tax for a taxable year shall be as
19 prescribed by the director.

20 (2) Credit allowed pursuant to this section in excess of a
21 taxpayer’s gross income tax liability for a taxable year shall not be
22 allowed as a refund of overpayment of tax. Unused credit resulting
23 from this limitation may be carried forward, to the earliest available
24 use within the 20 taxable years immediately following the taxable
25 year for which the credit is allowed.

26 (3) A taxpayer shall not be granted a credit pursuant to this
27 section for the qualified wages if the wages or associated employees
28 are included in the calculation of another State tax credit or grant
29 for a period of time that coincides with the applicable taxable year.

30 (4) If the qualified wages allowed in the calculation of a credit
31 for a taxable year subsequently become disqualified wages due to
32 insufficient duration of employment or another matter of
33 noncompliance with this section, the director may recapture the
34 credit in a subsequent taxable year as an adjustment to the
35 taxpayer’s gross income tax liability.

36 c. (1) A business entity that is treated as a partnership for
37 federal income tax purposes shall not be allowed a credit directly
38 under the gross income tax, but a taxpayer partner shall be allowed
39 the amount of the partnership’s credit associated with the qualified
40 wages allocated to the taxpayer as partnership expenses.

41 (2) A New Jersey S corporation shall not be allowed a credit
42 directly under the gross income tax, but a taxpayer shareholder shall
43 be allowed the amount of a New Jersey S corporation’s credit
44 associated with the qualified wages allocated to the taxpayer as
45 New Jersey S corporation expenses.

46 d. As used in this section:

47 “Immediate family member” means a service member's spouse,
48 child, or parent.

1 “Members of the Armed Forces of the United States who were
2 killed in action” mean individuals dying in, or as a result of, active
3 duty in the Armed Forces of the United States or Reserve
4 Component thereof including the National Guard.

5 “New and sustained employment” means the full-time
6 employment of an individual, not previously employed by the
7 taxpayer, for a period of time of no less than nine full and
8 consecutive calendar months in the State.

9 “Qualified wages” mean any salaries, wages, and remuneration
10 subject to the “New Jersey Gross Income Tax Act,” N.J.S.54A:1-1
11 et seq., paid in the course of new and sustained employment to an
12 immediately family member of a Member of the Armed Forces who
13 was killed in action.

14
15 3. This act shall take effect immediately and apply to privilege
16 periods and taxable years beginning on or after the January 1 first
17 following the date of enactment.

18
19
20 STATEMENT

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22 This bill provides corporation business tax and gross income tax
23 credits for employing immediate family members of members of the
24 Armed Forces of the United States who were killed in action.

25 The two credits established by this bill provide an employer with
26 a credit in the amount of ten percent of the wages paid to an
27 immediate family member of a member of the Armed Forces of the
28 United States who was killed in action. The credits may not exceed
29 \$1,200 per family member per tax year. For the employer to be
30 eligible to receive the credit, the family member must be a new
31 employee and be employed in the State full-time for no less than
32 nine full and consecutive calendar months.

33 The credit is nonrefundable, but may be carried forward for up to
34 20 tax years. The bill prohibits taxpayers from simultaneously
35 using family members to qualify for the bill’s credit and any other
36 generally available employment incentive that comes in the form of
37 a State tax credit or grant. The bill also empowers the Director of
38 the Division of Taxation to recapture credit due to noncompliance.

39 The bill schedules the credits to become available for tax years
40 beginning on or after the January 1 first following the date of
41 enactment.