

ASSEMBLY, No. 938

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Assemblyman ROBERT J. KARABINCHAK

District 18 (Middlesex)

SYNOPSIS

Establishes NJ Gross Income Tax EasyFile Program; pilot program to allow Division of Taxation to prepare gross income tax return forms for certain taxpayers.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 **AN ACT** establishing a State pilot program to allow the Division of
2 Taxation to prepare gross income tax return forms for certain
3 taxpayers, supplementing Title 54A of the New Jersey Statutes.

4
5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*

7
8 1. a. The Director of the Division of Taxation in the
9 Department of the Treasury shall establish a pilot program known
10 as the NJ Gross Income Tax EasyFile Program that implements a
11 gross income tax final return filing system that provides a
12 simplified personal income tax return in both a printable document
13 form and in a computer-readable form that a taxpayer, whom the
14 director determines may be eligible, may elect to file and that is
15 pre-filled by the division with the eligible taxpayer's information
16 available to the division other than by way of submission of the
17 information directly by the taxpayer. The pre-filled personal
18 income tax return shall include the taxpayer's personal, wage and
19 other information from the taxpayer's gross income tax withholding
20 information, as well as the taxpayer's calculated deduction, and set
21 forth tax liability information for a taxpayer who is required to file
22 an income tax return under N.J.S.54A:8-3.1, if the taxpayer meets
23 those conditions as may be applied to the filing system as the
24 director determines, which may include the following:

25 (1) The taxpayer is not self-employed for any part of the taxable
26 year and prior taxable year for which the taxpayer receives a pre-
27 filled personal income tax return form pursuant to this section;

28 (2) The taxpayer is employed at a business location in this State
29 during the taxable year and prior taxable year for which the
30 taxpayer receives a pre-filled personal income tax return form
31 pursuant to this section;

32 (3) The taxpayer's annual income is less than \$75,000 and the
33 taxpayer is a resident of New Jersey for the entire taxable year and
34 the entire prior taxable year for which the taxpayer receives a pre-
35 filled personal income tax return form pursuant to this section;

36 (4) The taxpayer filed a New Jersey tax return as a resident
37 taxpayer pursuant to subsection b. of N.J.S.54A:2-1, excluding an
38 estate or trust, with no dependents in the taxable year prior to the
39 taxable year for which the taxpayer receives a pre-filled personal
40 income tax return form pursuant to this section, and the taxpayer's
41 dependent or filing status does not change during the taxable year
42 for which the taxpayer receives a pre-filled personal income tax
43 return form pursuant to this section; and

44 (5) The taxpayer's income for the taxable year prior to the
45 taxable year for which the taxpayer receives a pre-filled personal
46 income tax return form pursuant to this section came only from
47 wages found on the taxpayer's federal Internal Revenue Service W-
48 2 form provided by the taxpayer's employer.

1 b. (1) The taxpayer may for any reason choose not to use the
2 pre-filled personal income tax return form without any negative
3 inference drawn by the division for that taxpayer's choice, and the
4 taxpayer may prepare and file an appropriate personal income tax
5 return instead under any other allowable method, but choosing not
6 to use the pre-filled form shall not exempt the taxpayer from any
7 tax liability;

8 (2) The taxpayer shall be responsible for verifying information
9 on the pre-filled personal income tax return form before signing and
10 returning the pre-filled form and, if information on the pre-filled
11 form is inaccurate, the taxpayer shall correct the information on the
12 pre-filled form, pursuant to instructions the director shall provide
13 with the pre-filled form;

14 (3) If the taxpayer files an incorrect pre-filled personal income
15 tax return form the taxpayer shall be liable for any applicable
16 penalties under N.J.S.54A:9-6, notwithstanding the provisions of
17 subsection b. of section 6 of P.L.1975, c.177 (C.54:49-11);

18 (4) The director shall establish a secure website and a telephone
19 help hotline so that taxpayers may access and file the pre-filled
20 form securely via the internet or telephone, and complete the pre-
21 filled return free of charge in a manner that does not require the use
22 of any third-party proprietary online filing software;

23 (5) The director shall mail, or provide these forms electronically
24 through the website, to taxpayers by March 15 of the year
25 immediately following the close of the applicable taxable year;

26 (6) The completed and signed tax return shall be due in
27 accordance with N.J.S.54A:8-1;

28 (7) The director shall provide the information contained in this
29 section to the taxpayer in clear, large point font on instructions
30 accompanying the pre-filled form, make reasonable efforts to ease a
31 taxpayer's compliance burden in completing the pre-filled return,
32 and shall provide to taxpayers a description of the pre-filled return
33 program that shall include, but may not be limited to the following
34 statement that is prominently displayed in the mailed or website
35 provided form:

36
37 "This Pre-Filled personal income tax return form
38 gives a taxpayer access to the wage data received by
39 the Division of Taxation from a taxpayer's employer.
40 It gives a taxpayer the option of viewing or filing a
41 pre-filled return. A pre-filled return is a completed
42 tax return that is based on the following: wage data
43 received from an employer, the taxpayer's filing
44 status from the prior year, amounts withheld by the
45 employer, and additional taxes owed to the state or
46 refund owed to the taxpayer."

1 Immediately below this description and in boldface type and in a
2 large font, the director shall include the following statement:

3
4 "The Pre-Filled Return Program is an optional service
5 for the convenience of taxpayers with simple returns.
6 You are under absolutely no requirement to use this
7 program. You may choose not to look at the printed
8 or online program, or to look at the printed or online
9 program and not file the Pre-Filled Return. If you
10 choose not to view or file a Pre-Filled Return, this
11 will not affect your tax liability in any way."; and

12 (8) Within six months after the end of the second taxable year in
13 which the director has implemented a pilot program for the pre-
14 filled personal income tax final return filing system established
15 pursuant to this act, the director shall submit to the Governor and
16 the Legislature pursuant to section 2 of P.L.1991, c.164 (C.52:14-
17 19.1) a report evaluating the pilot program including but not limited
18 to a description of the scope of the pilot program, a measure of
19 taxpayer filing burden reduction of participating taxpayers, rates of
20 acceptance of participation in the pilot program by eligible
21 taxpayers, and a measure of processing efficiency and the cost
22 savings experience of the division pursuant to the pilot program in
23 comparison to other allowable gross income tax return filing
24 methods. The director may include in the report any
25 recommendations for legislation that will improve or facilitate an
26 expansion of the pilot program to include additional taxpayers for
27 eligibility to participate.

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29 2. This act shall take effect immediately and shall apply to
30 taxable years beginning after enactment.

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33 STATEMENT
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35 This bill establishes a State pilot program known as the NJ Gross
36 Income Tax EasyFile Program to allow the Division of Taxation in
37 the Department of the Treasury to prepare gross income tax return
38 forms for certain taxpayers. The pilot program will implement a
39 New Jersey gross income tax final return filing system that provides
40 a simplified personal income tax return form that eligible taxpayers
41 may elect to file, that is pre-filled by the division with information
42 the division has available from the taxpayer's employer. The "pre-
43 filled" tax returns will contain all the gross income tax data
44 contained in a taxpayer's W-2 form.

45 Taxpayers who qualify to receive the forms are "wage or salary
46 only" earners, meaning that most of the information they supply on
47 their New Jersey income tax returns comes solely from their
48 employer W-2 forms. They must be "wage only" earners in the

1 previous taxable year. However, for the applicable taxable year, the
2 director may determine other conditions that may be applied to the
3 simplified filing system.

4 To receive the forms, taxpayers must also meet the following
5 criteria for the applicable and previous tax year: are employed in
6 New Jersey, are not self-employed, be a full-time resident all year,
7 earn less than \$75,000, have no dependents and use a single or
8 “married, filing separate” filing status on their New Jersey gross
9 income tax returns. The bill lists requirements for information
10 provided on the forms, including notice of voluntary use of the
11 forms by taxpayers and instructions for corrections to the form.
12 The bill also allows taxpayers to submit the pre-filled returns via
13 mail, telephone, or a secure internet website. The NJ Gross Income
14 Tax EasyFile Program will not require the use of any third-party
15 proprietary online filing software. The Director of the Division of
16 Taxation will mail the forms to qualified taxpayers after the
17 division receives New Jersey employee taxpayer withholding
18 information (W-2).

19 The bill aids taxpayers and the State by making filing a State
20 return more convenient for certain taxpayers, and enables them to
21 avoid the cost of private tax preparers, commercial software and the
22 burden of completing complicated forms. Due to the ease of filing,
23 taxpayers will likely return the completed forms back to the State
24 well before the filing deadline and will help ensure the correct tax is
25 paid by taxpayers. If the State receives these correctly completed
26 returns earlier, it may have an earlier indication of final payments
27 of gross income taxes and may better be able to forecast annual
28 income tax revenue collections for budgeting purposes.

29 California has successfully implemented a pilot program of pre-
30 completed tax returns. In addition, other countries, such as Great
31 Britain and Germany, have used similar forms for years. This bill
32 may begin the process of making New Jersey’s personal income tax
33 collection process more streamlined and possibly more predictable.