

ASSEMBLY, No. 2928

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED FEBRUARY 20, 2020

Sponsored by:
Assemblyman JAY WEBBER
District 26 (Essex, Morris and Passaic)

SYNOPSIS

Increases interest rate paid on certain overdue refunds of tax overpayments.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT increasing the interest rate applied to certain overdue
2 refunds of tax overpayments, amending P.L.1992, c.175 and
3 N.J.S.54A:9-7.

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

7
8 1. Section 7 of P.L.1992, c.175 (C.54:49-15.1) is amended to
9 read as follows:

10 7. For tax paid with respect to reports or returns due on and
11 after the first day of the sixth month following the July 1 next
12 following enactment of this section, but before July 1, 2018, interest
13 shall be allowed and paid on every overpayment of tax at a rate
14 determined by the director to be equal to the prime rate, determined
15 for each month or fraction thereof, compounded annually at the end
16 of each year, from the date that such interest commences to accrue
17 to the date of refund.

18 For tax paid with respect to reports or returns due on and after
19 July 1, 2018, interest shall be allowed and paid on every
20 overpayment of tax at a rate determined by the director to be equal
21 to the rate of three percentage points above the prime rate
22 determined for each month or fraction thereof, compounded
23 annually at the end of each year, from the date that such interest
24 commences to accrue to the date of refund.

25 Interest allowed or paid pursuant to this section shall commence
26 to accrue on the later of the date of the filing by the taxpayer of a
27 claim for refund or requested adjustment, the date of the payment of
28 the tax, or the due date of the report or the return thereof; but no
29 interest shall be allowed or paid on an overpayment of less than
30 \$1.00, nor upon any overpayment refunded within six months after
31 the last date prescribed, or permitted by extension of time, for filing
32 the return or within six months after the return is filed, whichever is
33 later.

34 (cf: P.L.1993, c.331, s.4)

35
36 2. N.J.S.54A:9-7 is amended to read as follows:

37 54A:9-7. Overpayment. (a) General. The director, within the
38 applicable period of limitations may credit an overpayment of
39 income tax against any liability in respect of any tax imposed by the
40 tax law on the person who made the overpayment, and the balance
41 shall be refunded by the comptroller out of the proceeds of the tax
42 retained by him for such general purpose. Any refund under this
43 section shall be made only upon the filing of a return and upon a
44 certificate of the director approved by the comptroller. The State
45 Treasurer, as a condition precedent to the approval of such a

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.

1 certificate, may examine into the facts as disclosed by the return of
2 the person who made the overpayment and other information and
3 data available in the files of the director.

4 (b) Excessive withholding. If the amount allowable as a credit
5 for tax withheld from the taxpayer exceeds his tax to which the
6 credit relates, the excess shall be considered an overpayment.

7 (c) Overpayment by employer. If there has been an
8 overpayment of tax required to be deducted and withheld under
9 N.J.S.54A:7-4, refund shall be made to the employer only to the
10 extent that the amount of the overpayment was not deducted and
11 withheld by the employer.

12 (d) Credits against estimated tax. The director may prescribe
13 regulations providing for the crediting against the estimated income
14 tax for any taxable year of the amount determined to be an
15 overpayment of the income tax for a preceding taxable year. If any
16 overpayment of income tax is so claimed as a credit against
17 estimated tax for the succeeding taxable year, such amount shall be
18 considered as a payment of the income tax for the succeeding
19 taxable year (whether or not claimed as a credit in the declaration of
20 estimated tax for such succeeding taxable year), and no claim for
21 credit or refund of such overpayment shall be allowed for the
22 taxable year for which the overpayment arises.

23 (e) Rule where no tax liability. If there is no tax liability for a
24 period in respect of which an amount is paid as income tax, such
25 amount shall be considered an overpayment.

26 (f) Under regulations prescribed by the director with approval
27 of the State Treasurer interest shall be allowed and paid at the rate
28 determined by the director according to the following schedule:

29 For overpayments allowed or paid on or after July 1, 1993, but
30 before July 1, 2018, the rate shall be equal to the prime rate
31 pursuant to R.S.54:48-2;

32 For overpayments allowed or paid on or after July 1, 2018, the
33 rate shall be equal to three percentage points above the prime rate
34 pursuant to R.S.54:48-2.

35 Interest allowed and paid upon any overpayment in respect of the
36 tax imposed by this act[,] according to the schedule of this
37 subsection shall be determined for each month or fraction thereof,
38 compounded annually at the end of each year, from the date that
39 such interest commences to accrue to the date of refund; but no
40 interest shall be allowed or paid on an overpayment of less than
41 \$1.00, nor upon any overpayment refunded within six months after
42 the last date prescribed, or permitted by extension of time, for filing
43 the return or within six months after the return is filed, whichever is
44 later.

45 (cf: P.L.1993, c.331, s.5)

