

ASSEMBLY, No. 5518

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED MARCH 22, 2021

Sponsored by:

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District 37 (Bergen)

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District 31 (Hudson)

Assemblyman DANIEL R. BENSON

District 14 (Mercer and Middlesex)

SYNOPSIS

Revises gross income tax credit for child and dependent care expenses by expanding income eligibility and increasing credit.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 3/22/2021)

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Matter underlined thus is new matter.

1 eligible for the credit provided by this section, provided the
2 taxpayer satisfies the income limit set forth in subsection a. of this
3 section.

4 d. In the case of a part-year resident claimant, the amount of
5 the credit allowed pursuant to this section shall be pro-rated, based
6 upon that proportion which the total number of months of the
7 claimant's residency in the taxable year bears to 12 in that period.
8 For this purpose, 15 days or more shall constitute a month.
9 (cf: P.L.2018, c.45, s.5)

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11 2. This act shall take effect immediately and shall apply to
12 taxable years beginning on and after the date of enactment.

13 14 15 STATEMENT

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17 This bill expands eligibility for the credit against the New Jersey
18 gross income tax for employment-related expenses incurred while
19 caring for a child or dependent. Currently, the credit is available to
20 resident taxpayers who are allowed the federal child and dependent
21 care credit and have New Jersey taxable income of \$60,000 or less
22 for the taxable year. The bill raises the \$60,000 income limit to
23 \$150,000.

24 The bill also increases the amount of the State credit available to
25 taxpayers by expanding qualifying income brackets. For example,
26 under current law, the State credit a taxpayer with income less than
27 \$20,000 receives is equal to 50 percent of their federal credit. The
28 bill increases the \$20,000 income limit to \$50,000, and all other
29 brackets have also been expanded to allow more taxpayers to
30 qualify for enhanced benefits.

31 In addition, the bill increases the maximum credit allowed for a
32 taxable year to \$1,000 for employment-related expenses paid by the
33 taxpayer for one qualifying individual and \$2,000 for employment-
34 related expenses paid by the taxpayer for two or more qualifying
35 individuals. Under current law, the maximum credit allowed is
36 \$500 for employment-related expenses paid by the taxpayer for one
37 qualifying individual and \$1,000 for employment-related expenses
38 paid by the taxpayer for two or more qualifying individuals.