

P.L. 2020, CHAPTER 98, *approved September 29, 2020*  
Assembly, No. 838 (*First Reprint*)

1 **AN ACT** expanding eligibility under the New Jersey earned income  
2 tax credit program, amending P.L.2000, c.80.

3  
4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

6  
7 1. Section 2 of P.L.2000, c.80 (C.54A:4-7) is amended to read  
8 as follows:

9 2. There is established the New Jersey Earned Income Tax  
10 Credit program in the Division of Taxation in the Department of the  
11 Treasury.

12 a. (1) A resident individual who is eligible for a credit under  
13 section 32 of the federal Internal Revenue Code of 1986  
14 (26 U.S.C. s.32) shall be allowed a credit for the taxable year equal  
15 to a percentage, as provided in paragraph (2) of this subsection, of  
16 the federal earned income tax credit that would be allowed to the  
17 individual or the married individuals filing a joint return under  
18 section 32 of the federal Internal Revenue Code of 1986  
19 (26 U.S.C. s.32) for the same taxable year for which a credit is  
20 claimed pursuant to this section, subject to the restrictions of this  
21 subsection and subsections b., c., d. and e. of this section and the  
22 modifications of paragraph (4) of this subsection.

23 (2) For the purposes of the calculation of the New Jersey earned  
24 income tax credit, the percentage of the federal earned income tax  
25 credit referred to in paragraph (1) of this subsection shall be:

26 (a) 10% for the taxable year beginning on or after January 1,  
27 2000, but before January 1, 2001;

28 (b) 15% for the taxable year beginning on or after January 1,  
29 2001, but before January 1, 2002;

30 (c) 17.5% for the taxable year beginning on or after January 1,  
31 2002, but before January 1, 2003;

32 (d) 20% for taxable years beginning on or after January 1, 2003,  
33 but before January 1, 2008;

34 (e) 22.5% for taxable years beginning on or after January 1,  
35 2008 but before January 1, 2009;

36 (f) 25% for taxable years beginning on or after January 1, 2009  
37 but before January 1, 2010;

38 (g) 20% for taxable years beginning on or after January 1, 2010,  
39 but before January 1, 2015;

40 (h) 30% for taxable years beginning on or after January 1, 2015,  
41 but before January 1, 2016;

**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.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup>Assembly ABU committee amendments adopted September 21, 2020.

- 1 (i) 35% for taxable years beginning on or after January 1, 2016,  
2 but before January 1, 2018;
- 3 (j) 37% for the taxable year beginning on or after January 1,  
4 2018, but before January 1, 2019;
- 5 (k) 39% for the taxable year beginning on or after January 1,  
6 2019, but before January 1, 2020; and
- 7 (l) 40% for taxable years beginning on or after January 1, 2020.
- 8 (3) To qualify for the New Jersey earned income tax credit, if  
9 the claimant is married, except for a claimant who files as a head of  
10 household or surviving spouse for federal income tax purposes for  
11 the taxable year, the claimant shall file a joint return or claim for  
12 the credit.
- 13 (4) A resident individual who is at least <sup>1</sup>[18] 21<sup>1</sup> years of age,  
14 but cannot claim a qualifying child as defined under section 152 of  
15 the federal Internal Revenue Code of 1986 (26 U.S.C. s.152) for the  
16 federal earned income tax credit, shall be eligible for the New  
17 Jersey earned income tax credit if that resident individual is  
18 ineligible to claim the federal earned income tax credit due to  
19 minimum age requirements. The resident individual shall meet all  
20 qualifications, except for the minimum age, for the federal earned  
21 income tax credit in order to be eligible for the New Jersey earned  
22 income tax credit. <sup>1</sup>Calculation of the New Jersey earned income  
23 tax credit available to individuals pursuant to this paragraph shall  
24 be predicated on the federal maximum amount for taxpayers with  
25 no qualifying child for each taxable year beginning on and after  
26 January 1, 2020.<sup>1</sup>
- 27 b. In the case of a part-year resident claimant, the amount of  
28 the credit allowed pursuant to this section shall be pro-rated, based  
29 upon that proportion which the total number of months of the  
30 claimant's residency in the taxable year bears to 12 in that period.  
31 For this purpose, 15 days or more shall constitute a month.
- 32 c. The amount of the credit allowed pursuant to this section  
33 shall be applied against the tax otherwise due under N.J.S.54A:1-1  
34 et seq., after all other credits and payments. If the credit exceeds the  
35 amount of tax otherwise due, that amount of excess shall be an  
36 overpayment for the purposes of N.J.S.54A:9-7; provided however,  
37 that subsection (f) of N.J.S.54A:9-7 shall not apply. The credit  
38 provided under this section as a credit against the tax otherwise due  
39 and the amount of the credit treated as an overpayment shall be  
40 treated as a credit towards or overpayment of gross income tax,  
41 subject to all provisions of N.J.S.54A:1-1 et seq., except as may be  
42 otherwise specifically provided in P.L.2000, c.80 (C.54A:4-6 et al.).
- 43 d. The Director of the Division of Taxation in the Department  
44 of the Treasury shall establish a program for the distribution of  
45 earned income tax credits pursuant to the provisions of this section.
- 46 e. Any earned income tax credit pursuant to this section shall  
47 not be taken into account as income or receipts for purposes of  
48 determining the eligibility of an individual for benefits or assistance

1 or the amount or extent of benefits or assistance under any State  
2 program and, to the extent permitted by federal law, under any State  
3 program financed in whole or in part with federal funds.  
4 (cf: P.L.2018, c.45, s.4)

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6 2. This act shall take effect immediately.

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11 Expands eligibility under New Jersey earned income tax credit  
12 program to allow taxpayers who are at least 21 years of age to  
13 qualify.