

SENATE, No. 2194

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED MARCH 16, 2020

Sponsored by:

Senator M. TERESA RUIZ

District 29 (Essex)

SYNOPSIS

Expands eligibility under New Jersey earned income tax credit program to allow taxpayers with Individual Taxpayer Identification Numbers to qualify.

CURRENT VERSION OF TEXT

As introduced.



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

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

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

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

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

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

27 (a) 10% for the taxable year beginning on or after January 1,
28 2000, but before January 1, 2001;

29 (b) 15% for the taxable year beginning on or after January 1,
30 2001, but before January 1, 2002;

31 (c) 17.5% for the taxable year beginning on or after January 1,
32 2002, but before January 1, 2003;

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

35 (e) 22.5% for taxable years beginning on or after January 1,
36 2008 but before January 1, 2009;

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

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

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

43 (i) 35% for taxable years beginning on or after January 1, 2016,
44 but before January 1, 2018;

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 (j) 37% for the taxable year beginning on or after January 1,
2 2018, but before January 1, 2019;

3 (k) 39% for the taxable year beginning on or after January 1,
4 2019, but before January 1, 2020; and

5 (l) 40% for taxable years beginning on or after January 1, 2020.

6 (3) To qualify for the New Jersey earned income tax credit, if
7 the claimant is married, except for a claimant who files as a head of
8 household or surviving spouse for federal income tax purposes for
9 the taxable year, the claimant shall file a joint return or claim for
10 the credit.

11 (4) A taxpayer may claim a credit pursuant to this section
12 whether the taxpayer has a Social Security number or an Individual
13 Taxpayer Identification Number if, but for section 32(c)(1)(e) of the
14 Internal Revenue Code (26 U.S.C. s.32), the taxpayer would be
15 eligible to claim the credit.

16 b. In the case of a part-year resident claimant, the amount of
17 the credit allowed pursuant to this section shall be pro-rated, based
18 upon that proportion which the total number of months of the
19 claimant's residency in the taxable year bears to 12 in that period.
20 For this purpose, 15 days or more shall constitute a month.

21 c. The amount of the credit allowed pursuant to this section
22 shall be applied against the tax otherwise due under N.J.S.54A:1-1
23 et seq., after all other credits and payments. If the credit exceeds the
24 amount of tax otherwise due, that amount of excess shall be an
25 overpayment for the purposes of N.J.S.54A:9-7; provided however,
26 that subsection (f) of N.J.S.54A:9-7 shall not apply. The credit
27 provided under this section as a credit against the tax otherwise due
28 and the amount of the credit treated as an overpayment shall be
29 treated as a credit towards or overpayment of gross income tax,
30 subject to all provisions of N.J.S.54A:1-1 et seq., except as may be
31 otherwise specifically provided in P.L.2000, c.80 (C.54A:4-6 et al.).

32 d. The Director of the Division of Taxation in the Department
33 of the Treasury shall establish a program for the distribution of
34 earned income tax credits pursuant to the provisions of this section.

35 e. Any earned income tax credit pursuant to this section shall
36 not be taken into account as income or receipts for purposes of
37 determining the eligibility of an individual for benefits or assistance
38 or the amount or extent of benefits or assistance under any State
39 program and, to the extent permitted by federal law, under any State
40 program financed in whole or in part with federal funds.

41 (cf: P.L.2018, c.45, s.4)

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43 2. This act shall take effect immediately and apply to taxable
44 years beginning on January 1 next following the date of enactment.

1 STATEMENT

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3 This bill allows taxpayers with Individual Taxpayer
4 Identification Numbers (ITIN) to qualify for the New Jersey earned
5 income tax credit (NJEITC) program. Under the federal earned
6 income tax credit program, a taxpayer, including a spouse if filing a
7 joint return, is required to have a Social Security number issued by
8 the federal Social Security Administration in order to qualify.
9 Eligibility for the NJEITC is generally linked to the federal earned
10 income tax credit program; thus, an individual taxpayer who has an
11 ITIN does not qualify for either the federal or State programs. The
12 bill modifies the eligibility criteria under the NJEITC program to
13 allow taxpayers with ITINs to qualify for the tax credit.

14 The sponsor's intent is for all records submitted by a taxpayer as
15 part of their application for the NJEITC to remain confidential and
16 privileged as set forth in the confidentiality statute that affects any
17 State tax law.