

SENATE, No. 3720

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED MAY 6, 2021

Sponsored by:

Senator JAMES W. HOLZAPFEL

District 10 (Ocean)

Senator STEVEN V. OROHO

District 24 (Morris, Sussex and Warren)

Co-Sponsored by:

Senators Schepisi and Diegnan

SYNOPSIS

Provides gross income tax deduction for home office expenses incurred during COVID-19 pandemic.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 5/11/2021)

1 **AN ACT** providing a gross income tax deduction for home office
2 expenses incurred during the COVID-19 pandemic.

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

6
7 1. a. A taxpayer, who is either self-employed, an independent
8 contractor, or an employee, shall be allowed to deduct from the
9 taxpayer's gross income for the taxable year the expenses incurred
10 by the utilization of the taxpayer's home as a principal place of
11 business during the COVID-19 public health emergency as declared
12 by the Governor in Executive Order No. 103 of 2020 and any
13 extension thereof.

14 b. As used in this section:

15 "Principal place of business" means the part of a home used
16 primarily to conduct business for an employer, personal business, or
17 trade on a regular basis. A home office qualifies as a principal
18 place of business if there are no other fixed locations where the
19 taxpayer can conduct business or if the taxpayer spends a
20 significant amount of time conducting business exclusively from
21 their home office, even if on occasion having the ability to work at
22 another location, due to the COVID-19 pandemic.

23 "Expenses" means unreimbursed supplies and equipment,
24 necessary to conduct business from a home office including a desk,
25 computer, cell phone, printer, paper, and other necessary equipment
26 and supplies.

27 c. The director is authorized to issue rules and regulations
28 necessary to implement this section.

29
30 2. This act shall take effect immediately and shall apply
31 retroactively to taxable years during which the Public Health
32 Emergency and the State of Emergency declared by the Governor in
33 Executive Order No. 103 of 2020 and any extension thereof
34 concerning the COVID-19 pandemic are ongoing.

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STATEMENT

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39 This bill provides a gross income tax deduction to an eligible
40 taxpayer classified as self-employed, an independent contractor, or
41 an employee. The taxpayer will be allowed to deduct home office
42 expenses incurred by the utilization of the taxpayer's home as a
43 principal place of business during the COVID-19 public health
44 emergency as declared by the Governor of the State of New Jersey
45 through Executive Order No. 103 of 2020. This bill will apply to
46 the period of time following the Governor's Executive Order until
47 the Governor determines that an emergency no longer exists.

1 The bill defines a “principal place of business” as a part of a
2 home used primarily to conduct business due to the lack of a readily
3 available fixed location. A taxpayer may deem their home office as
4 a “principal place of business” if they spent a significant amount of
5 time conducting business from their home office, even if another
6 fixed location is available to them on occasion, such as an office
7 provided by an employer to the taxpayer which can only be
8 accessed on a limited basis. The taxpayer will be allowed to deduct
9 expenses incurred by the operation of a home office. The bill
10 defines “expenses” as self-purchased supplies and equipment,
11 including those unreimbursed by a taxpayer’s employer, necessary
12 to operate a home office.