SENATE, No. 82

STATE OF NEW JERSEY

221st LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2024 SESSION

Sponsored by:
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SYNOPSIS

Allows corporation business tax and gross income tax credits to businesses paying a salary differential to National Guard members or reservists on active duty.

CURRENT VERSION OF TEXT

As reported by the Senate Military and Veterans' Affairs Committee with technical review.

(Sponsorship Updated As Of: 2/8/2024)

AN ACT allowing a credit against the corporation business tax and the New Jersey gross income tax to businesses employing National Guard members and reservists, supplementing P.L.1945, c.162 (C.54:10A-1 et seq.) and Title 54A of the New Jersey Statutes.

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

1. a. A taxpayer shall be allowed a credit against the tax imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5), in an amount equal to the salary and wages paid by the taxpayer to a qualified employee for the period while the qualified employee is on active duty during the privilege period, not to exceed the amount which, when added to the salary paid by the United States government for the period while the qualified employee is on active duty during the privileged period, equals the employee's regular salary or wages.

b. As used in this section:

"Qualified employee" means an employee, who is also a member of the National Guard or of a reserve component of the Armed Forces of the United States, receiving orders for mobilization to active duty service.

c. The amount of the credit applied under this section against the tax imposed pursuant to section 5 of P.L.1945, c.162, for a privilege period, when taken together with any other credits allowed against the tax imposed pursuant to section 5 of P.L.1945, c.162, shall not exceed 50% of the tax liability otherwise due and shall not reduce the tax liability to an amount less than the statutory minimum provided in subsection (e) of section 5 of P.L.1945, c.162. The priority in which credits allowed pursuant to this section and any other credits taken shall be as determined by the Director of the Division of Taxation. The amount of the credit otherwise allowable under this section which cannot be applied for the privilege period due to the limitations of this subsection or under other provisions of P.L.1945, c.162 may be carried over, if necessary, to the seven privilege periods following the privilege period for which the credit was allowed.

2. a. A taxpayer shall be allowed a credit against the tax otherwise due for the taxable year under the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., in an amount equal to the salary and wages paid by the taxpayer to a qualified employee for the period while the qualified employee is on active duty during the taxable year, not to exceed the amount which, when added to the salary paid by the United States government for the period while the qualified employee is on active duty during the taxable year, equals the employee's regular salary or wages.

b. As used in this section:

"Qualified employee" means an employee, who is also a member of the National Guard or of a reserve component of the Armed Forces of the United States, receiving orders for mobilization to active duty service.

c. The amount of the credits applied under this section for a taxable year, when taken together with any other credits allowed against the tax imposed pursuant to N.J.S.54A:1-1 et seq., shall not exceed 50% of that amount of the taxpayer's liability for tax for the taxable year that bears the same proportional relationship to the total amount of such liability as the amount of the taxpayer's gross income, derived from New Jersey sources and attributable to the business or professional activity in which the taxpayer employs the qualified employee during that taxable year, bears to the taxpayer's entire gross income for that year. Credits allowed pursuant to this section shall be taken only after the taxpayer has taken all credits allowed under section 2 of P.L.2000, c.80 (C.54A:4-7). The amount of the credit otherwise allowable under this section which cannot be applied for the taxable year due to the limitations of this subsection may be carried over, if necessary to the seven taxable years following the taxable year for which the credit was allowed.

d. A partnership shall not be allowed a credit under this section directly, but the amount of credit of a taxpayer in respect of a distributive share of partnership income under the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., shall be determined by allocating to the taxpayer that proportion of the credit acquired by the partnership that is equal to the taxpayer's share, whether or not distributed, of the total distributive income or gain of the partnership for its taxable year ending within or with the taxpayer's taxable year.

3. This act shall take effect immediately, and section 1 shall apply to privilege periods beginning after enactment and section 2 shall apply to taxable years beginning after enactment.