

54:10A-15.4

LEGISLATIVE HISTORY CHECKLIST

NJSA 54:10A-15.4 (Business Corporation Tax--allow alternative methods for calculating amount of installment payments)

LAWS 1981 CHAPTER 343

Bill No. A3521

Sponsor(s) Burstein

Date Introduced June 15, 1981

Committee: Assembly Revenue, Finance & Appropriations

Senate

Amended during passage Yes No

Date of Passage: Assembly June 29, 1981

Senate Nov. 16, 1981

Date of approval Dec. 17, 1981

Following statements are attached if available:

Sponsor statement Yes No

Committee Statement: Assembly Yes No

Senate Yes No

Fiscal Note Yes No

Veto Message Yes No

Message on signing Yes No

Following were printed:

Reports Yes No

Hearings Yes No

For background on similar proposed legislation in 1978-89 Legislative session see:

- 974.90 New Jersey. Assembly. Committee on Taxation.
- T235 Subcommittee on Business Tax Structure.
- 1979b Public hearing, held 8-16-79, 8-21-79 & 9-12-79.
- Morristown, Atlantic City and Trenton, 1979.

6/22/81

ASSEMBLY, No. 3521

STATE OF NEW JERSEY

INTRODUCED JUNE 15, 1981

By Assemblyman BURSTEIN

Referred to Committee on Revenue, Finance and Appropriations

AN ACT concerning corporation business taxes and amending
P. L. , c. (now pending before the Legisla-
ture as Assembly Bill No. 3472).

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

1 1. Section 5 of P. L. , c. (C.) (now
2 pending before the Legislature as Assembly Bill No. 3472) is
3 amended to read as follows:

4 5. a. In case of any underpayment of an installment payment
5 by a taxpayer, there shall be added to the tax for the fiscal or
6 calendar accounting year an amount determined by applying the
7 rate established in this section to the amount of the underpayment
8 for the period of the underpayment.

9 b. For purposes of subsection a., the amount of underpayment
10 shall be the excess of:

11 (1) The amount of the installment payment which would be re-
12 quired to be paid if all installment payments were equal to 90%
13 of the tax shown on the return for the fiscal or calendar accounting
14 year, or if no return was filed, 90% of the tax for that year, over

15 (2) The amount, if any, of the installment payment paid on or
16 before the last date prescribed for payment.

17 c. For purposes of subsection a., the period of the underpayment
18 shall run from the date the installment payment was required to be
19 paid to whichever of the following dates is the earlier:

20 (1) The fifteenth day of the fourth month after the close of the
21 fiscal or calendar accounting year.

22 (2) With respect to any portion of the underpayment, the date
23 on which that portion is paid.

24 For purposes of this subsection, a payment of any installment
25 payment shall be considered a payment of any previous underpay-
26 ment only to the extent that payment exceeds the amount of the
27 installment payment determined under subsection b. (1) for that
28 installment payment.

29 d. Notwithstanding the provisions of the preceding subsections,
30 the addition to the tax with respect to any underpayment of any
31 installment payment shall not be imposed if the total amount of all
32 installment payments made on or before the last date prescribed
33 for the payment of that installment equals or exceeds the amount
34 which would have been required to be paid on or before that date
35 if the total amount of all installment payments were *the lesser*
36 *of (1) or (2) as follows:*

37 (1) *An amount equal to the tax computed at the rates applica-*
38 *ble to the current fiscal or calendar accounting year but otherwise*
39 *on the basis of the facts shown on the return of the taxpayer for,*
40 *and the law applicable to, the preceding fiscal or calendar account-*
41 *ing year; or*

42 (2) *An amount equal to 90% of the tax for the current fiscal or*
43 *calendar accounting year computed by placing on an annualized*
44 *basis the taxable entire net income and entire net worth:*

45 (a) For the first 3 months of the current fiscal or calendar
46 accounting year, in the case of the installment payment re-
47 quired to be paid in the fourth month,

48 (b) For the first 3 months or for the first 5 months of the
49 current fiscal or calendar accounting year, in the case of the
50 installment payment required to be paid in the sixth month,

51 (c) For the first 6 months or for the first 8 months of the
52 current fiscal or calendar accounting year, in the case of the
53 installment payment required to be paid in the ninth month,

54 (d) For the first 9 months or for the first 11 months of the
55 current fiscal or calendar accounting year, in the case of the
56 installment payment required to be paid in the twelfth month,
57 and

58 (e) For the last 3 months of the preceding taxable year, in
59 the case of the installment payment required to be paid in the
60 first month of the current fiscal or calendar accounting year.

61 e. Any taxpayer who shall fail to pay, or shall underpay by
62 more than 10% of the amount due, any installment payment re-
63 quired pursuant to this act, shall pay, in addition to the tax, interest
64 on the amount of underpayment at a per annum rate of 5% above
65 the average predominant prime rate, as determined by the Board
66 of Governors of the Federal Reserve System, quoted by commer-
67 cial banks to large businesses as of the first business day of the
68 calendar quarter within which the payment was due.

1 2. This act shall take effect immediately, shall be applicable
2 with respect to taxpayers whose accounting periods end on or
3 after December 31, 1980, and shall be retroactive to the date of
4 enactment of P. L. , c. (C.) (now pending
5 before the Legislature as Assembly Bill No. 3472).

STATEMENT

This bill would amend section 5 of Assembly Bill No. 3472 (now pending) to permit corporations an alternative basis for calculating the amount of an installment payment which must be made in order to avoid underpayment, and the interest charges associated therewith. The alternative provided in this bill would be of particular use to small businesses which may not retain full-time accountants.

STATEMENT

This bill would amend section 5 of Assembly Bill No. 3472 (now pending) to permit corporations an alternative basis for calculating the amount of an installment payment which must be made in order to avoid underpayment, and the interest charges associated therewith. The alternative provided in this bill would be of particular use to small businesses which may not retain full-time accountants.

A 3521 (1981)

FROM THE OFFICE OF THE GOVERNOR

FOR IMMEDIATE RELEASE

FOR FURTHER INFORMATION

DECEMBER 17, 1981

DAVID DE MAIO

Governor Brendan Byrne today signed the following bills into law:

A-1314, sponsored by Assemblyman Christopher Jackman (D-Hudson), restoring the requirement that persons directly involved in a check or money order cashing business be fingerprinted. The requirement was lifted in February of 1980 during the repeal of the surety bond licensing requirement.

~~The law takes effect immediately and is retroactive to~~
February 29, 1980.

A-1621, sponsored by Assemblyman W. Cary Edwards (R-Bergen), permitting member benefits under the Police and Firemen's Retirement System (PFRS) to be transferred to the alternative benefit program of the State's university and college system in the event of a personnel transfer to the college system.

Under current law only members of the Teacher's Pension and Annuity Fund and the Public Employee Retirement System (PERS) are eligible to make such a transfer. This bill remedies the inequity.

A-3521, sponsored by Assemblyman Albert Burstein (D-Bergen), amending a recently enacted bill which changed the method of paying corporate business taxes from a prepayment plan to an estimated plan and provided for penalties for underpayment of estimated taxes.

The new bill amends the law to allow corporations to pay installments for a current year based on the previous year's payments rather than the present "net income/net worth" estimated income approach.

The bill would help corporations, especially small firms who rarely employ full-time accountants, avoid the underpayment penalty because of mistakes in the estimation of their tax liabilities.

A-3671, sponsored by Assemblyman Albert Burstein (D-Bergen), validating recent bond proceedings for the Morris School District. Officials there made two minor errors in approving a school bond proceeding which were in technical violation of State statutes.

This bill validates the bond proceeding action.

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