54:8A-58 et seq.

LEGISLATIVE FACT SHEET

ON "Transportation Benefits Tax Act"

N.J.R.S. 54:8A-58 et seq.

(Amendment)

LAWS OF 1971

CHAPTER 222 June 17, 1971

SENATE

ASSEMBLY 2511

INTRODUCED June 14, 1971

BY Schluter et al.

STATEMENT YES NO

AMENDED DURING PASSAGE YES NO

HEARING None discovered

VETO

June 14, 1971 - Passed both houses under emergency res.

Governor's statement on signing, June 17, 1971.

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CHAPTER 222 LAWS OF N. J. 1971
APPROVED 6-17-71

ASSEMBLY, No. 2511

STATE OF NEW JERSEY

INTRODUCED JUNE 14, 1971

By Assemblymen SCHLUTER, WEIDEL, FORAN, Assemblywomen MARGETTS, FENWICK, Assemblymen VREELAND, FRIEDLAND, GAVAN and HIGGINS

(Without Reference)

An Act for the imposition of a tax for a limited period for transportation purposes, measured by certain income and gains derived by residents of this State from sources within another state with respect to which there is a severe transportation problem interstate and by residents of such other state from sources within this State; limiting the application of revenues derived hereunder to objects for which compensation may reasonably be exacted, providing for suspension of such tax and for certain refunds in case of any application of such revenues to other purposes, providing for the administration of the provisions of this act, and supplementing Title 54 of the Revised Statutes.

Whereas, Metropolitan areas in the United States, and particularly in this State and the states bordering it, have grown and become established without regard to the boundary lines of separate states; and

Whereas, Such growth and establishment have brought about the creation of actual regions within which patterns of activity have developed which have given rise to and increased the degree of the practice of maintaining a place of residence in one state and a place of employment in another, also without regard to the boundary lines of separate states; and

Whereas, These conditions have given rise to extremely complex problems, culminating in a severe transportation crisis, particularly in the providing of necessary and appropriate facilities and services for the transportation of persons living within one state and employed within another; and

Whereas, Extensive studies conducted over many years have demonstrated that efforts of great magnitude are required to meet the need for appropriate facilities and services for transportation within metropolitan regions, and that such efforts will require substantial funds for their financing; and

WHEREAS, Due to the existence of great rivers at the state boundaries, which are obstacles to the movement of land vehicles, the cost of the interstate portions of transportation facilities and services for any kind of land vehicle is massively greater than the cost of connecting or feeder facilities within the boundaries of a single state; and

WHEREAS, One or another of these facts, as well as other relevant facts touching upon the transportation problem have been the subject of formal and informal findings or other recognition by legislative and other public bodies at the Federal and State level; and

WHEREAS, The nature and intensity of the problem requires that some reasonable, practicable and acceptable method for raising the funds requisite to the achievement of projects and programs to solve the same,

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

1. Short Title. This act shall be known and referred to by its short title, the "Transportation Benefits Tax Act."

2. Imposition of tax; levy; collection; payment. A temporary tax is hereby imposed, and shall be levied, collected and paid annually, at the rate specified in this act,

(a) upon every resident of this State, who is not a resident of another critical area state under and pursuant to its laws, upon and with respect to the entire taxable income as defined in this act and subject to taxation under this act, for the taxable year, derived from sources within a critical area state other than New Jersey; and

(b) upon and with respect to the entire taxable income as defined in this act and subject to taxation under this act, for the taxable year, derived from sources within this State by natural persons who are not residents of this State and who are residents of another critical area state under and pursuant to the law of such state.

3. Rate of tax. The tax imposed by this act shall be levied and imposed annually upon each taxpayer at the rate of 3½% upon his entire taxable income.

4. (a) Definitions. "Critical area state" means this State and such other state bordering thereon within which there exists part of an area, another part of which is in this State, and within which area there is, as of January 1 of any year, a severe transportation problem in respect to the transportation of persons and property interstate.

(b) The Legislature finds and declares that a severe transportation problem exists in connection with transportation interstate between this State and another state bordering thereon due to the number of daily commuters between said states as to create a severe peak-load demand requiring facilities and services, by any means or mode of transportation far in excess of those needed for normal travel outside of usual commuter hours, caused by the carrying on of activities in one of the states by persons residing in another, from which activities such persons derive income or gain from sources within the state other than that in which they reside.

The Legislature finds and declares that whenever the total number of annual crossings by persons residing in one of such states who are employed, or carry on a trade, business, occupation or profession in the other state plus the number of annual crossings by persons residing in the other state who are employed, or carry on a trade, business, occupation or profession in the first state exceeds 100,000,000 but is less than 300,000,000, that fact reasonably demonstrates that a severe transportation problem exists. If the number of annual crossings as set forth in this section is found to exist by the Commissioner of Transportation in accordance with subsection (c) hereof, the provisions of this act shall take effect and the provisions of the Emergency Transportation Tax Act, N. J. S. A. 54:8A-1 et seq. shall not be applicable to persons subject to tax under this act.

(c) Within 40 days after the taking effect of this act, and within 40 days after the first day of each year hereafter so long as this act shall remain in effect, the State Transportation Commissioner shall certify to the State Treasurer his findings with respect to the existence of the conditions herein set forth and the identity of any states which he determines to come within the definition in this section. Upon receipt of such certification, the State Treasurer shall cause public notice thereof to be given, by publication in such newspaper or newspapers, and in such form, as he shall find will fairly apprise all persons subject to taxation under this act, of the making of said certification and of the significance thereof to such persons. Any certification so made shall be effective for the entire calendar year as of the first day of which it ascertains the facts.

5. "Derived from sources within" defined. "Derived from sources within" one state or another, as applied to entire gross income, means such income and gain from all property owned and from salaries, wages, or compensation for personal services of whatever kind and in whatever form paid, and from all business, trade, profession or occupation carried on, in the particular state. No person

who is not a dealer holding property primarily for sale to customers in the ordinary course of his trade or business, shall be deemed to carry on a business, trade, profession or occupation in a state solely by reason of the purchase and sale of property for his own account.

6. "Source state" defined. "Source state" means, in the case of residents of this State, a critical area state other than the State of New Jersey; and in the case of nonresidents of this State who are residents of another critical area state, the term means the State of New Jersey.

7. Resident individual. "Resident individual" means an individual who is domiciled in this State unless he maintains no permanent place of abode in this State and does maintain a permanent place of abode elsewhere and spends in the aggregate not more than 30 days of the taxable year in this State; or who is not domiciled in the State but maintains a permanent place of abode in this State and spends in the aggregate more than 183 days of the taxable year in this State.

8. Nonresident individual. "Nonresident individual" means any individual who is not a resident of this State.

9. "Taxpayer" defined. "Taxpayer" means any person subject to a tax imposed by this act, or whose income is in whole or in part subject to a tax imposed by this act, and does not include corporations.

10. "Dependent" defined. "Dependent" means any individual related to taxpayer, over half of whose support (exclusive of any amount received by a child or stepchild as a scholarship for study at an educational institution) for the eligibility year was received from the taxpayer, in fact or constructively. No person may be claimed as a dependent by any taxpayer if such person has filed a joint return with his or her spouse.

11. "Related to taxpayer" defined. "Related to taxpayer" means related by blood, to the extent of any lineal descendant or ancestor of taxpayer, other children or grandchildren of a parent of taxpayer, children of a grandparent of taxpayer, and grandchildren of a grandparent of taxpayer who are receiving institutional care for physical or mental disability and who had been members of taxpayer's household prior to institutionalization; or related by marriage, to the extent of a stepchild, stepparent, stepbrother or stepsister of taxpayer, the parents, brother or sister of the spouse of the taxpayer, or the spouse of a child of taxpayer; or related by household, to the extent of a person having taxpayer's home as his principal place of abode and being a member of tax-

payer's household for the taxable year. Brothers and sisters of the half blood shall be regarded as though of the whole blood.

12. "Eligibility year" defined. "Eligibility year" means the calendar year in which the taxable year of the taxpayer begins.

13. "Taxable year"; "annual accounting period" and "calendar year" defined. (a) The term "taxable year" means

(1) the taxpayer's annual accounting period, if it is a calendar year or a fiscal year;

(2) the calendar year,

(A) if the taxpayer keeps no books, or

(B) the taxpayer does not have an annual accounting period; or

(C) the taxpayer has an annual accounting period but such period does not qualify as a fiscal year; or

(3) the period for which the return is made, if the return is made for a period of less than 12 months.

(b) The term "annual accounting period" means the annual period on the basis of which the taxpayer regularly computes his income in keeping his books.

(c) The term "calendar year" means a period of 12 months ending on December 31.

(d) The term "fiscal year" means a period of 12 months ending on the last day of any month other than December.

14. "Partnership" defined. "Partnership" includes all forms of unincorporated organization other than an estate or trust or a corporation through or by means of which any business, financial operation or venture is carried on or liquidated.

15. "Gross income" defined. The term "gross income" means the total of a taxpayer's gains, losses, profits and income derived from sources within his source state. Gross income shall be computed in accordance with the provisions of section 19 or section 22 of this act. In computing gross income, the items of gain, loss, profit or income set forth in section 20 of this act shall not be included except to the extent provided therein.

For the purpose of applying the deductions permitted in sections 23 and 24 of this act, gross income computed in accordance with the provisions of section 19 of this act shall be reduced by the amount of the deduction allowed in section 21 (a) of this act.

16. "Taxable income" defined. The term "taxable income" means the gross income of a taxpayer less the deductions and exemptions allowed by this act.

17. Division and director defined. As used in this act "division" means the Division of Taxation in the Department of the

Treasury and "director" means the Director of said Division of Taxation.

18. Allocated gross income defined. "Allocated gross income" means that portion of a taxpayer's gross income derived from sources within his source state.

19. (a) Computing gross income. Except as otherwise provided in this act or by regulations pursuant to this act, a taxpayer shall compute his gross income by totaling his gains, losses, profits and income derived from salaries, wages or compensation for personal services, of whatever kind and in whatever form paid, or from professions, vocations, trades, businesses, commerce, or sales, or dealings in property of whatever nature, growing out of the ownership or use of or interest in such property; also from interest, rent, royalties, dividends, securities, or the transaction of any business carried on for gain or profits and income derived from any source whatever within the source state, including prizes and awards (other than those primarily in recognition of some achievement in the arts, sciences or public interest without active entry by the recipient and without requirement that he render substantial future services as a condition), or gains or profits or income derived through estates or trusts by the beneficiaries thereof, whether as distributed or distributive shares. In any case, the term "gross income" shall include capital gains or capital losses only to the extent provided in this act.

(b) In addition, gross income will include the following items of tax preference income derived by the taxpayer from sources within his source state: (1) Excess investment interest; (2) Accelerated depreciation on real property; (3) Accelerated depreciation on personal property subject to a net lease; (4) Amortization of certified pollution control facilities; (5) Amortization of railroad rolling stock; (6) Stock options; (7) Reserves for losses on bad debts of financial institutions; (8) Depletion; and (9) Capital gains.

(c) The Director, Division of Taxation, is empowered to issue rules and regulations governing the determination of items entering into the computations of gross income pursuant to this section.

20. Inclusions in and exclusions from income. (a) Income from intangible personal property, including annuities, dividends, interest, and gains from the disposition of intangible personal property, shall constitute income derived from sources within the taxpayer's source state only to the extent that such income is from property employed in a business, trade, profession, or occupation carried on in his source state.

(b) Compensation paid by the United States for service in the Armed Forces of the United States, performed by an individual during an induction period, shall not constitute income derived from sources within his source state.

(c) There shall be excluded from gross income all amounts received:

(1) as a pension or retirement allowance,

(2) under a life insurance contract payable by reason of death,

(3) under a workmen's compensation act for personal injuries or sickness,

(4) through accident and health insurance for personal injuries or sickness except to the extent that such amounts are paid by or are attributable to contributions by the employer,

(5) by gift, bequest, devise or inheritance,

(6) which constitute wages or payments in lieu of wages for a period during which the employee is absent from work on account of personal injuries or sickness: but this subsection shall not apply to the extent that such amounts exceed a weekly rate of $100.00. This shall not apply to amounts attributable to the first 30 calendar days in such period, if such amounts are at a rate which exceeds 75% of the regular weekly rate of wages of the employee. If amounts attributable to the first 30 calendar days in such period are at a rate which does not exceed 75% of the regular weekly rate of wages of the employee, the first part of this subsection shall not apply to the extent that such amounts exceed a weekly rate of $75.00, and shall not apply to amounts attributable to the first 7 calendar days in such period unless the employee is hospitalized on account of personal injuries or sickness for at least 1 day during such period.

(7) prizes received pursuant to the provisions of the State Lottery Law, P. L. 1970, c. 13 shall be exempt from the tax imposed by this act.

(d) In the case of a taxpayer who computes his gross income in accordance with the provisions of section 22, income and other amounts excluded from gross income under the provisions of this section shall be excluded only to the extent that such income and amounts would otherwise be included in Federal adjusted gross income.

21. Computing taxable income. (a) In the computation of taxable income, the taxpayer may deduct from gross income the ordinary and necessary expenditures directly connected with or pertaining to the taxpayer's trade or business; the ordinary and

necessary nonbusiness or nontrade expenditures paid or incurred for the production or collection of income which, if and when realized, will be required to be included in income for the purpose of taxation under this act, or for the management, conservation or maintenance of property held for the production of such income but such deductions from gross income are allowable only if, and to the extent that, they are connected with income arising from sources within taxpayer's source state and taxable under this act.

(b) The taxpayer may also deduct from his gross income, in lieu of his standard deduction:

(1) Deductions for charitable contributions as defined in section 24 (b) (4) but limited to his source State or to any political subdivision thereof, or to any corporation, trust, community chest, fund, foundation or other entity organized or operated under the laws of his source state;

(2) Deductions for alimony or separate maintenance payments includible in the gross income of a recipient subject to tax under this act;

(3) Deductions for losses of real or tangible personal property having an actual situs in his source state, arising from fire, storm, shipwreck or other casualty, or from theft, shall be allowed only to the extent that the amount of loss to an individual arising from each casualty, or from each theft, exceeds $100.00. For purposes of the $100.00 limitation, a husband and wife making a joint return for the taxable year in which the loss is allowed as a deduction shall be treated as one individual.

(4) Deductions, with respect to real or tangible personal property having an actual situs in his source State, for losses (other than capital losses) incurred in any transaction entered into for profit but not connected with the taxpayer's trade or business; and

(5) Deductions determined under regulations of the Division of Taxation to be connected with his gross income.

22. Alternative computing of gross income. (a) The Legislature hereby finds and determines that to permit taxpayers under this act to compute their gross income for tax purposes from the Federal adjusted gross income figure used in their tax returns to the Federal Government will reduce the cost and simplify the administration of this act, and will simplify the preparation of State income tax returns by taxpayers. The Legislature further finds and determines that such method of computing gross income will not materially reduce and may increase the amount of revenue derived with respect to this act; and, therefore, directs that each taxpayer

be permitted, as an alternative to the method prescribed by section 19 of this act, to compute his gross income as provided in subsection (b) of this section.

(b) A taxpayer computing his gross income under the provisions of this subsection shall:

(1) determine the net amount of income, gain, loss and deduction entering into his Federal adjusted gross income for the taxable year which is derived from sources within his source state, including:

(A) his distributive share of partnership income, gain, loss and deduction derived from sources within his source state, and

(B) his share of estate and trust income, gain, loss and deduction derived from sources within his source state.

(2) add to such amount the following types of income and gain derived from the sources of income and gain listed below:

(A) interest income from the obligations of any state or political subdivision thereof except where, by the laws of such state, its own taxpayers are exempted from taxation with respect to such interest income, subject to the provisions of section 20;

(B) the sum of the following tax preference items as defined in section 57 of the Internal Revenue Code, as amended. (I) excess investment interest; (II) accelerated depreciation on real property; (III) accelerated depreciation on personal property subject to a net lease; (IV) amortization of certified pollution control facilities; (V) amortization of railroad rolling stock; (VI) stock options; (VII) reserves for losses on bad debts of financial institutions; (VIII) depletion; and (IX) capital gains which is required to be returned to and ascertained by the Federal Government pursuant to said code.

(3) subtract from such net amount interest income from obligations of the United States and its possessions to the extent that such interest is includible in gross income for Federal income tax purposes;

(c) A taxpayer who computes his gross income in accordance with the provisions of this section shall not be entitled to the deductions set forth by section 21 (a) but, in lieu of the standard deduction, shall be permitted the deductions in sections 21 (b) and 24 of this act.

(d) The amount of the gross income of a taxpayer computed in accordance with the provisions of this section shall be conclusively presumed by the Division of Taxation to be the same as such taxpayer's gross income would have been if computed in accordance with the provisions of section 19 except that if the amount of a taxpayer's Federal adjusted gross income or Federal items of tax preference is changed or corrected by the taxpayer or the United States Internal Revenue Service or other competent authority, or as the result of a renegotiation of a contract or subcontract with the United States, the taxpayer shall report such change or correction in Federal taxable income or Federal items of tax preference within 90 days after the final determination of such change, correction, or renegotiation, or as otherwise required by regulation, and shall concede the accuracy of such determination or state wherein it is erroneous. Any taxpayer filing an amended Federal income tax return shall also file within 90 days thereafter an amended return under this act, and shall give such information as the Division of Taxation may require. There may be provided by regulation such exceptions to the requirements of this section as may be necessary to carry out the purposes of this section.

23. Standard deduction. Any taxpayer may elect to deduct 13% of his gross income, or $1500.00, whichever is less, in lieu of all deductions otherwise permitted under this act; for taxable years beginning in 1972, the standard deduction shall be 14% or $2,000.00, whichever is less; and for taxable years beginning in 1973 and thereafter the standard deduction shall be 15% or $2,000.00, whichever is less. The deduction provided for by this section shall become known as the "standard deduction."

A husband and wife shall not be entitled to a standard deduction in an amount greater than one computed on their aggregate gross income, whether they file separate or joint returns. If they file separate returns, neither may elect the standard deduction unless the other also so elects. If both so elect, either may take such deduction, or they may divide it; except that for taxable years beginning in 1972 the standard deduction shall be 14% or $2,000.00, whichever is less; and for taxable years beginning in 1973 and thereafter the standard deduction shall be 15% or $2,000.00, whichever is less.

Such election may be changed for a taxable year after the filing of the return, subject to regulations issued under this act. If a taxpayer wishing to make such change has a spouse who filed a separate return, the change shall not be allowed unless (1) such spouse also makes a change consistent with the change desired by the taxpayer and (2) both consent in writing to the assessment of any additional tax resulting from such change without regard to time limits otherwise preventing such assessment.

24. Other deductions authorized. (a) In addition to the deductions authorized in section 21 (b), any taxpayer shall be allowed the deductions itemized in this section to the same extent that such deductions are allowed to New Jersey residents who are subject to the income tax laws of a critical area state other than New Jersey. To the extent that any deduction itemized in this section has been taken by a taxpayer to compute his Federal adjusted gross income, such deductions shall not be allowed to a taxpayer computing his gross income in accordance with the provisions of section 22 of this act.

(b) Subject to the limitations expressed in subsection (a) hereof and any other limitations set forth in this act, the following deductions shall be allowed:

(1) Deduction of interest paid or accrued within the taxable year on indebtedness.

(2) Deduction of taxes paid or accrued within the taxable year except—

(A) Federal import duties, excise and stamp taxes,

(B) estate, inheritance, legacy, succession and gift taxes,

(C) taxes assessed against local benefits of a kind tending to increase the value of the property assessed, and

(D) license fees payable for operation or ownership of motor vehicles; State and local license fees; taxes on cigarettes, other tobacco products and alcoholic beverages.

(3) Deduction of losses sustained during the taxable year, not compensated by insurance or otherwise, except—

(A) losses, not incurred in a trade or business or in any transaction entered into for profit, shall be allowed only if they arise from fire, storm, shipwreck or other casualty or from theft, and only to the extent that the amount of loss to an individual arising from each casualty, or from each theft, exceeds \$100.00;

(B) losses from gambling activities shall be allowed only to the extent of the gains from such activities;

(4) Deduction of any charitable contribution payment of which is made within the taxable year to the extent that the aggregate of such contributions does not exceed 20% of the taxpayer's gross income.

In addition, there shall be allowed a deduction of any charitable contribution not in excess of 30% of the taxpayer's gross income which is made by the taxpayer within the taxable year to a religious organization, an educational organization which normally maintains a regular faculty and has a regularly enrolled body of students in attendance, an organization, the principal purposes or functions of which are the providing of medical or hospital care or medical education or medical or agricultural research, a governmental unit or an organization referred to in subparagraph (B) below which normally receives a substantial part of its support from a governmental unit described in subparagraph (A) below or from direct or indirect contributions from the general public.

In the case of an individual, if the amount of charitable contributions described above, payment of which is made within a taxable year exceeds 50% of the taxpayer's adjusted gross income for such year (computed without regard to any net operating loss carryback to such year), such excess shall be treated as a charitable contribution paid in each of the 5 succeeding taxable years in order of time.

For the purposes of this section, the term "charitable contribution" means a contribution or gift to or for the use of

(A) A State, territory, a possession of the United States, or any political subdivision of any of the foregoing, or the United States or the District of Columbia, but only if the contribution or gift is made for exclusively public purposes.

(B) A corporation, trust or community chest, fund or foundation—

(i) created or organized in the United States or in any possession thereof, or under the law of the United States, any state or territory, the District of Columbia, or any possession of the United States;

(ii) organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes or for the prevention of cruelty to children or animals;

(iii) no part of the net earning of which inures to the benefit of any private shareholder or individual; and

(iv) no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation.

(C) A post or organization of war veterans, or an auxiliary unit or society of, or trust or foundation for, any such post or organization—

(i) organized in the United States or any of its possessions, and

(ii) no part of the net earnings of which inures to the benefit of any private shareholder or individual.

(D) A domestic fraternal society, order, or association, operating under the lodge system, but only if such contribution or gift is to be used exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals.

(E) A cemetery company owned and operated exclusively for the benefit of its members or any corporation chartered solely for burial purposes as a cemetery corporation and not permitted by its charter to engage in any business not necessarily incident to that purpose, if such company or corporation is not operated for profit and no part of the net earnings of such company or corporation inures to the benefit of any private shareholder or individual.

(5) (A) There shall be allowed as a deduction the following amounts, not compensated for by insurance or otherwise—

(i) the amount by which the amount of the expenses paid during the taxable year (reduced by any amount deductible under paragraph (ii) for medical care of the taxpayer, his spouse, and dependents exceeds 3% of the adjusted gross income, and

(ii) an amount (not in excess of $150.00) equal to one-half of the expenses paid during the taxable year for insurance which constitutes medical care for the taxpayer, his spouse, and dependents.

(B) Limitation with respect to medicine and drugs. Amounts paid during the taxable year for medicine and drugs which (but for this subsection) would be taken into account in computing the deduction under subparagraph (5) (A) shall be taken into account only to the extent that the aggregate of such amounts exceeds 1% of the adjusted gross income.

(C) Special rule for decedents.

(i) Treatment of expenses paid after death. For purposes of subparagraph (5)(A), expenses for the medical care of the taxpayer which are paid out of his estate during the 1 year period beginning with the day after the date of his death shall be treated as paid by the taxpayer at the time incurred.

(6) (A) Dependents. There shall be allowed as a deduction expenses paid during the taxable year by a taxpayer who is a woman or widower, or is a husband whose wife is incapacitated or is institutionalized, for the care of one or more dependents, but only if such care is for the purpose of enabling the taxpayer to be gainfully employed.

(B) Limitations.

(i) Dollar limit.

(AA) Except as provided in subparagraph (BB), the deduction under subparagraph (6)(A) shall not exceed $600.00 for any taxable year.

(BB) The $600.00 limit of subparagraph (AA) shall be increased (to an amount not above $900.00) by the amount of expenses incurred by the taxpayer for any period during which the taxpayer had two or more dependents.

(ii) Working wives and husbands with incapacitated wives. In the case of a woman who is married and in the case of a husband whose wife is incapacitated, the deduction under subparagraph (6)(A)—

(AA) shall not be allowed unless the taxpayer and his spouse file a joint return for the taxable year, and

(BB) shall be reduced by the amount (if any) by which the adjusted gross income of the taxpayer and his spouse exceeds $6,000.00.

This paragraph shall not apply, in the case of a woman who is married, to expenses incurred while her husband is incapable of self-support because mentally or physically defective, or, in the case of a husband whose wife is incapacitated, to expenses incurred while his wife is institutionalized if such institutionalization is for a period of at least 90 consecutive days (whether or not within 1 taxable year) or a shorter period if terminated by her death.

(iii) Certain payments not taken into account. Subparagraph (6) (A) shall not apply to any amount paid to an individual with respect to whom the taxpayer is allowed for his taxable year a deduction under section 25 (relating to deductions for personal exemptions).

(C) Special rule where wife is incapacitated or institutionalized. In the case of a husband whose wife is incapacitated or is institutionalized, the deduction under Subparagraph (6)(A) shall be allowed only for expenses incurred while the wife was incapacitated or institutionalized (as the case may be) for a period of at least 90 consecutive days (whether or not within 1 taxable year) or a shorter period if terminated by her death.

(7) Deduction for amounts paid by a husband to his wife for alimony, support or separate maintenance pursuant to a court decree or for support or maintenance pursuant to a written separation agreement.

(8) (A) There shall be allowed as a deduction moving expenses paid or incurred during the taxable year in connection with the commencement of work by the taxpayer as an employee or as a self-employed individual at a new principal place of work.

(B) Conditions for allowance. No deduction shall be allowed under this section unless—

(i) the taxpayer's new principal place of work—

(AA) is at least 50 miles farther from his former residence than was his former principal place of work, or

(BB) if he had no former principal place of work, is at least 50 miles from his former residence, and

(ii) either—

(AA) during the 12-month period immediately following his arrival in the general location of his new principal place of work, the taxpayer is a full-time employee, in such general location, during at least 39 weeks, or

(BB) during the 24-month period immediately following his arrival in the general location of his new principal place of work, the taxpayer is a full-time employee or performs services as a self-employed individual on a full-time basis, in such general location, during at least 78 weeks, of which not less than 39 weeks are during the 12-month period referred to in subparagraph (AA).

For purposes of paragraph (i), the distance between two points shall be the shortest of the more commonly traveled routes between such two points.

(C) Rules for self-employed individuals.

(i) Definition. For purposes of this section, the term "self-employed individual" means an individual who performs personal services—

(AA) as the owner of the entire interest in an unincorporated trade or business, or

(BB) as a partner in a partnership carrying on a trade or business.

(D) No deduction shall be allowed under this section for any item to the extent that the taxpayer received reimbursement or other expense allowance for such item which is not included in his gross income.

(E) Regulations. The Director, Division of Taxation or his delegate shall prescribe such regulations as may be necessary to carry out the purposes of this section.

(9) In addition to any deductions taken under section 21 (a) of this act or in the computation of Federal adjusted gross income in the case of a taxpayer who has computed his gross income in accordance with the provisions of section 22 of this act, there shall be allowed a deduction for all the ordinary and necessary expenses paid or incurred by a taxpayer, including traveling expenses while

away from home, as an employer or an employee during the taxable year in carrying on or working at any trade or business.

(c) Any taxpayer who elects to take the itemized deductions allowed in this section shall be permitted to take the full amount of the deduction permitted in section 21(b) and in this section and the full amount of his exemptions under section 25, except that if (a) his Federal adjusted gross income derived from sources within his source State as modified by Section 22(b) (2) and (3) is exceeded by (b) his entire Federal adjusted gross income as modified by section 22(b) (2) and (3) by more than $100, his itemized deductions allowed in section 21(b) and this section and exemptions under section 25, shall be limited by the percentage which (a) is of (b). The manner for determining a taxpayer's entire gross income shall be provided by regulation. Such regulations may authorize the use of Federal adjusted gross income for this purpose.

25. Exemptions. In arriving at taxable income each taxpayer is allowed the following exemptions:

For each taxpayer, $650.00; for the taxpayer's spouse, if taxpayer does not file a joint return and if such spouse has no gross income for the eligibility year and is not a dependent of another taxpayer, an additional $650.00; for each taxpayer who is at least 65 years of age or over at the close of his taxable year, an additional $650.00; and for taxpayer's spouse under the same conditions and if the initial $650.00 exemption is allowable, an additional $650.00; for each taxpayer who is blind at the close of his taxable year, an additional $650.00, and for the taxpayer's spouse under the same conditions and if the initial $650.00 exemption is allowable, an additional $650.00. Blindness shall be deemed to exist when central visual acuity in the better eye does not exceed 20/200 with correcting lenses, or when the widest diameter of the visual field subtends an angle of not more than 20 degrees;

For each dependent whose gross income for the eligibility year is less than $650.00 or who is taxpayer's child or stepchild and has not attained age 19 at the close of the eligibility year or is a student: $650.00.

For taxable years beginning after December 31, 1971 and before January 1, 1973, such exemptions shall be $700.00.

For taxable years beginning on and after January 1, 1973, such exemptions shall be $750.00.

26. Claiming dependent; procedure. An individual receiving over half of his support for the eligibility year from persons who would be entitled to claim him as a dependent except that no one of them contributed over half of such support, may be claimed as a

dependent by any one of such persons who contributed over 10% of such support, provided that all other such persons execute written declaration, to be filed with the return of the person making the claim, not to claim the same dependent for the eligibility year of each of them.

27. Apportionment and allocation. If a business, trade, profession, or occupation is carried on partly within and partly without this State, the items of income and deduction derived from or connected with sources within this State shall be determined by apportionment and allocation under regulations to be prescribed by the director.

28. Capital asset defined. For purposes of this act, the term "capital asset" means property held by the taxpayer (whether or not connected with his trade or business), but does not include—

(1) stock in trade of the taxpayer or other property of a kind which would properly be included in the inventory of the taxpayer if on hand at the close of the taxable year, or property held by the taxpayer primarily for sale to customers in the ordinary course of his trade or business;

(2) property, used in his trade or business, of a character which is subject to the allowance for depreciation, or real property used in his trade or business;

(3) a copyright, a literary, musical, or artistic composition, a letter or memorandum, or similar property, held by—

(A) a taxpayer whose personal efforts created such property,

(B) in the case of a letter, memorandum, or similar property, a taxpayer for whom such property was prepared or produced, or

(C) a taxpayer in whose hands the basis of such property is determined, for purposes of determining gain from a sale or exchange, in whole or part by reference to the basis of such property in the hands of a taxpayer described in subparagraph (A) or (B);

(4) accounts or notes receivable acquired in the ordinary course of trade or business for services rendered or from the sale of property described in paragraph (1); or

(5) an obligation of the United States or any of its possessions, or of a state or territory, or any political subdivision thereof, or of the District of Columbia, issued on or after March 1, 1941, on a discount basis and payable without interest at a fixed maturity date not exceeding 1 year from the date of issue.

29. Other terms relating to capital gains and losses. (a) (1) Short-term capital gain. The term "short-term capital gain"

means gain from the sale or exchange of a capital asset held for not more than 6 months, if and to the extent such gain is taken into account in computing gross income.

(2) Short-term capital loss. The term "short-term capital loss" means loss from the sale or exchange of a capital asset held for not more than 6 months, if and to the extent that such loss is taken into account in computing taxable income.

(3) Long-term capital gain. The term "long-term capital gain" means gain from the sale or exchange of a capital asset held for more than 6 months, if and to the extent such gain is taken into account in computing gross income.

(4) Long-term capital loss. The term "long-term capital loss" means loss from the sale or exchange of a capital asset held for more than 6 months, if and to the extent that such loss is taken into account in computing taxable income.

(5) Net short-term capital gain. The term "net short-term capital gain" means the excess of short-term capital gains for the taxable year over the short-term capital losses for such year.

(6) Net short-term capital loss. The term "net short-term capital loss" means the excess of short-term capital losses for the taxable year over the short-term capital gains for such year.

(7) Net long-term capital gain. The term "net long-term capital gain" means the excess of long capital gains for the taxable year over the long-term capital losses for such year.

(8) Net long-term capital loss. The term "net long-term capital loss" means the excess of long-term capital losses for the taxable year over the long-term capital gains for such year.

(9) Net capital gain. The term "net capital gain" means the excess of the gains from sales or exchanges of capital assets over the losses from such sales or exchanges.

(10) Net capital loss. The term "net capital loss" means the excess of the losses from sales or exchanges of capital assets over the sum allowed under section 31.

(b) The capital gain or loss of a taxpayer shall be computed by totaling the gains from sales or other dispositions during the taxable year of capital assets having an actual situs within the source state and subtracting therefrom the losses from sales or other dispositions of capital assets having an actual situs in the source state.

30. Deduction for capital gains. If for any taxable year the net long-term capital gain from sources within the source state exceeds the net short-term capital loss from sources within the source state, 50% of the amount of such excess shall be a deduction from gross income.

31. Limitation on capital losses. (a) In general. In the case of a taxpayer other than a corporation, losses from sales or exchanges of capital assets shall be allowed only to the extent of the gains from such sales or exchanges, plus (if such losses exceed such gains) whichever of the following is smallest:

(1) the taxable income for the taxable year,

(2) $1,000.00, or

(3) the sum of—

(i) the excess of the net short-term capital loss over the net long-term capital gain, and

(ii) one-half of the excess of the net long-term capital loss over the net short-term capital gain.

(b) Married individuals. In the case of a husband or wife who files a separate return, the amount specified in paragraph (a)(2) shall be $500.00 in lieu of $1,000.00.

(c) Computation of taxable income. For purposes of paragraph (a), taxable income shall be computed without regard to gains or losses from sales or exchanges of capital assets and without regard to the deductions provided in section 25 (relating to personal exemptions) or any deduction in lieu thereof.

32. Capital loss carrybacks and carryovers. (a) In general—If a taxpayer has a net capital loss for any taxable year—

(1) The excess of the net short-term capital loss over the net long-term capital gain for such year shall be a short-term capital loss in the succeeding taxable year, and

(2) the excess of the net long-term capital loss over the net short-term capital gain for such year shall be a long-term capital loss in the succeeding taxable year.

(b) Special rules.

(1) For purposes of determining the excess referred to in paragraph (a)(1), an amount equal to the amount allowed for the taxable year under section 31 (a)(1), (2) or (3) shall be treated as a short-term capital gain in such year.

(2) For purposes of determining the excess referred to in paragraph (a)(2), an amount equal to the sum of—

(i) the amount allowed for the taxable year under section 31 (a)(1), (2) or (3), and

(ii) the excess of the amount described in clause (i) over the net short-term capital loss (determined without regard to this subsection) for such year, shall be treated as a short-term capital gain in such year.

33. Unallowed deductions. In computing taxable income no deduction shall in any case be allowed in respect of:

a. Personal, living, or family expenses.

b. Any amount paid out for new buildings or for permanent improvements or betterments made to increase the value of any property or estate.

c. Any amount expended in restoring property or in making good the exhaustion thereof for which an allowance is or has been made.

d. Any amount otherwise allowable as a deduction which is allocable to income not required to be included in gross income for the purposes of this act, unless allowed by regulation, which shall also provide for the apportionment or allocation of such deductions as between income which would be required to be included in gross income under this act and income which would not be required to be so included.

34. Procedure when inventories necessary to compute tax. Whenever the use of inventories is necessary in order clearly to determine the income of any taxpayer, inventories shall be taken by such taxpayer upon such basis as the regulations hereunder may prescribe, conforming as nearly as may be to the best accounting practice in the trade or business and most clearly reflecting the income.

35. Basis of property. (a) The basis of property, except as otherwise provided in this act, shall be the cost of such property.

(1) If the property should have been included in the last inventory, the basis shall be the last inventory value thereof.

(2) The basis of property in the hands of a person acquiring the property from a decedent other than by purchase or to whom the property passed from decedent shall, if not sold, exchanged, or otherwise disposed of before the decedent's death by such person, be the fair market value of the property at the date of the decedent's death.

(3) If the property was acquired by gift the basis shall be the same as it would be in the hands of the donor or the last preceding owner by whom it was not acquired by gift, except that if such basis is greater than the fair market value of the property at the time of the gift, then for the purpose of determining loss the basis shall be such fair market value.

(4) If the basis of property cannot otherwise be established, the basis of such property shall be the fair market value at the time of acquisition.

(b) The gain from the sale or other disposition of property shall be the excess of the amount realized over the basis of such property and the loss shall be the excess of the basis of such property over the amount realized.

36. Individuals of partnership liable for tax; computing; liquidation payments. (a) Individuals carrying on business in partnerships shall be liable for tax under this act only in their individual capacity. Each partner shall include in his gross income his distributive share, whether distributed or not, of the partnership's net income and net loss for the taxable year, or, where his taxable year is different, then for the taxable year of the partner in which ends the taxable year of the partnership.

(b) If a partner shall compute his gross income in accordance with section 19 of this act, he shall be entitled to take the deductions set forth in section 21 (a) of the act. If such a partner's entire interest is sold, exchanged or liquidated, his distributive share of such income, gain or loss shall be included in his taxable year in which ends the partnership period ending with such transaction. Under this subsection, a partner's death does not constitute such liquidation.

Payments made in liquidation of the interest of a partner who retires or dies shall be taxed as a sale or exchange of such partner's interest in partnership assets, to the extent that they represent such interest, and the balance shall be taxed as the partner's distributive share of partnership income. Under this subsection, amounts paid for unrealized receivables or good will of the partnership shall not be included in payments representing a partner's interest in partnership assets except to the extent that the partnership agreement provides for payment with respect to good will.

(c) If a partner shall compute his gross income in accordance with the provisions of section 22 of this act, he shall not be entitled to take the deductions set forth in section 21 (a) of this act.

(d) In determining the extent to which a partner's distributive share is derived from sources within his source state, no effect shall be given to a provision in the partnership agreement which

(1) characterizes payments to the partner as being for services or for the use of capital, or

(2) allocates to the partner, as income or gain derived from sources outside his source state, a greater proportion of his distributive share of partnership income or gain than the ratio of partnership income or gain derived from sources outside his source state to partnership income or gain from all sources, except as authorized in subsection (e), or

(3) allocates to the partner a greater proportion of a partnership item of loss or deduction derived from sources within his

source state than his proportionate share of partnership loss or deduction from all sources, except as authorized in subsection (e).

(c) The Division of Taxation may adopt regulations to authorize the use of such other methods of determining a partner's portion of partnership items derived from sources within his source state, and the modifications related thereto, as may be appropriate and equitable to insure that only that portion of a partner's distributive share derived from sources within his source state shall be included within such share.

37. Income taxes imposed by other states. (a) A resident taxpayer shall be allowed a credit against the tax otherwise due under this act for the amount of any income tax, wage tax or tax on or measured by gross or net earned or unearned income imposed on him by another state with respect to income which is also subject to tax under this act.

(b) The credit provided under this section shall not exceed the proportion of the tax otherwise due under this act that the amount of the taxpayer's taxable income subject to tax by the other jurisdiction bears to his entire taxable income.

38. Taxes imposed by political subdivisions. (a) Every resident or nonresident individual, subject to tax under this act shall be allowed a credit against the tax otherwise due under this act equal to 30% of the amount of any local taxes imposed on and paid by such individual, to any political subdivision of a critical area state as defined by this act during the calendar year 1971, except that such credit shall not apply to local taxes imposed on real estate, realty transfers or amusements.

(b) For local taxes described in subsection (a) imposed and paid in the taxable years beginning after December 31, 1971, the amount of credit base provided in this section shall not exceed 30% of the total amount of the local taxes which were imposed upon and paid by such individual, during the calendar year 1971, except that in the case where no such local taxes were imposed upon and paid by such individual, during the calendar year 1971, then the percentage rate shall be applied to the total amount of such local taxes which were imposed upon and paid by such individual, during the calendar year in which such taxes were first imposed and paid and the amount so determined shall each year thereafter constitute the base on which the tax credit rate shall be applied.

39. Tax credit for taxpayer class. (a) There is hereby legislatively determined and established in the schedule provided in sub-

section (b) of this section, a class of taxpayers who by reason of poverty, age, disability or infirmity are in need of special tax relief and the members of such class, on and after the effective date of this act, shall be entitled to claim a credit against the amount of tax which would otherwise be due under this act. The class of taxpayers and the members thereof who qualify for such tax credit and the amount thereof shall be determined solely by reference to the taxable income and exemption schedule set forth in subsection (b) of this section.

(b) Tax credit schedule for taxpayer class.

Taxable Income	Tax at 3.5%	Number of Exemptions					
		1	2	3	4	5	6
$100	$3.50	$3.50	$3.50	$3.50	$3.50	$3.50	$3.50
200	7.00	7.00	7.00	7.00	7.00	7.00	7.00
300	10.50	10.50	10.50	10.50	10.50	10.50	10.50
400	14.00	14.00	14.00	14.00	14.00	14.00	14.00
500	17.50	17.50	17.50	17.50	17.50	17.50	17.50
600	21.00	*21.00*	21.00	21.00	21.00	21.00	21.00
700	24.50	21.88	24.50	24.50	24.50	24.50	24.50
800	28.00	21.00	28.00	28.00	28.00	28.00	28.00
900	31.50	20.13	31.50	31.50	31.50	31.50	31.50
1,000	35.00	19.25	35.00	35.00	35.00	35.00	35.00
1,100	38.50	18.38	38.50	38.50	38.50	38.50	38.50
1,200	42.00	17.50	*42.00*	42.00	42.00	42.00	42.00
1,300	45.50	16.63	43.75	45.50	45.50	45.50	45.50
1,400	49.00	15.75	42.00	49.00	49.00	49.00	49.00
1,500	52.50	14.88	40.25	52.50	52.50	52.50	52.50
1,600	56.00	14.00	38.50	56.00	56.00	56.00	56.00
1,700	59.50	13.13	36.75	59.50	59.50	59.50	59.50
1,800	63.00	12.25	35.00	*63.00*	63.00	63.00	63.00
1,900	66.50	11.38	33.25	65.63	66.50	66.50	66.50
2,000	70.00	10.50	31.50	63.00	70.00	70.00	70.00
2,100	73.50	9.63	29.75	60.38	73.50	73.50	73.50
2,200	77.00	8.75	28.00	57.75	77.00	77.00	77.00
2,300	80.50	7.88	26.25	55.13	80.50	80.50	80.50
2,400	84.00	7.00	24.50	52.50	84.00	84.00	84.00
2,500	87.50	6.13	22.75	49.88	*87.50*	87.50	87.50
2,600	91.00	5.25	21.00	47.25	84.00	91.00	91.00
2,700	94.50	4.38	19.25	44.63	80.50	94.50	94.50
2,800	98.00	3.50	17.50	42.00	77.00	98.00	98.00
2,900	101.50	2.63	15.75	39.38	73.50	101.50	101.50
3,000	105.00	1.75	14.00	36.75	70.00	105.00	105.00
3,100	108.50	.88	12.25	34.13	66.50	*108.50*	108.50
3,200	112.00	.00	10.50	31.50	63.60	109.38	112.00
3,300	115.50	.00	8.75	28.88	59.50	105.00	115.50
3,400	119.00	.00	7.00	26.25	56.00	100.63	119.00
3,500	122.50	.00	5.25	23.63	52.50	96.25	122.50
3,600	126.00	.00	3.50	21.00	49.00	91.88	126.00
3,700	129.50	.00	1.75	18.38	45.50	87.50	*129.50*
3,800	133.00	.00	.00	15.75	42.00	83.13	131.25
3,900	136.50	.00	.00	13.13	38.50	78.75	126.00
4,000	140.00	.00	.00	10.50	35.00	74.38	120.75
4,100	143.50	.00	.00	7.88	31.50	70.00	115.50
4,200	147.00	.00	.00	5.25	28.00	65.63	110.25
4,300	150.50	.00	.00	2.63	24.50	61.25	105.00

	Taxable Income	Tax at 3.5%	1	2	3	4	5	6
					Number of Exemptions			
56	4,400	154.00	.00	.00	.00	21.00	56.88	99.75
57	4,500	157.50	.00	.00	.00	17.50	52.50	94.50
58	4,600	161.00	.00	.00	.00	14.00	48.13	89.25
59	4,700	164.50	.00	.00	.00	10.50	43.75	84.00
60	4,800	168.00	.00	.00	.00	7.00	39.38	78.75
61	4,900	171.50	.00	.00	.00	3.50	35.00	73.50
62	5,000	175.00	.00	.00	.00	.00	30.63	68.25
63	5,100	178.50	.00	.00	.00	.00	26.25	63.00
64	5,200	182.00	.00	.00	.00	.00	21.88	57.75
65	5,300	185.50	.00	.00	.00	.00	17.50	52.50
66	5,400	189.00	.00	.00	.00	.00	13.13	47.25
67	5,500	192.50	.00	.00	.00	.00	8.75	42.00
68	5,600	196.00	.00	.00	.00	.00	4.38	36.75
69	5,700	199.50	.00	.00	.00	.00	.00	31.50
70	5,800	203.00	.00	.00	.00	.00	.00	26.25
71	5,900	206.50	.00	.00	.00	.00	.00	21.00
72	6,000	210.00	.00	.00	.00	.00	.00	15.75
73	6,100	213.50	.00	.00	.00	.00	.00	10.50
74	6,200	217.00	.00	.00	.00	.00	.00	5.25
75	6,300	220.50	.00	.00	.00	.00	.00	.00
76	6,400	224.00	.00	.00	.00	.00	.00	.00
77	6,500	227.50	.00	.00	.00	.00	.00	.00
78	6,600	231.00	.00	.00	.00	.00	.00	.00
79	6,700	234.50	.00	.00	.00	00	.00	.00
80	6,800	238.00	.00	.00	.00	.00	.00	.00
81	6,900	241.50	.00	.00	.00	.00	.00	.00
82	7,000	245.00	.00	.00	.00	.00	.00	.00
83	7,100	248.50	.00	.00	.00	.00	.00	.00
84	7.200	252.00	.00	.00	.00	.00	.00	.00
85	7,300	255.50	.00	.00	.00	.00	.00	.00
86	7,400	259.00	.00	.00	.00	.00	.00	.00
87	7,500	262.50	.00	.00	.00	.00	.00	.00
88	7,600	266.00	.00	.00	.00	.00	.00	.00
89	7,700	269.50	.00	.00	.00	.00	.00	.00
90	7,800	273.00	.00	.00	.00	.00	.00	.00
91	7,900	276.50	.00	.00	.00	.00	.00	.00
92	8,000	280.00	.00	.00	.00	.00	.00	.00
93	8,100	283.50	.00	.00	.00	.00	.00	.00
94	8,200	287.00	.00	.00	.00	.00	.00	.00
95	8,300	290.50	.00	.00	.00	.00	.00	.00
96	8,400	294.00	.00	.00	.00	.00	.00	.00
97	8,500	297.50	.00	.00	.00	.00	.00	.00
98	8,600	301.00	.00	.00	.00	.00	.00	.00
99	8,700	304.50	.00	.00	.00	.00	.00	.00
100	8,800	308.00	.00	.00	.00	.00	.00	.00
101	8,900	311.50	.00	.00	.00	.00	.00	.00
102	9,000	315.00	.00	.00	.00	.00	.00	.00
103	9,100	318.50	.00	.00	.00	.00	.00	.00
104	9,200	322.00	.00	.00	.00	.00	.00	.00
105	9,300	325.50	.00	.00	.00	.00	.00	.00
106	9,400	329.00	.00	.00	.00	.00	.00	.00
107	9.500	332.50	.00	.00	.00	.00	.00	.00
108	9,600	336.00	.00	.00	.00	.00	.00	.00
109	9,700	339.50	.00	.00	.00	.00	.00	.00
110	9,800	343.00	.00	.00	.00	.00	.00	.00
111	9,900	346.50	.00	.00	.00	.00	.00	.00
112	10,000	350.00	.00	.00	.00	.00	.00	.00

	Net Taxable Income	Tax at 3.5%	Number of Exemptions					
			7	8	9	10	11	12
113	$100	$3.50	$3.50	$3.50	$3.50	$3.50	$3.50	$3.50
114	200	7.00	7.00	7.00	7.00	7.00	7.00	7.00
115	300	10.50	10.50	10.50	10.50	10.50	10.50	10.50
116	400	14.00	14.00	14.00	14.00	14.00	14.00	14.00
117	500	17.50	17.50	17.50	17.50	17.50	17.50	17.50
118	600	21.00	21.00	21.00	21.00	21.00	21.00	21.00
119	700	24.50	24.50	24.50	24.50	24.50	24.50	24.50
120	800	28.00	28.00	28.00	28.00	28.00	28.00	28.00
121	900	31.50	31.50	31.50	31.50	31.50	31.50	31.50
122	1,000	35.00	35.00	35.00	35.00	35.00	35.00	35.00
123	1,100	38.50	38.50	38.50	38.50	38.50	38.50	38.50
124	1,200	42.00	42.00	42.00	42.00	42.00	42.00	42.00
125	1,300	45.50	45.50	45.50	45.50	45.50	45.50	45.50
126	1,400	49.00	49.00	49.00	49.00	49.00	49.00	49.00
127	1,500	52.50	52.50	52.50	52.50	52.50	52.50	52.50
128	1,600	56.00	56.00	56.00	5600	56.00	56.00	56.00
129	1,700	59.50	59.50	59.50	59.50	59.50	59.50	59.50
130	1,800	63.00	63.00	63.00	63.00	63.00	63.00	63.00
131	1,900	66.50	66.50	66.50	66.50	66.50	66.50	66.50
132	2,000	70.00	70.00	70.00	70.00	70.00	70.00	70.00
133	2,100	73.50	73.50	73.50	73.50	73.50	73.50	73.50
134	2,200	77.00	77.00	77.00	77.00	77.00	77.00	77.00
135	2,300	80.50	80.50	80.50	80.50	80.50	80.50	80.50
136	2,400	84.00	84.00	84.00	84.00	84.00	84.00	84.00
137	2,500	87.50	87.50	87.50	87.50	87.50	87.50	87.50
138	2,600	91.00	91.00	91.00	91.00	91.00	91.00	91.00
139	2,700	94.50	94.50	94.50	94.50	94.50	94.50	94.50
140	2,800	98.00	98.00	98.00	98.00	98.00	98.00	98.00
141	2,900	101.50	101.50	101.50	101.50	101.50	101.50	101.50
142	3,000	105.00	105.00	105.00	105.00	105.00	105.00	105.00
143	3,100	108.50	108.50	108.50	108.50	108.50	108.50	108.50
144	3,200	112.00	112.00	112.00	112.00	112.00	112.00	112.00
145	3,300	115.50	115.50	115.50	115.50	115.50	115.50	115.50
146	3,400	119.00	119.00	119.00	119.00	119.00	119.00	119.00
147	3,500	122.50	122.50	122.50	122.50	122.50	122.50	122.50
148	3,600	126.00	126.00	126.00	126.00	126.00	126.00	126.00
149	3,700	129.50	129.50	129.50	129.50	129.50	129.50	129.50
150	3,800	133.00	133.00	133.00	133.00	133.00	133.00	133.00
151	3,900	136.50	136.50	136.50	136.50	136.50	136.50	136.50
152	4,000	140.00	140.00	140.00	140.00	140.00	140.00	140.00
153	4,100	143.50	143.50	143.50	143.50	143.50	143.50	143.50
154	4,200	147.00	147.00	147.00	147.00	147.00	147.00	147.00
155	4,300	150.50	*150.50*	150.50	150.50	150.50	150.50	150.50
156	4,400	154.00	153.13	154.00	154.00	154.00	154.00	154.00
157	4,500	157.50	147.00	157.50	157.50	157.50	157.50	157.50
158	4,600	161.00	140.88	161.00	161.00	161.00	161.00	161.00
159	4,700	164.50	134.75	164.50	164.50	164.50	164.50	164.50
160	4,800	168.00	128.63	168.00	168.00	168.00	168.00	168.00
161	4,900	171.50	122.50	171.50	171.50	171.50	171.50	171.50
162	5,000	175.00	116.38	*175.00*	175.00	175.00	175.00	175.00
163	5,100	178.50	110.25	168.00	178.50	178.50	178.50	178.50
164	5,200	182.00	104.13	161.00	182.00	182.00	182.00	182.00
165	5,300	185.50	98.00	154.00	185.50	185.50	185.50	185.50
166	5,400	189.00	91.88	147.00	189.00	189.00	189.00	189.00
167	5,500	192.50	85.75	140.00	192.50	192.50	192.50	192.50
168	5,600	196.00	79.63	133.00	*196.00*	196.00	196.00	196.00
169	5,700	199.50	73.50	126.00	196.88	199.50	199.50	199.50
170	5,800	203.00	67.38	119.00	189.00	203.00	203.00	203.00
171	5,900	206.50	61.25	112.00	181.13	206.50	206.50	206.50
172	6,000	210.00	55.13	105.00	173.25	210.00	210.00	210.00
173	6,100	213.50	49.00	98.00	165.38	213.50	213.50	213.50

	Net Taxable Income	Tax at 3.5%	Number of Exemptions 7	8	9	10	11	12
174	6,200	217.00	42.88	91.00	157.50	217.00	217.00	217.00
175	6,300	220.50	36.75	84.00	149.63	218.75	220.50	220.50
176	6,400	224.00	30.63	77.00	141.75	210.00	224.00	224.00
177	6,500	227.50	24.50	70.00	133.88	201.25	227.50	227.50
178	6,600	231.00	18.38	63.00	126.00	192.50	231.00	231.00
179	6,700	234.50	12.25	56.00	118.13	183.75	234.50	234.50
180	6,800	238.00	6.13	49.00	110.25	175.00	238.00	238.00
181	6,900	241.50	.00	42.00	102.38	166.25	240.63	241.50
182	7,000	245.00	.00	35.00	94.50	157.50	231.00	245.00
183	7,100	248.50	.00	28.00	86.63	148.75	221.38	248.50
184	7,200	252.00	.00	21.00	78.75	140.00	211.75	252.00
185	7,300	255.50	.00	14.00	70.88	131.25	202.13	255.50
186	7,400	259.00	.00	7.00	63.00	122.50	192.50	259.00
187	7,500	262.50	.00	.00	55.13	113.75	182.88	262.50
188	7,600	266.00	.00	.00	47.25	105.00	173.25	252.00
189	7,700	269.50	.00	.00	39.38	96.25	163.63	241.50
190	7,800	273.00	.00	.00	31.50	87.50	154.00	231.00
191	7,900	276.50	.00	.00	23.63	78.75	144.38	220.50
192	8,000	280.00	.00	.00	15.75	70.00	134.75	210.00
193	8,100	283.50	.00	.00	7.88	61.25	125.13	199.50
194	8,200	287.00	.00	.00	.00	52.50	115.50	189.00
195	8,300	290.50	.00	.00	.00	43.75	105.88	178.50
196	8,400	294.00	.00	.00	.00	35.00	96.25	168.00
197	8,500	297.50	.00	.00	.00	26.25	86.63	157.50
198	8,600	301.00	.00	.00	.00	17.50	77.00	147.00
199	8,700	304.50	.00	.00	.00	8.75	67.38	136.50
200	8,800	308.00	.00	.00	.00	.00	57.75	126.00
201	8,900	311.50	.00	.00	.00	.00	48.13	115.50
202	9,000	315.00	.00	.00	.00	.00	38.50	105.00
203	9,100	318.50	.00	.00	.00	.00	28.88	94.50
204	9,200	322.00	.00	.00	.00	.00	19.25	84.00
205	9,300	325.50	.00	.00	.00	.00	9.63	73.50
206	9,400	329.00	.00	.00	.00	.00	.00	63.00
207	9,500	332.50	.00	.00	.00	.00	.00	52.50
208	9,600	336.00	.00	.00	.00	.00	.00	42.00
209	9,700	339.50	.00	.00	.00	.00	.00	31.50
210	9,800	343.00	.00	.00	.00	.00	.00	21.00
211	9,900	346.50	.00	.00	.00	.00	.00	10.50
212	10,000	350.00	.00	.00	.00	.00	.00	.00

40. Returns: of whom required: personal liability: report of changes. (a) On or before the filing date prescribed in section 41 of this act, an income tax return shall be made and filed by or for every individual having a gross income derived from sources within his source state in excess of the sum of his personal exemptions allowed in section 25 of this act, or having any items of tax preference derived from or connected with New Jersey sources.

(b) (1) If the Federal income tax liability of husband or wife is determined on a separate Federal return, their New Jersey income tax liabilities and returns shall be separate.

(2) If the Federal income tax liabilities of husband and wife (other than a husband and wife described in paragraph (3)) are determined on a joint Federal return, or if neither files a Federal return:

(A) They shall file a joint New Jersey income tax return, and their tax liabilities shall be joint and several, or

(B) They may elect to file separate New Jersey income tax returns on a single form if they comply with the requirements of the Division of Taxation in setting forth information, and in such event their tax liabilities shall be separate.

(3) If either husband or wife is a resident and the other is a nonresident, they shall file separate New Jersey income tax returns on such single or separate forms as may be required by the Division of Taxation, and in such event their tax liabilities shall be separate.

(c) The return for any deceased individual shall be made and filed by his fiduciary or other person charged with his property.

(d) The return for an individual who is unable to make a re-return by reason of minority or other disability shall be made and filed by his fiduciary or other person charged with the care of his person or property (other than a receiver in possession of only a part of his property), or by his duly authorized agent.

(e) Any tax under this act, and any increase, interest or penalty thereon, shall, from the time it is due and payable, be a personal debt of the person liable to pay the same, to the State of New Jersey.

(f) If the amount of taxable income or Federal items of tax preference for any year of any taxpayer as returned to the United States Treasury Department or to an appropriate State officer is changed or corrected by the taxpayer or the Commissioner of Internal Revenue or other officer of the United States or other competent authority, or where a renegotiation of a contract or subcontract with the United States results in a change in taxable income, or Federal, items of tax preference such taxpayer shall report such change or corrected taxable income, or Federal items of tax preference or the results of such renegotiation, within 90 days after the final determination of such change or correction renegotiation, or as required by regulation, and shall concede the accuracy of such determination or state wherein it is erroneous. Any taxpayer filing an amended return with such department or officer shall also file within 90 days thereafter an amended return in this State which shall contain such information as the regulations shall require.

41. Time of filing return; extensions. With respect to each taxpayer, the tax imposed by this act shall be due and payable annually hereafter, in the manner provided in this section:

(a) Every taxpayer shall annually pay the tax imposed by this act with respect to all or any part of each of his fiscal or calendar accounting years beginning after January 1, 1971 to be computed as in this act provided, for such fiscal or calendar accounting year or part thereof, on a return which shall be filed, in this case of a taxpayer reporting on a calendar year basis, on or before April 15 following the close of such calendar year, or, in the case of a taxpayer reporting on a fiscal year basis, on or before the fifteenth day of the fourth month following the close of such fiscal year, and the full amount of the tax shall be due and payable on or before the date prescribed herein for the filing of the return.

(b) Every taxpayer shall pay a like tax with respect to all or any part of the period beginning January 1, 1971 and extending through any subsequent part of his first fiscal or calendar accounting year ending after said date, to be computed as in this act provided, for such period, on a return which shall be filed on or before April 15, 1972, and the full amount of the tax shall be due and payable on or before the date prescribed herein for the filing of the return.

(c) Each return shall carry a certificate signed by the taxpayer to the effect that all statements contained therein are true, under the same penalties as for perjury committed. Blank forms of return shall be furnished on application, but failure to secure the form shall not relieve any taxpayer of the obligation of making any return herein required. Subject to regulations under this act and in such form as may be indicated thereby, taxpayers whose taxable income taxable under this act is or may be subject to tax under a similar law of another jurisdiction may be permitted to file a simple, short form return attached to a copy of his return as filed or about to be filed by him in such other jurisdiction.

Subject to regulations under this act, reasonable extensions of time for good cause shown, may be granted for not more than 6 months unless exceptional circumstances justify a longer period, within which returns may be filed.

In addition, persons in active service with the Armed Forces of the United States, who may be prevented by distance or injury or hospitalization arising out of such service, may be allowed such extension of time for the filing of returns, without interest or penalty, as may be fixed by regulations under this act.

42. Tax due upon date fixed for filing return; effect of making or filing return. (a) A person required to make and file a return under this act shall, without assessment, notice or demand, pay any tax due thereon to the Division of Taxation on or before the date fixed for filing such return (determined without regard to any extension of time for filing the return). The Division of Taxation shall

prescribe by regulation the place for filing any return, declaration, statement, or other document required pursuant to this act and for payment of any tax.

(b) Any return, declaration, statement or other document required to be made pursuant to this act shall be signed in accordance with regulations or instructions prescribed by the Division of Taxation. The fact that an individual's name is signed to a return, declaration, statement, or other document, shall be prima facie evidence for all purposes that the return, declaration, statement or other document was actually signed by him.

(c) The making or filing of any return, declaration, statement or other document or copy thereof required to be made or filed pursuant to this act, including a copy of a Federal return, shall constitute a certification by the person making or filing such return, declaration, statement or other document or copy thereof that the statements contained therein are true and that any copy filed is a true copy.

43. Taxable year; accounting method. (a) A taxpayer's taxable year under this act shall be the same as his taxable year for Federal income tax purposes.

(b) If a taxpayer's taxable year is changed for Federal income tax purposes, his taxable year for purposes of this act shall be similarly changed. If a taxable year of less than 12 months results from a change of taxable year, the standard deduction, the exemptions and the class credit (allowable under section 39) shall be prorated under regulations of the Division of Taxation.

(c) A taxpayer's method of accounting under this act shall be the same as his method of accounting for Federal income tax purposes. Taxable income shall be computed under such method as shall be prescribed by the Division of Taxation.

(d) (1) If a taxpayer's method of accounting is changed for Federal income tax purposes, his method of accounting for purposes of this act shall be similarly changed.

(2) If a taxpayer's method of accounting is changed, other than from an accrual to an installment method, any additional tax which results from adjustments determined to be necessary solely by reason of the change shall not be greater than if such adjustments were ratably allocated and included for the taxable year of the change and the preceding taxable years, not in excess of 2, during which the taxpayer used the method of accounting from which the change is made.

(3) If a taxpayer's method of accounting is changed from an accrual to an installment method, any additional tax for the year

of such change of method and for any subsequent year which is attributable to the receipt of installment payments properly accrued in a prior year, shall be reduced by the portion of tax for any prior taxable year attributable to the accrual of such installment payments, in accordance with regulations of the Division of Taxation.

44. Employer to withhold tax. (a) General. From and after the first day of the first month following at least a full calendar month after the enactment of this act, every employer in this State of a taxpayer subject to tax in respect of wages, salaries or commissions derived from sources within this State shall deduct and withhold upon the same for each payroll period an amount computed in such manner as to result, as far as practicable, with due regard to the personal exemptions and standard deduction allowable under this act, in withholding during each calendar year a sum substantially equivalent to the amount of tax reasonably estimated to be due under this act. Methods for determining the amount to be withheld shall be prescribed by regulation, as shall procedures and requirements for the furnishing of written exemption certificates to the employer, the amending or substitution of the same, the furnishing by the employer of written statements showing the total compensation, the amount withheld and other specified information.

(b) Withholding agreements. The director may enter into agreements with the tax departments of other states (which require income tax to be withheld from the payment of wages and salaries) so as to govern the amounts to be withheld from the wages and salaries of residents of such states under provisions of this act. Such agreements may provide for recognition of anticipated tax credits in determining the amounts to be withheld and, under regulations prescribed by the director, may relieve employers in this State from withholding income tax on wages and salaries paid to nonresident employees. The agreements authorized by this subsection are subject to the condition that the tax department of such other states grant similar treatment to residents of this State.

45. Withholding returns; notice to employer. (a) Every employer required to deduct and withhold tax under this act shall, for each calendar quarter, on or before the last day of the month following the close of such calendar quarter, file a withholding return as prescribed by the Division of Taxation and pay over to the Division of Taxation the taxes so required to be deducted and withheld; but the Division of Taxation may, by regulation, provide

that every such employer shall on or before the fifteenth day of each month pay over to the Division of Taxation, or a depositary designated by the Division of Taxation, the taxes so required to be deducted and withheld if such taxes aggregate $100.00 or more for the preceding calendar month. Where the aggregate amount so deducted and withheld by any employer is less than $25.00 in a calendar quarter and the aggregate for the calendar year can reasonably be expected to be less than $100.00, the Division of Taxation may by regulation permit an employer to file an annual return. The Division of Taxation may, if it believes such action necessary for the protection of the revenues, require any employer to make such return and pay to it the tax deducted and withheld at any time, or from time to time.

(b) Whenever any employer fails to collect, truthfully account for, pay over the tax, or make returns of the tax as required in this section, the Division of Taxation may serve a notice requiring such employer to collect the taxes which become collectible after service of such notice, to deposit such taxes in a bank approved by the Division of Taxation in a separate account, in trust for and payable to the Division of Taxation and to keep the amount of such tax in such account until payment over to the Division of Taxation. Such notice shall remain in effect until a notice of cancellation is served by the Division of Taxation.

46. Employer's liability. Every employer required to deduct and withhold tax under this act is hereby made liable for such tax. For such purposes any amount required to be withheld and paid over to the Division of Taxation shall be considered the tax of the employer. Any amount of tax actually deducted and withheld under this act shall be held to be a special fund in trust for the Division of Taxation. No employee shall have any right of action against his employer in respect to any moneys deducted and withheld from his wages and paid over to the Division of Taxation in compliance or in intended compliance with this act.

47. Tax not to be collected from employer on payment; liability for penalties; interest; failure to pay tax withheld. (a) If an employer fails to deduct and withhold tax as required, and thereafter the tax against which such tax may be credited is paid, the tax so required to be deducted and withheld shall not be collected from the employer, but the employer shall not be relieved from liability for any penalties, interest, or additions to the tax otherwise applicable in respect of such failure to deduct and withhold.

(b) If any employer shall fail to make a return and pay a tax withheld by him at the time required by or under the provisions of this act, such employer shall be liable for such tax and shall pay the same together with all penalties and interest charges thereon as provided in the case of any taxpayer under section 48 of this act, and such additional amount of penalties and interest shall in no case be charged to or collected from the taxpayer by said employer. The Division of Taxation shall have the same rights and powers for the collection of such tax, penalties and interest against such employer as are now prescribed by this act for the collection of a tax against a taxpayer.

48. Penalties; interest; abatement or remission. Any taxpayer who shall fail to file his return when due shall be liable to a penalty of $2.00 for each day of delinquency, which penalty shall be payable to, and recoverable by, the Division of Taxation as a part of the tax herein imposed. If any tax be not paid when the same becomes due, as herein provided, there shall be added to the amount of the tax a sum equivalent to 5% thereof, as a penalty, and, in addition thereto, interest at the rate of 1% per month or fraction thereof from the date the tax became due until the same be paid. If the Division of Taxation determines that the failure to comply with any provision of this act was excusable under the circumstances, it may abate or remit such part or all of the penalty as shall be appropriate under such circumstances.

49. Transportation benefit fund; use of fund. (a) All moneys which shall be received by way of tax or by way of moneys deducted and withheld under this act, shall be kept in a special fund, to be known as the Transportation Benefit Fund, separate and apart from all other funds, and the moneys in such fund at any time shall be used only for one or more of the following purposes, within the limits of available appropriations made by law from time to time:

(1) to meet the expenses of administering the provisions of this act and of the regulations made hereunder and the expenses of any proceedings or actions involving the same;

(2) to defray the cost of, or to provide financing by way of advances, loans or otherwise for, projects and programs to meet transportation problems, whether such transportation be by motor vehicle, by rail or rapid transit, or by any other mode or vehicle of transportation whatever, when such project or program includes the transportation of persons or property interstate, between the State of New Jersey and the source state, from which states taxpayers derive income or gain subject to tax under this act, and for the furnishing of such other facilities, services or other benefits for which the class of taxpayers covered by this act will be the major eligible recipient and for which the tax imposed by this act may

reasonably be exacted, as may be authorized by law from time to time;

(3) to make payment of refunds to taxpayers entitled to receive the same:

(b) funds in the Transportation Benefit Fund may not be used for any purpose except upon:

(1) presentation to the Attorney General of an itemization of the purposes for which funds are proposed to be used, stating the amount of each such proposed expenditure, which presentation shall be made by:

(A) The Director of the Division of Taxation, in the case of any purpose other than those described in subsection (a)(2) hereof, or

(B) The State Transportation Commissioner in the case of any purpose described in said subsection (a)(2), and upon

(2) transmittal of such itemization by the Attorney General to the State Treasurer, with a certification by the Attorney General endorsed thereon that the purposes for which funds are therein proposed to be used are within the terms and intent of the act and are otherwise in compliance with law.

50. Balances accumulated as an endowment fund; use. So much of the moneys as may be in the Transportation Benefit Fund at any time and as may be in excess of the amounts needed to meet anticipated uses thereof pursuant to this act during any fiscal year, shall be held and accumulated as an endowment fund, and may be invested and reinvested from time to time, in the same manner as any State funds may be invested, and the income thereof, as well as so much of the principal as may be necessary from time to time, shall be applied to the purposes authorized for the said Transportation Benefit Fund, within the limits of available appropriations.

51. Refund to taxpayer upon unauthorized use of fund; formula for computing amount. In the event that any part of the moneys in the Transportation Benefit Fund shall, at any time, be applied to a purpose or purposes other than one set forth in this act, every taxpayer who shall have been subject to the tax imposed by this act and who shall have paid the same, shall thereupon be entitled to a refund, or to a credit against taxes subsequently accruing, equal to his pro rata share of the amount so applied, disregarding any amounts less than $1.00. Upon application made within 1 year after it shall be determined that any such moneys have been so applied, in such form and by such procedure as may be provided by regulation, the division shall determine the pro rata share of each taxpayer according to the following formula: (a) multiply the total amount

of taxes paid by the taxpayer for all taxable years from the enactment hereof to July 1 of the year in which the right to refund arises under this section, by the dollar amount of the moneys determined to have been applied to a purpose other than one set forth in this act; then (b) divide the product by the total amount paid by all taxpayers during the same period; then (c) from the quotient strike off any amount less than $1.00 to obtain the sum to be refunded or credited. If the amount so applied to another purpose shall have been determined by a court of competent jurisdiction, the amount so determined shall be used in the computation, otherwise, the division shall make determination of the amount.

52. General requirements concerning returns, notices, records, and statements. The director may prescribe regulations as to the keeping of records, the content and form of returns and statements and the filing of copies of Federal income returns and determinations. The director may require any person, by regulation or notice served on such person, to make such returns, render such statements, or keep such records, as the director may deem sufficient to show whether or not such person is liable under this act for tax or for the collection of tax.

53. Information returns. The director may prescribe regulations and instructions requiring returns of information to be made and filed on or before February 28 of each year by any person making payment or crediting in any calendar year the amounts of $600.00 or more to any person who may be subject to the tax imposed under this act. Such returns may be required of any person, including lessees or mortgagors of real or personal property, fiduciaries, employers, and all officers and employees of this State, or of any municipal corporation or political subdivision of this State, having the control, receipt, custody, disposal or payment of dividends, interest, rents, salaries, wages, premiums, annuities, compensations, remunerations, emoluments or other fixed or determinable gains, profits, or income, except interest coupons payable to bearer. A duplicate of the statement as to tax withheld on wages, required to be furnished by an employer to an employee, shall constitute the return of information required to be made under this section with respect to such wages.

54. Review of director's decision. (a) Appeal to Division of Tax Appeals. Any aggrieved taxpayer may, within 4 months after any decision, order, finding, assessment or action of the Director of Taxation made pursuant to the provisions of this act, appeal therefrom to the Division of Tax Appeals, by filing a petition of appeal with said Division of Tax Appeals in the manner and form pre-

scribed by the said Division of Tax Appeals and on giving security, approved by the Director of Taxation, conditioned to pay the tax heretofore levied, if the same remains unpaid, with interest and costs.

(b) Appeal exclusive remedy of taxpayer. The appeal provided by this section shall be the exclusive remedy available to any taxpayer for review of a decision of the director in respect of the determination of the liability of the taxpayer for the taxes imposed by this act.

55. General powers of the director. (a) General. The director shall administer and enforce the tax imposed by this act and is authorized to make such rules and regulations, and to require such facts and information to be reported as he may deem necessary to enforce the provisions of this act.

(b) Delegation of powers. The director may delegate to any officer or employee of his division such of his powers as he may deem necessary to carry out efficiently the provisions of this act, and the person or persons to whom such power has been delegated shall possess and may exercise all of the power and perform all of the duties herein conferred and imposed upon the director.

(c) Examination of books and witnesses. The director for the purpose of ascertaining the correctness of any return, or for the purpose of making an estimate of taxable income of any person, shall have power to examine or to cause to have examined, by any agent or representative designated by him for that purpose, any books, papers, records or memoranda bearing upon the matters required to be included in the return, and may require the attendance of the person rendering the return or any officer or employee of such person, or the attendance of any other person having knowledge in the premises, and may take testimony and require proof material for his information, with power to administer oaths to such person or persons.

56. Order to compel compliance. (a) Failure to file tax return. If any person willfully refuses to file a tax return required by this act, the director may apply to a judge of the superior court for an order directing such person to file the required return. If a person fails or refuses to obey such order, he shall be guilty of contempt of court.

(b) Failure to furnish records or testimony. If any person willfully refuses to make available any books, papers, records or memoranda for examination by the director or his representative or willfully refuses to attend and testify, pursuant to the powers conferred on the director under this act, the director may apply to a judge in the superior court in the county where such person resides, for an order directing that person to comply with the director's request for books, papers, records or memoranda or for his attendance and testimony. If the books, papers, records or memoranda required by the director are in the custody of a corporation, the order of the court may be directed to any principal officer of such corporation. If a person fails or refuses to obey such order, he shall be guilty of contempt of court.

57. Controlling statute; exception. The taxes imposed by this act shall be governed in all respects by the provisions of the State tax uniform procedure law (subtitle 9 of Title 54 of the Revised Statutes) except only to the extent that a specific provision of this act may be in conflict therewith.

58. Relief requirements on residents. If it shall appear to the satisfaction of the division, based upon an opinion of the Attorney General of this State, that any residents of this State, or class of residents of this State, who are subject to the tax imposed by this act, are liable for tax upon the same income under the law imposed for the taxable year by another critical area State and are thereby entitled to the credit allowed by section 37 of this act against the tax otherwise due under this act and that said credit is substantially sufficient to offset the taxes imposed hereunder, the division may by regulation relieve such residents or class of residents from being required to make any return under this act.

59. Administration of act. (a) The Division of Taxation in the Department of the Treasury shall administer the provisions of this act, adopt regulations necessary or desirable to effectuate its purposes or to make explicit the treatment of various items, authorize appropriate systems of accounting and computation, provide for the allocation of income, itemized deductions, gains and losses in cases where the source or connection thereof may be partly within and partly without the source state of the taxpayer, and prepare instructions for the guidance and information of taxpayers. Wherever possible, consistent with reasonable application of the provisions of this act, the division shall so prepare its regulations, forms, instructions and other acts to reduce the burden of making computations and returns under this act differently from similar computations and returns required of the same taxpayer with respect to the same income and gain to some other jurisdiction. The division shall also make procedural regulations for its review and correction of returns of taxpayers, the making of refunds or additional assessments of tax on such review or correction, and the

assessment of the tax where no return is filed, as well as the method and time of giving due notice thereof and providing suitable methods for appropriate protest or hearing.

In addition to objects mentioned elsewhere in this act, such regulations may describe the treatment to be accorded to items of exchange of property and the recognition or nonrecognition thereof, the deferment of gains from the sale of a personal residence, war losses, employee stock options, inclusions, exclusions and exemptions from gross income, pensions, common trust funds, and may provide for the determination and assessment of interest or penalties, extensions of time for performing any act or making any payment, suspension of penalty or interest or both for limited periods, waiver or reduction of additional taxes, gathering of information and filing of reports for information, and all other matters reasonably required for the fair, impartial and practical administration of this act.

(b) Except as otherwise provided, the amount of tax due on any return shall be determined by the division within 3½ years after the return was made. When the return omits an amount greater than 25% of the gross income or capital gain reported, and which should have been included, such determination shall be made within 6½ years after the return was made. When no return is made, or when a return is made willfully false or fraudulent with intent to evade the tax, or if taxpayer fails to report a change or correction made by another taxing jurisdiction or fails to file an amended return when required to by this act, the amount of the tax may be determined at any time. Where, for 1 taxable year, a deduction disallowed appears to have been allowable in some other taxable year not more than 5 years prior thereto, the return for such earlier year may be revised and the tax for said year resettled, and if the same shall result in a lower tax for said earlier year, the overpayment may be allowed as a credit against, but not in excess of, any assessment resulting from the disallowance for the later year.

60. Severability clause. If any provision of this act, or any application of any provision, is held invalid, the invalidity shall not affect other applications of the provision, or other provisions of the act, which reasonably can be given affect despite the invalidity.

61. Appropriation. There is hereby appropriated to the Division of Taxation in the Department of the Treasury the sum of $500,000.00 or so much thereof as may be required to carry out the provisions of this act from the operative date hereof through June 30, 1972.

62. Act operative. This act shall take effect immediately, but the tax imposed hereby, and the obligation to pay the same as well as the obligation to deduct and withhold shall be suspended and inoperative in the event that any of the moneys in the Transportation Benefit Fund shall be applied to a purpose or purposes other than one set forth in this act, from the date when such application is made until the amounts to be refunded to taxpayers as a result thereof have been allowed and paid; and the tax hereby imposed shall cease to be imposed, assessed and collected after the assessment thereof for any taxable year ending December 31, 1980, and for any part of a taxable year beginning during the year 1980 and ending December 31, 1980.

FROM THE OFFICE OF THE GOVERNOR

JUNE 17, 1971

FOR RELEASE:
IMMEDIATE

Governor William T. Cahill today signed into law Assembly bill 2511 which establishes a 3.5 percent tax on Pennsylvanians who work in New Jersey. The new tax is expected to raise more than $5 million annually.

The Governor said that the money from the new tax will be used to improve transportation facilities in the South Jersey area. He said that Transportation Commissioner John Kohl is compiling a priority list of transportation needs in that part of the state for allocation of the funds.

The Governor said that New Jersey must compensate itself for the loss of potential tax dollars under the recently-enacted Pennsylvania Personal Income Tax Law and the imposition of the Transportation Benefits Tax Act on non-residents will help to balance out that loss.

The Governor revealed that the State will begin August 1st to withhold the tax on its employees who reside in Pennsylvania. The tax will be levied at 5.5 percent for the remainder of the year. Imposition of the tax by New Jersey will not, the Governor emphasized, cause Pennsylvanians to pay any more money then they have been paying under the present Pennsylvania Personal Income Tax law.

The representatives of the State Divison of Taxation revealed that they will advise, by mail, New Jersey employers who have been voluntarily withholding money from their employees under the Pennsylvania Personal Income Tax Law what course of action to follow with the money.

The Governor repeated his earlier statement that he did not feel that the New Transportation Benefits Tax Act will be harmful to the suit which New Jersey has instituted challenging the constitutionality of the Pennsylvania Personal Income Tax Law. That suit is currently in the United States District Court in Philadelphia.

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