

54A:8-6

LEGISLATIVE HISTORY CHECKLIST
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(Partnerships--gross
income tax)

NJSA: 54A:8-6

LAWS OF: 1994 CHAPTER: 117

BILL NO: A1524

SPONSOR(S): Kavanaugh

DATE INTRODUCED: March 10, 1994

COMMITTEE: ASSEMBLY: Appropriations
SENATE: Budget

AMENDED DURING PASSAGE: No

DATE OF PASSAGE: ASSEMBLY: March 28, 1994
SENATE: September 19, 1994

DATE OF APPROVAL: October 12, 1994

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: ASSEMBLY: Yes
SENATE: Yes

FISCAL NOTE: Yes

VETO MESSAGE: No

MESSAGE ON SIGNING: No

FOLLOWING WERE PRINTED:

REPORTS: No

HEARINGS: No

KBG:pp

P.L.1994, CHAPTER 117, approved October 12, 1994
1994 Assembly No. 1524

1 AN ACT concerning partnership reports under the gross income
2 tax, amending N.J.S.54A:8-6.

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

6 1. N.J.S.54A:8-6 is amended to read as follows
7 54A:8-6. Requirements concerning returns, notices, records
8 and statements. (a) General. The director may prescribe
9 regulations as to the keeping of records, the content and form of
10 returns and statements, and the filing of copies of federal income
11 tax returns and determinations. The director may require any
12 person, by regulation or notice served upon such person, to make
13 such returns, render such statements, or keep such records, as the
14 director may deem sufficient to show whether or not such person
15 is liable under this act for tax or for collection of tax.

16 (b) Partnerships. Every partnership having a resident partner
17 or having any income derived from New Jersey sources, shall
18 make a return for the taxable year setting forth all items of
19 income, gain, loss and deduction and such other pertinent
20 information as the director may by regulations and instructions
21 prescribe. The director shall prescribe a State return form that,
22 at a minimum, includes the name [, principal residence] and
23 address [if applicable and telephone number] of each partner of
24 the partnership for taxable years ending on or after
25 [December 15, 1993] December 31, 1994. Such return shall be
26 filed on or before the fifteenth day of the fourth month following
27 the close of each taxable year.

28 Each partnership required to file a return under this subsection
29 for any taxable year shall, on or before the day on which the
30 return for the taxable year is required to be filed, furnish to each
31 person who is a partner or who holds an interest in such
32 partnership as a nominee for another person at any time during
33 that taxable year a copy of such information required to be shown
34 on such return as the director may prescribe.

35 For the purposes of this subsection, "taxable year" means a
36 year or period which would be a taxable year of the partnership if
37 it were subject to tax under this act.

38 (c) Information at source. The director may prescribe
39 regulations and instructions requiring returns of information to be
40 made and filed on or before February 15 of each year as to the
41 payment or crediting in any calendar year of amounts of \$100.00
42 or more to any taxpayer under this act. Such returns may be
43 required of any person, including lessees or mortgagors of real or
44 personal property, fiduciaries, employers, and all officers and

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the
above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 employees of this State, or of any municipal corporation or
2 political subdivision of this State, having the control, receipt,
3 custody, disposal or payment of interest, rents, salaries, wages,
4 premiums, annuities, compensations, remunerations, emoluments
5 or other fixed or determinable gains, profits or income, except
6 interest coupons payable to bearer. A duplicate of the statement
7 as to tax withheld on wages, required to be furnished by an
8 employer to an employee, shall constitute the return of
9 information required to be made under this section with respect
10 to such wages.

11 (d) Notice of qualification as receiver, et cetera. Every
12 receiver, trustee in bankruptcy, assignee for benefit of creditors,
13 or other like fiduciary shall give notice of his qualification as
14 such to the director, as may be required by regulation.
15 (cf: P.L.1993, c.173, s.18.)

16 2. This act shall take effect immediately
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19 STATEMENT
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21 This bill revises recently enacted minimum standards for the
22 returns that partnerships are required to file under the gross
23 income tax. Partnerships are not themselves taxpayers under the
24 gross income tax; instead, the members of a partnership are
25 liable for gross income tax on their shares of the income of a
26 partnership. A partnership return provides the Division of
27 Taxation with information necessary to properly administer the
28 gross income taxation of the partners.

29 Currently, the reporting provision requires some information of
30 a partnership that has little value in administration of the tax.
31 This bill deletes the provision that requires the report of a
32 partner's telephone number, and adds a requirement that the
33 partnership provide each partner with certain return
34 information. This bill also defers the effect of the new reporting
35 requirements from reports affecting tax liabilities payable in
36 calendar year 1994 and thereafter to reports affecting tax
37 liabilities payable in calendar year 1995 and thereafter. This one
38 year postponement of the more extensive requirements will allow
39 the Division of Taxation sufficient time to develop an appropriate
40 comprehensive State partnership return.
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45 Revises partnership reporting requirements under gross income
46 tax.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1524

STATE OF NEW JERSEY

DATED: MARCH 15, 1994

The Assembly Appropriations Committee reports favorably Assembly Bill No. 1524.

Assembly Bill No. 1524 revises the minimum standards for tax returns required of partnerships under the gross income tax. Partnerships are not themselves taxpayers under the gross income tax; instead, the members of a partnership are liable for gross income tax on their shares of the income of a partnership. A partnership return provides the Division of Taxation with information necessary to properly administer the gross income taxation of the partners.

Currently, the reporting provision requires some information of a partnership that has little value in administration of the tax. This bill removes the provision that requires the report of a partner's telephone number, and adds a requirement that the partnership provide each partner with certain return information. This bill also defers the effect of the new reporting requirements from reports affecting tax liabilities payable in calendar year 1994 and thereafter to reports affecting tax liabilities payable in calendar year 1995 and thereafter.

FISCAL IMPACT:

The one year postponement of the more extensive partnership return requirements will obviate the fiscal year 1994 requirement to develop, print and mail approximately 65,000 returns to partnerships active in New Jersey. This one year postponement of the more extensive requirements will allow the Division of Taxation sufficient time to develop a comprehensive State partnership return program.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1524

STATE OF NEW JERSEY

DATED: JUNE 2, 1994

The Senate Budget and Appropriations Committee reports favorably Assembly Bill No. 1524.

Assembly Bill No. 1524 revises the minimum standards for tax returns required of partnerships under the gross income tax. Partnerships are not themselves taxpayers under the gross income tax; instead, the members of a partnership are liable for gross income tax on their shares of the income of a partnership. However, a partnership return does provide the Division of Taxation with information necessary to properly administer the gross income taxation of the partners.

The partnership reporting statute was recently revised in 1993 and requires information of a partnership that has little value in the administration of the tax. These revised reporting requirements have not yet been implemented by the Division of Taxation. This bill removes the provision that requires the reporting of a partner's residential telephone number and allows a business address to be reported rather than a residence address.

In addition, the bill requires each partnership to furnish annually to a partner, or a person who holds an interest in the partnership as a nominee, certain income information as the Director of the Division of Taxation may prescribe.

This bill defers the implementation of the 1993 revised reporting requirements from reports affecting tax liabilities payable in calendar year 1994 and thereafter to reports affecting tax liabilities payable in calendar year 1995 and thereafter.

There are approximately 65,000 partnerships active in New Jersey. According to a representative of the Division of Taxation, the division has been working on a draft of a new comprehensive partnership reporting return and it is almost complete. It is anticipated that the final form will be ready for printing by September and distribution in December of 1994.

FISCAL IMPACT

The bill does not contain an appropriation to the Division of Taxation for the costs of the new partnership return form and instructional booklet; the resources of the Division of Taxation will be adequate to cover the costs for the new partnership returns form and instructional booklet.

LEGISLATIVE FISCAL ESTIMATE TO
ASSEMBLY, No. 1524
STATE OF NEW JERSEY

DATED: May 20, 1994

Assembly Bill No. 1524 of 1994 revises the standards for information returns required of partnerships under the gross income tax. Partnerships are not themselves taxpayers under the gross income tax; instead, the members of a partnership are liable for gross income tax on their shares of the income of a partnership. A partnership return provides the Division of Taxation with information necessary to properly administer the gross income taxation of the partners. A July 1993 amendment to the partnership reporting requirement set statutory minimum reporting standards for the first time, mandating that returns for periods ending after December 15, 1993, contain each partner's principal residence address and telephone number, items of information not required under previous departmental reporting requirements. Assembly Bill No. 1524 removes the requirement of reporting each partner's telephone number, allows a business address to be reported rather than an applicable residence address and adds a requirement that the partnership provide each partner with certain return information.

The bill also defers the effect of the new reporting requirements from reports affecting tax liabilities payable in calendar year 1994 and thereafter to reports affecting tax liabilities payable in calendar year 1995 and thereafter.

No fiscal information was provided by the Office of Management and Budget on the fiscal impact of this bill. However, in March 15, 1994 testimony before the Assembly Appropriations Committee a representative of the Department of the Treasury said that the one year postponement of the more extensive partnership return requirements would remove the fiscal year 1994 requirement to develop, print and mail approximately 65,000 returns to partnerships active in New Jersey. The majority of returns affecting liabilities payable in calendar year 1994 were due on April 15, 1994. The Office of Legislative Services notes that the period in which form development and distribution cost savings could be accomplished under the provisions of the bill has passed.

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.