

**TAX TALK**  
**BY JEFFREY D. SKOLNICK, CPA, M.S. TAXATION**

**HOW THE NEW JERSEY 2010 BUDGET AFFECTS YOU**

Governor Corzine signed the 2010 fiscal budget on June 30<sup>th</sup>. This article addresses some of the most prevalent tax provisions contained in the budget.

**Property Taxes**

The New Jersey homestead rebate plan. A plan in which the state refunds a portion of the money that they've overcharged you during the year, had been reduced in 2008 to 20% of the first \$10,000 of real estate taxes paid for senior citizens with \$100,000 or less of gross income and 10% for senior citizens with income in excess of \$100,000 up to \$150,000. The homestead rebates on non-seniors had been reduced to 20% of the first \$10,000 of real estate taxes paid for taxpayers with gross income of \$50,000 or less and 13.34% for non-seniors with gross income between \$50,000 and \$75,000. Aside from the above stated percentages there are additional restrictions placed on maximum amounts. The 2010 fiscal budget keeps these levels in place.

There is a change in the deductibility of real estate taxes on your New Jersey return. New Jersey's prior law allowed real estate tax deductions of up to \$10,000 for taxpayers. The new budget changes this deduction for non-seniors with gross income in excess of \$150,000. For non-seniors with income between \$150,000 and \$250,000 the deduction is reduced to \$5,000. For taxpayers with gross income in excess of \$250,000, no deduction is allowed in 2009.

**Income Taxes**

Individual taxpayers with taxable income in excess of \$400,000 but not over \$500,000 will pay income taxes at a rate of 8.0% (up from 6.37% in 2008). Taxpayers with income in excess of \$500,000 but not over \$1,000,000 will pay tax at a rate of 10.25% (up from 8.97% in 2008). Taxpayers with income in excess of \$1,000,000 will pay tax at a rate of 10.75% (up from 8.97% in 2008).

In addition, New Jersey will now tax lottery winnings in excess of \$10,000. Previously New Jersey lottery winnings were exempt from New Jersey tax.

**Corporate Business Tax**

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New Jersey had previously added a 4% surtax to the corporate business tax calculated for corporations with years ending after July 1, 2006 but before July 1, 2009. The 4% surcharge has been extended an additional year.

**Conclusion**

This article discusses a few of the many provisions contained in the New Jersey 2010 fiscal budget. The state budget is a large document. As always if you're not sure of the rules, then check with a tax professional.