



AN ACT allowing a gross income tax credit for Tax Year 2021.

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

1. a. For Tax Year 2021, a taxpayer with gross income of \$500,000 or less shall be allowed a credit against the tax otherwise due pursuant to the “New Jersey Gross Income Tax Act,” N.J.S.54A:1-1 et seq., in the amount of \$1,000 for married individuals filing a joint return and an individual filing as a head of household or as a surviving spouse, or \$500 for married individuals filing separately and an individual filing as a single taxpayer.

b. The amount of the credit allowed pursuant to this section shall be applied against the tax otherwise due under N.J.S.54A:1-1 et seq., after all other credits and payments. If the credit exceeds the amount of tax otherwise due, that amount of excess shall be an overpayment for the purposes of N.J.S.54A:9-7; provided however, that subsection (f) of N.J.S.54A:9-7 shall not apply.

c. If a taxpayer has already filed their Tax Year 2021 gross income tax return, the Director of the Division of Taxation shall credit the amount owed to the taxpayer pursuant to this section based on the taxpayer’s filing status.

2. This act shall take effect immediately.

#### STATEMENT

This bill allows a tax credit against the gross income tax for Tax Year 2021. The credit amount is \$500 for individuals who are single or married and filing separately or \$1,000 for married individuals filing a joint return and an individual filing as a head of household or as a surviving spouse. The credit is refundable, meaning that any excess credit beyond the taxpayer’s tax liability will be paid to the taxpayer in the form of tax refund.

The amount of the credit set forth in the bill is intended by the sponsors to effectuate a return of approximately \$3 billion collected from taxpayers in the current State fiscal year that was not budgeted and is not needed to fully fund all appropriations. Current year tax over-collections are attributable to the worst inflation in 40 years and other factors that are causing taxpayers to pay more in taxes than necessary. Currently, excess tax collections remain unused and unallocated in State accounts. Inflation rates far exceed investment returns, thereby eroding real purchasing power over time. The bill sponsors believe that putting money back into the pockets of taxpayers will not only provide appropriate and immediate relief from over-taxation and soaring inflation, it will help increase economic activity and prevent the value of over-collections from eroding over time.

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