

CHAPTER 20

AN ACT concerning payment of estimated gross income tax on sales of real property in this State by nonresidents, amending P.L.2004 c.55.

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

1. Section 2 of P.L.2004, c.55 (C.54A:8-9) is amended to read as follows:

C.54A:8-9 Payment of estimated tax by nonresident taxpayer on certain gains.

2. a. A nonresident taxpayer shall estimate and pay the gross income tax liability on the gain, if any, upon the sale or transfer of real property within this State. A nonresident taxpayer shall estimate the gross income tax due on a form prescribed by the director, using an estimated tax rate that is equal to the highest rate of tax for the taxable year provided in N.J.S.54A:2-1. The estimated tax due shall equal the gain, if any, multiplied by that rate. The amount of gain used in the computation shall equal the amount of gain reportable for federal income tax purposes for the taxable year, but the estimated tax payment shall not be less than 2% of the consideration for the sale or transfer stated in the deed affecting the conveyance.

b. If the real property sold or transferred is located partly with and partly without this State, the nonresident taxpayer shall estimate the tax due using only the portion of the gain reasonably attributable to the portion of the real property located within this State.

c. If the nonresident is an estate or trust, the taxpayer shall estimate the tax due based upon the gain, if any, computed without reduction for any distribution of income to the beneficiaries during the taxable year in which the sale or transfer occurred.

2. This act shall take effect immediately and be retroactive to August 1, 2004.

Approved January 19, 2005.