

CHAPTER 60
(CORRECTED COPY)

AN ACT establishing the alternative business calculation under the gross income tax to permit the consolidation and carryforward of certain business-related losses, supplementing Title 54A of the New Jersey Statutes.

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

C.54A:3-9 Alternative business calculation established.

1. a. Notwithstanding the provisions of N.J.S.54A:5-1, for the purposes of the alternative business calculation pursuant to this section a taxpayer who sustains a net loss in one or more of the net categories of gross income determined pursuant to subsections b., d., k., and p. of N.J.S.54A:5-1 shall net that loss against any other gains or losses sustained in those categories of gross income and any loss carryforward allowed pursuant to subsection b. of this section to determine alternative business income or loss.

b. Notwithstanding the provisions of N.J.S.54A:5-2, a taxpayer who sustains an alternative business loss pursuant to the provisions of subsection a. of this section may carry that loss forward, if necessary and in accordance with the terms and conditions prescribed by the director, for application pursuant to the provisions of subsection a. of this section during each of the 20 taxable years following the alternative business loss' taxable year.

c. (1) A taxpayer shall calculate regular business income as the total of the subsection b., d., k., and p. categories of gross income determined pursuant to N.J.S.54A:5-1 in accordance with N.J.S.54A:5-2.

(2) A taxpayer shall subtract alternative business income from regular business income determined pursuant to paragraph (1) of this subsection to determine the business increment.

(3) For purposes of calculating a taxpayer's liability pursuant to the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., a taxpayer shall adjust the taxpayer's taxable income pursuant to the following schedule:

For taxable years beginning in 2012, the taxpayer shall subtract from taxable income 10% of the business increment;

For taxable years beginning in 2013, the taxpayer shall subtract from taxable income 20% of the business increment;

For taxable years beginning in 2014, the taxpayer shall subtract from taxable income 30% of the business increment;

For taxable years beginning in 2015, the taxpayer shall subtract from taxable income 40% of the business increment.

For taxable years beginning in 2016 and thereafter, the taxpayer shall subtract from taxable income 50% of the business increment.

2. This act shall take effect immediately and apply to taxable years beginning on or after January 1, 2012.

Approved April 28, 2011.