

Income/Franchise:

New Jersey: Updated Combined Reporting Guidance Explains Sharing of Tax Credits and Carryovers

TB-90 Tax Credits and Combined Returns, N.J. Div. of Tax. (rev. 3/18/21). The New Jersey Division of Taxation (Division) recently updated its administrative guidance addressing the New Jersey corporation business tax (CBT) sharing of tax credits and tax credit carryovers among combined return group members within the context of New Jersey's mandatory unitary combined reporting regime, including the impact of technical corrections legislation enacted in 2020 clarifying that a combined group is a taxpayer [see *A.B. 4809 (2020) / P.L. 2020, c. 118 (Chapter 118)*, and *State Tax Matters*, Issue 2020-44, for more details on these law changes]. The Division explains that such clarification means for CBT privilege periods ending on and after July 31, 2020, that tax credits can be applied against the group tax liability instead of on an entity-by-entity basis. The updated bulletin provides an overview of how tax credits are shared on the CBT return, as well as states that the Division is in the process of drafting administrative regulations addressing topics covered by this bulletin. Please contact us with any questions.

URL: <https://www.state.nj.us/treasury/taxation/pdf/pubs/tb/tb90.pdf>

URL: https://www.njleg.state.nj.us/2020/Bills/A5000/4809_R1.PDF

URL: https://newsletters.usdbriefs.com/2020/Tax/STM/201106_2.html

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