

Income/Franchise:

New Jersey: Updated Guidance on Elective Passthrough Entity Business Alternative Income Tax

Pass-Through Business Alternative Income Tax (PTE/BAIT), N.J. Div. of Tax. (10/25/22). The New Jersey Division of Taxation updated administrative guidance on New Jersey's elective passthrough entity business alternative income tax (BAIT), which allows certain passthrough entities (PTEs) to report and pay tax at the entity level and provides a refundable tax credit for members of an electing PTE subject to New Jersey gross (individual) income tax [see previously issued Multistate Tax Alert for more details on the 2020 enactment of the BAIT]. The updated guidance reflects legislation enacted earlier this year [see S.B. 4068 (2022) and previously issued Multistate Tax Alert for more details on this 2022 legislation], which among other changes, effectively allows a potentially larger credit to be obtained for paying the optional tax for tax years beginning on or after January 1, 2022. Please contact us with any questions.

URL: <https://www.state.nj.us/treasury/taxation/baitpte/index.shtml>

URL: <https://www2.deloitte.com/us/en/pages/tax/articles/new-jersey-establishes-elective-entity-tax-for-pass-through-entities.html?id=us:2em:3na:stm:awa:tax:110422&sfid=7015Y000003bKGwQAM>

URL: <https://www.njleg.state.nj.us/bill-search/2020/S4068>

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-new-jersey-revises-elective-pass-through-entity-business-alternative-income-tax.pdf>

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