

Income/Franchise:

New Jersey: Updated Bulletin Reflects New Law that Expands Definition of Unitary Business

Technical Bulletin TB-93(R), N.J. Div. of Tax. (rev. 8/14/23). The New Jersey Division of Taxation (Division) posted an updated technical bulletin addressing the unitary business principle and the definition of “unitary business” for New Jersey corporation business tax (CBT) purposes to reflect recently enacted legislation that expands the definition of “unitary business” for privilege periods ending on and after July 31, 2023 [see A.B. 5323 (2023) and previously issued Multistate Tax Alert for more details on these recent New Jersey tax law changes]. The bulletin provides that for privilege periods ending on and after July 31, 2023, “unitary business” means a single economic enterprise that is made up either of separate parts of a single business entity or of a group of business entities under common ownership that are sufficiently interdependent, integrated, or interrelated through their activities so as to provide a synergy and mutual benefit that produces a sharing or exchange of value among them and a significant flow of value among the separate parts. Moreover, the bulletin states that as a result of the law change from an “AND” to an “OR” in the definition of a unitary business, “more entities may be unitary and required to be included in the combined group;” however, the tests for determining whether a unitary business relationship exists “remain the same.” The bulletin also explains that more information on combined reporting and the unitary business principle may be found in New Jersey’s corresponding regulations (*i.e.*, at N.J.A.C. 18:7-21.1 through 21.29). Please contact us with any questions.

URL: <https://www.state.nj.us/treasury/taxation/pdf/pubs/tb/tb93.pdf>

URL: <https://www.njleg.state.nj.us/bill-search/2022/A5323>

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-multistate-tax-alert-new-jersey-enacts-changes-to-corporation-tax-laws.pdf>

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