



# Forms, Fees, & Instructions

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## **Instructions for Completing Employer Payroll Tax Form NJ-927W**

### **General Instructions**

The NJ-927W Form has been revised for reporting periods starting with the report for the 3rd quarter of 1998 (report due October 30, 1998). The revised form will be scanned and imaged using automated character recognition technologies to input the information you supply. Please read and follow all instructions carefully.

### **The New Jersey Taxpayers' Bill Of Rights**

The Taxpayers' Bill of Rights became law as P.L. 1992,c.175. The intent of the legislation is to insure that all taxpayers receive the information and assistance they need to understand and meet their State tax responsibilities and to insure that they receive fair and equal treatment in their dealings with the New Jersey Division of Taxation. By extension, the Division of Revenue is committed to complying with this legislation.

Information on the Taxpayers' Bill of Rights is available through the Division of Taxation. Call 1-800-323-4400 (Touch-tone phones within New Jersey only) or (609) 588-2525 (Touch-tone phones anywhere) to order Taxation's publication, ANJ-1, New Jersey Taxpayers' Bill of Rights (ANJ-1).

Customer service representatives are available at both the Division of Taxation and the Department of Labor to answer specific tax questions about the Gross Income Tax (Taxation) and Unemployment and Disability Insurance (Division of Employer Accounts). Those general information phone numbers are:

Division of Employer Accounts Hotline (609) 633-6400  
Division of Taxation Hotline (609) 292-6400

You can find information, and answers to frequently asked questions on the following Web sites:

NJ Division of Taxation - <http://www.state.nj.us/treasury/taxation>  
NJ Department of Labor - <http://www.state.nj.us/labor>

### **Penalties & Interest**

It is an employer's responsibility to file accurate and timely reports. Penalties and interest will be assessed for late filing of reports, inaccurate filing of reports, and late payments of monies. Depending on the report and information involved, either the Division of Employer Accounts or the Division of Taxation will assess penalties and interest. Please let us help you avoid penalties and interest by filing accurately, on time, and with full payment. More information about penalties and interest is available on the web sites for the Division of Taxation and the Division of Employer Accounts -or call the general information phone numbers for those Divisions listed.

## **ALTERNATE FILING METHODS**

### **Electronic Funds Transfer**

The Division of Revenue has established procedures to allow the remittance of tax payments electronically through [Electronic Funds Transfer \(EFT\)](#). Many employers find it easier to use this method of payment. This option is open to all employers.

Business taxpayers with prior annual liability of \$20,000 or more are required to use EFT (PL 1992, c.140) for all tax payments sent to the Division of Revenue. Employers already filing EFT for the NJ Gross Income Tax (Form NJ-941) should continue using the existing payment codes. Employers filing contributions (Form UC-27) may now also use EFT to remit these payments.

If you would like to use EFT to pay your taxes, contact the EFT Unit at (609) 984-9830 or write to: NJ Division of Revenue, EFT Unit, P.O. Box 191, Trenton, NJ 08646-0191. They will provide you with easy to follow instructions.

### **By Mail**

Make checks payable to the State of New Jersey. Print your NJ Taxpayer Identification Number on your check or money order. Sign and date your check. DO NOT SEND CASH. Sign and date Form NJ-927W. Forms should be signed by: (1) the individual, if the employer is an individual; (2) the president, treasurer, or other principal officer, if the employer is a corporation; or (3) a responsible and duly authorized member having knowledge of the affairs, if the employer is a partnership or other unincorporated organization.

### **Change Notices**

At the top of Form NJ-927W, there is a detachable NJ Reg-C form. Use this form only to change your address or if you stop doing business in New Jersey. Detach this form, complete the section that applies to the change to be made, and mail it separately to the address listed on the form.

### **No Wages Paid**

Forms NJ-927W and WR-30 - All employers must file forms NJ-927W and WR-30, even though no wages were paid during the quarter. In the boxes requesting wage or payment information enter zero (0). Failure to submit forms NJ-927W and WR-30 timely will result in penalties.

## **NJ 927-W INSTRUCTIONS**

You have been determined to be a weekly payer. As a weekly payer, you must remit payment of withheld taxes via [Electronic Fund Transfer \(EFT\)](#). You must do so on or before the Wednesday following a payday. For the purposes of this requirement, a week shall run from Sunday through Saturday. The EFT TXP Tax Code to be used for this purpose is "01170". If you want to make early payments on the Division of Labor portion of your liability, the EFT TXP Tax Code is "13002".

All taxpayers must file an Employer's Quarterly Report. Form NJ-927W is provided for this purpose. Both sides of this report must be fully completed.

### **Line by Line Instructions**

**1. Total of all Wages Paid: Subject to Unemployment Insurance, Disability Insurance, Workforce Development and the Health Care Subsidy Fund:** For employment as defined in the New Jersey Unemployment Compensation Law, enter the total remuneration paid for services rendered, without deductions. Specific information on wages subject to Unemployment Insurance is available through the Division of Employer Accounts. If you paid no wages, enter zero (0).

The amount of wages entered in Item 1 MUST equal the "Total Gross Wages" reported on Form WR-30 for the same quarter.

**2. Wages Paid in Excess of the Taxable Wage Base:** Enter that portion of the wages paid to each employee in this quarter that is more than the Taxable Wage Base for the calendar year. If none, enter zero (0).

Contributions are due on taxable wages you paid each individual employee during the calendar year. Wages you paid the individual employee above the Taxable Wage Base amount are considered "excess wages" and are not subject to contributions.

**3. Taxable Wages: UI, WF & HC:** Unemployment Insurance, Workforce Development and Health Care Trust Fund. Enter result of Line 1 minus Line 2.

**4. Taxable Wages Subject to State Disability Plan:** This line will always equal Line 3 unless you have an approved Private or Combination Disability Plan. If you have an approved Private Plan, enter zero (0). If you have an approved Combination Plan, enter the taxable wages of the employees covered under the State plan only.

**5. Total Unemployment Insurance, Workforce Development and Health Care Contributions:** Multiply taxable wages (Line 3) by the rate indicated in the box on Line 5.

**6. Total Disability Insurance Contributions:** Multiply taxable wages (Line 4) by the rate indicated in the box on Line 6.

**7. Total GIT Withheld:** Employers must withhold Gross Income Tax is required on:

- Wage and salary payments made to an employee by an employer
- Certain payments made through an accident or health insurance plan, unless specifically excluded
- Payment of pension, annuity, and other retirement benefits such as distributions from IRAs, Keogh Plans, SEPs, etc.
- Payment of gambling winnings

Specific information regarding the withholding of tax and the rates for withholdings may be found in the NJ-WT booklet available from the Division of Taxation. Information, including the withholding tables, is also available on the [Division of Taxation's web site](#).

**8. Total Liability:** Add Lines 5, 6, and 7. Enter the total on Line 8.

**9. Total Payments and Credits:** Enter the total of all payments and credits, including electronic fund transfers, made for this quarter.

**10. Overpayment Amount:** Subtract Line 9 from Line 8 to determine overpayment or balance due. If there is an overpayment, check Credit or Refund.

**11. Balance Due:** This is the amount that you owe for the quarter.

## **Back of Return**

**Number of Workers Employed:** Enter in the space provided for each different month the number of workers who worked or received compensation during the payroll period, that includes the 12th day of the month. If you employed no workers, enter zero (0).

EXCLUDE from the count those workers on pension, those in the armed forces, and those on leave of any kind without pay.

**Workers Insured Under Private Plans:** Enter only the number of workers who are covered by an approved Private Plan for Disability Insurance, included in the 3rd month of number of workers employed. If you have a State Plan for Disability Insurance, enter zero (0).

## **Schedule of Withholding Liabilities (back of return continued)**

**Lines 1 through 14-** Enter the Gross Income Tax Withholding Liability

for each week in the quarter. If zero, enter zero (0).

**Line 15 (Total Withheld for Quarter)** - Add Lines 1 through 15. Enter here and on Line 7 on the front of the form.

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## 11. EMPLOYER'S QUARTERLY REPORT

Effective October 1, 1998, employers required to withhold and remit New Jersey gross income tax from their employee's pay will be filing one of two quarterly reports, Form NJ-927 or Form NJ-927-W, Employer's Quarterly Report. The Employer's Quarterly Report reports both New Jersey Gross Income Tax withheld and Worker Unemployment Insurance, Health Care Subsidy Fund, Workforce Development Partnership Fund, and Disability Insurance wage and withholding information.

Customer service representatives are available at both the Division of Taxation and the Department of Labor and Workforce Development to answer specific tax questions about the Gross Income Tax (Taxation) and Unemployment and Disability Insurance (Division of Employer Accounts). Those general information phone numbers are: the Division of Taxation Customer Service Center 609-292-6400 and the New Jersey Department of Labor and Workforce Development, Division of Employer Accounts Hotline 609-633-6400. You can find information and answers to frequently asked questions on the following Web sites:

NJ Division of Taxation - <http://www.state.nj.us/treasury/taxation>  
NJ Department of Labor and Workforce Development -  
<http://www.state.nj.us/labor>.

All employers are **required** to file (Form NJ-927 or Form NJ-927-W) for each calendar quarter, regardless of the amount of tax actually due for a particular quarter. Forms NJ-927/NJ-927-W are due on the thirtieth day of the month following the end of the each quarter. All employers are still required to file the year-end reconciliation, Form NJ-W-3.

Certain employers of household workers may report and pay New Jersey Gross Income Tax withheld, and unemployment and disability insurance contributions on an annual basis on Form NJ-927-H. See paragraph E, Annual Payer, below. Form NJ-927-H is due on January 31 following the close of the calendar year.

## 12. PAYMENT CLASSIFICATIONS

**A. Weekly Payer** - Employers with a prior year liability of \$10,000 or more for employer income tax withholdings will be designated by the Division of Taxation as a "weekly payer." See P.L. 2004, c.52. Weekly payers must electronically remit, via the Electronic Funds Transfer (EFT), all State income tax withholdings. Tax is due on or before the Wednesday of the week following the week (Sunday through Saturday) containing the payday(s) on which the taxes were withheld. **Frequency of remittance for weekly payers is determined by the frequency of the paydays and can be weekly, biweekly, monthly, etc.** Weekly payers are required to file a quarterly return, Form NJ-927-W. Weekly payers making a withholding payment are to use TXP Tax Type Code "01170", Addendum Record "G." For example, ABC Company has a payday on June 26, 2006, and withholds \$1,500 New Jersey Gross Income Tax. ABC Company must remit \$1,500 via EFT by Wednesday, July 5, 2006. The Tax Period End Date on the EFT transaction would be "050627," and the NJ-927-W Gross Income Tax liability and payment would be reported on the June 2006 Employer's Quarterly Report.

**B. Monthly Payer** - Employers not required to pay tax as a weekly payer are to use Form NJ-500, Monthly Remittance of Gross Income Tax Withheld and remit on a monthly basis whenever the tax due in either of the first two months of a calendar quarter is \$500 or more. Tax due for the third month is remitted with the quarterly return, Form NJ-927. **Please note:** NJ-500 Return Forms are mailed on a quarterly basis, together with the NJ-927. EFT taxpayers use monthly TXP Tax Type code "01120".

**C. Quarterly Payer** - When tax due for either of the first two months of the quarter is less than \$500, that tax should be remitted with Form NJ-927. EFT taxpayers use Quarterly TXP Tax Type Code "01130".

**D. Seasonal Business** - Seasonal employers are also bound by the same payment and filing requirements as listed above.

**E. Annual Payer-Domestic Employers** - Effective January 1, 2000, certain employers of household workers may report and remit gross income tax and unemployment and disability insurance contributions on an annual basis (Form NJ-927-H). Employers with employees other than domestic service workers may not use Form NJ-927-H, but must file Form NJ-927 (or Form NJ-927-W) each quarter.

**F. Preaddressed Forms** - Preaddressed withholding reports and envelopes (Form NJ-500, Form NJ-927, and Form NJ-927-W) are mailed to all employers on a quarterly basis. (Domestic Employers will be mailed an Annual Report, NJ-927-H.) Employers must use these envelopes and pre-addressed forms. If an employer's preaddressed forms are lost or damaged so as to require replacement, a request for duplicate forms listing the employer's name and identification number should be sent to the State of New Jersey-Division of Taxation, Revenue Processing Center, PO Box 252, Trenton, NJ 08646-0252 or telephone the Division of Taxation Customer Service Center at 609-292-6400.

**Failure to receive any of the required forms does not relieve the employer of his obligation for filing and payment.**

**G. Close of Business** - The last return (NJ-927/NJ-927-W, NJ-927-H) of tax withheld for any employer who discontinues business or permanently ceases to pay wages must be marked "Final Return." The final return must be filed within 30 days after the end of the month in which business or payment of wages ceased, irrespective of the reporting period due date. See instruction 19. Any tax due must be remitted with this return.

## 13. ONLINE FILING OF THE NJ-927 AND NJ-927-W

To access this service, you will need your New Jersey taxpayer identification number and either your four-digit Personal Identification Number (PIN) or the first four characters of your registered taxpayer name.. The PIN is listed on the upper right side of the Form REG-C which was included in your NJ-927/NJ-927-W filing package.

Our Web site address for filing the NJ-927/NJ-927-W is:  
<http://www.state.nj.us/treasury/taxation/>.

Our online service allows you to pay any balances due for the quarter you are filing, via credit card, e-check, or EFT.

You can find information and answers to frequently asked questions on the following Web sites:

NJ Division of Taxation - <http://www.state.nj.us/treasury/taxation>  
NJ Division of Revenue - <http://www.state.nj.us/treasury/revenue>

## 14. PAYMENT OF TAX WITHHELD

Payment for the full amount of tax withheld must accompany your Monthly Remittance of Gross Income Tax Withheld (Form NJ-500) or Employer's Quarterly Report (Form NJ-927 or Form NJ-927-W) or Domestic Employer's Annual Report (Form NJ-927-H). The payment should be made by a single remittance payable to "State of New Jersey-NJ-927".

A registered employer or other authorized withholder of New Jersey income tax is acting as a trustee for the State of New Jersey. The amount withheld must be remitted to the State in payment of the accrued income tax liability of the individual(s) from whose wages or payments the funds were deducted. The law provides that business owners, partners, corporate officers, and some employees may be personally liable for the amount of all such tax withheld. In the event of delinquency, an employer may be required to deposit all withheld amounts in a separate account in trust for the New Jersey Division of Taxation or may be ordered to file returns and pay the tax as required by the Director of the Division of Taxation. Penalties and interest will be imposed for failure to withhold and remit the tax on a timely basis.

## 15. ELECTRONIC FUNDS TRANSFER

The New Jersey Division of Taxation has established procedures for the remittance of tax payments electronically through Electronic Funds Transfer (EFT). P.L. 2004, c.52 requires business taxpayers with a prior year's liability of \$10,000 or more in any one tax to remit all tax payments to the Division of Taxation using EFT.

If you meet the requirements for participation in the program, you will automatically be notified by the Division of Taxation and sent all applications and registration information required for participation. Employers may voluntarily remit through EFT.

If you have any questions concerning the Electronic Funds Transfer program you may call 609-984-9830 or write to: New Jersey Division of Revenue, EFT Group, PO Box 191, Trenton, NJ 08646-0191.

## 16. PENALTIES, INTEREST, AND FEES

Failure to file a return by the due date and/or failure to remit any taxes due by the due date will result in penalty and interest charges. Anyone required to withhold gross income tax does so as a trustee on behalf of the State of New Jersey. Thus business owners, partners, corporate officers, and some employees of such businesses may be held personally liable for failure to collect the tax when required or for failure to file returns and remit any taxes due on a timely basis.

Late Filing Penalties - 5% per month (or fraction thereof) of the balance of tax liability due at original return due date not to exceed 25% of such tax liability. A penalty of \$100 per month (or fraction thereof) for each month return is delinquent may also be imposed.

Late Payment Penalty - 5% of the balance of the taxes due and paid late.

Interest - The annual interest rate is 3% above the average predominant prime rate. Interest is imposed each month (or fraction thereof) on the unpaid balance of the tax from the original due date to the date of payment. At the end of each calendar year any tax, penalties, and interest remaining due will become part of the balance on which interest is charged.

Note: The average predominant prime rate is the rate as determined by the Board of Governors of the Federal Reserve System, quoted by commercial banks to large businesses on December 1st of the calendar year immediately preceding the calendar year in which the payment was due or as determined by the Director in accordance with N.J.S.A. 54:48-2.

Collection Fees - In addition to the above penalties and interest, if your tax bill is sent to a collection agency, a referral cost recovery fee of 10% of the tax due will be added to your liability. If a certificate of debt is issued for your outstanding liability, a fee for the cost of collection may also be imposed.

## 17. CORRECTING MISTAKES

If no tax, or less than the correct amount of tax (other than on tips), is deducted from any wage payment, the employer is authorized to deduct the amount of the undercollection from later payments to the employee. However, the employer is liable for any underpayment. Reimbursement is a matter for settlement between the employer and employee. If, in any filing period, more than the correct amount of tax is deducted from any wage payment, the overcollection shall be repaid to the employee. If overcollection is repaid to the employee, the employer must obtain and keep as a part of his records a written receipt of the employee showing the date and amount of the repayment. Every collection not repaid to and receipted for by the employee must be reported and paid to the Division of Taxation with the return for the filing period in which the overcollection was made.

If the correct amount of tax is not paid to the Division of Taxation, proper adjustment may be made on the first remittance or return filed after the error is discovered. If an error was made on a prior remittance within a calendar quarter resulting in either an overpayment or underpayment, you may correct the error by adjusting the following period's remittance. If, at the time of completion of the Employer's Quarterly Report (Form NJ-927 or NJ-927-W) you find an error, you may make a final remittance payment, or, in the case of an overpayment, request a credit to the next quarter or request a refund on the NJ-927 or NJ-927-W. If an error is found at a later date (such as at year end), you must submit an amended NJ-927 or NJ-927-W for any resulting overpayment or underpayment and pay any additional tax due for each quarter which is found to be incorrect. In instances where more than one quarter is found to be incorrect, a separate amendment for each quarter affected is required. Negative returns should never be submitted to the Division for processing. **It should also be noted that remittance of negative returns commonly generates billing notices, thereby causing problems for the employer as well as the Division.**

You may also make a direct application for refund using Form A-3730, which is available upon request. Call the Customer Service Center at 609-292-6400 to receive any form mentioned above.

## 18. WAGE AND TAX STATEMENTS FOR EMPLOYEES

Employers must furnish a Wage and Tax Statement (Form W-2) to each employee showing the amount of wages paid, the amount of State income tax withheld and certain other information. New Jersey does not have a separate form for reporting this wage and tax information.

Employers are to report the total amount of wages, tips, and other compensation paid to each employee for services rendered both inside and outside of the State. The amount of state income tax withheld for each employee as well as the name of the state to which the employer remitted the amounts withheld must also be shown. **The employer must indicate the amount of New Jersey tax withheld and the "State" box of Form W-2 must indicate that the tax withheld was New Jersey income tax.**

The W-2 "State" wage box amount must include, in addition to the box 1 wage amounts, the following:

- Employee elective amounts contributed to all types of pension plans, except elective contributions to an IRC section 401(k) plan (for details, see page 2).
- Cafeteria plan contributions (except those excludable as detailed on page 2).
- IRC section 129 dependent care benefits.
- IRC section 137 adoption expense benefits.

If it becomes necessary to correct a W-2 after it has been given to an employee, a corrected statement clearly marked "corrected by employer" must be issued to the employee. If a Wage and Tax Statement is lost or destroyed, a substitute copy clearly marked "reissued by employer" should be furnished to the employee.

**A. Reporting Withholding of Unemployment Insurance, Health Care Subsidy Fund, Workforce Development Partnership Fund, and Disability Insurance Contributions** - Amounts deducted and withheld as worker contributions to Unemployment Insurance/Health Care Subsidy Fund/Workforce Development Partnership Fund and Disability Insurance as provided under the New Jersey Unemployment Compensation Law are to be reported on employee Wage and Tax Statements (Federal Form W-2), (P.L. 1992, c.160; P.L. 1992, c.44; P.L. 1981, c.453). The employer must include a combined amount for Unemployment Insurance/Health Care Subsidy Fund/Workforce Development Partnership Fund and also report State Disability Insurance withheld separately.

**Note:** Employers with approved private plans must include their assigned private plan number.

In order to assist New Jersey employers and other preparers of Form W-2, Wage and Tax Statements, with the proper reporting for calendar year 2005, samples of completed W-2 forms are provided on pages 5-16.

**B. When to Furnish Wage and Tax Statements** - Wage and Tax Statements for a calendar year and any corrected statements made for that year must be furnished to employees no later than February 15 following the close of such year. However, if an employee leaves the service of the employer before the close of the calendar year and is not expected to return to work within the calendar year, the statement must be furnished to the employee not later than 30 days after the last payment of wages is made to the employee.

Should such employee later be reinstated by the same employer during the calendar year, a separate Wage and Tax Statement must be furnished to the employee covering such period of employment within the calendar year.

**C. Undeliverable Wage and Tax Statements** - Any employee copies of the W-2 which, after reasonable effort, cannot be delivered to the employee, should be forwarded to the State of New Jersey-Division of Taxation, Revenue Processing Center, Gross Income Tax, PO Box 333, Trenton, NJ 08646-0333 on or before June 30 of the next calendar year. These forms should be accompanied by a cover letter setting forth the circumstances. A business which terminates prior to the close of the calendar year should forward the undeliverable W-2 forms with their final return.

## 19. RECONCILIATION OF TAX WITHHELD (Form NJ-W-3)

A Reconciliation of New Jersey Gross Income Tax Withheld (Form NJ-W-3) must be filed as follows:

1. For a continuing business - on or before the last day in February following the close of the calendar year.

2. For a terminated business - within 30 days after the close of the month in which business entity or payment of wages ceased.

Form NJ-W-3 is to be filed with the State of New Jersey-Division of Taxation, Revenue Processing Center, Gross Income Tax, PO Box 333, Trenton, NJ 08646-0333 together with:

- for employers, Copy 1 of the corresponding individual employee wage and tax statements (Form W-2); for payors of pension and annuity income, the corresponding information returns (Form 1099-R) but only those which indicate New Jersey income tax was withheld from the associated payment; for payors of gambling winnings, Schedule NJ-W3-G and the corresponding recipient statements (Forms W-2G and/or 1042-S).
- a totaled listing of amounts withheld as reported on the enclosed W-2s, 1099-Rs, W-2Gs and 1042-Ss.

The reconciliation package which includes Form NJ-W-3, copies of information returns (i.e., W-2s, 1099-Rs, and W-2Gs), Schedule NJ-W3-G (if appropriate), and totaled listing of amounts withheld, is to be sent to the Division separately from any Form NJ-500, Monthly Remittance of Gross Income Tax Withheld, or any Form NJ-927, NJ-927-W, Employer's Quarterly Report, Form NJ-927-H Domestic Employer's Annual Report. No payment is sent with Form NJ-W-3 (see page 10). An employer/payor who discontinues business or permanently ceases to pay wages files a "Final Return" and Form NJ-W-3 in accordance with instruction 12. (Postal regulations require that these forms be sent by first class mail.)

Where the number of forms is large, they may be forwarded to the New Jersey Division of Taxation in packages of convenient size. When this is done, each package should be identified with the name and account number of the employer and consecutively numbered. Form NJ-W-3 should be placed in package No. 1 and the number of packages indicated on the summary form.

If an employer's total payroll consists of a number of separate units or establishments, the W-2s may be assembled accordingly and a separate totaled list submitted for each establishment. In such a case, a summary list should be submitted and the total of each should agree with the closing entry made on Form NJ-W-3.

**A. Magnetic Media Filing** - In lieu of filing Copy 1 of the Wage and Tax Statement (Form W-2), employers may submit a magnetic tape, magnetic tape cartridge or diskette. The Division conforms to the latest Federal Specifications defined in the Social Security Administration's Publication MMREF-1. The NJ-MMREF-1 Booklet which details the requirements for reporting New Jersey State wage and tax information on magnetic tape or diskette is available upon request or on our Web site. Our instruction booklet containing the information to report on magnetic tape may be received by contacting the State of New Jersey-Division of Taxation, Revenue Processing Center, Mag Media Section, PO Box 256, Trenton, NJ 08646-0256, telephone 609-984-7988, or online at <http://www.state.nj.us/treasury/taxation>.

The Reconciliation of Gross Income Tax Withheld (Form NJ-W-3) must be filed with the wage and tax information submitted by magnetic media.

## 20. WITHHOLDING FROM GAMBLING WINNINGS

If you have withheld New Jersey Gross Income Tax from gambling winnings, you are required to issue a Form W-2G "Statement for Recipient of Certain Gambling Winnings" to the winner upon the issuance of the proceeds. Remittance of withholdings from gambling winnings shall be made on Form NJ-500, Monthly Remittance of New Jersey Gross Income Tax Withheld, and/or Form NJ-927/NJ-927-W, Employer's Quarterly Report, together with any withholdings made as an employer in New Jersey during the same period. Filing period requirements are based on the aggregate of the withholdings made from both sources. Schedule NJ-W3-G, Schedule for Computing Amount Withheld From Employee Wages and Gambling Winnings must be completed and filed with Form NJ-W-3. Copy 1 of both W-2s and W-2Gs issued and a totaled listing of amounts withheld from both sources must also accompany the NJ-W-3 filed with the State.

In addition to the above, casinos and racetracks operating in New Jersey are required to file Form GMB-5, Report of New Jersey Gross Income Tax Withheld From Gambling Winnings, on a monthly basis.

If you are required to withhold from gambling winnings but you are not registered with the New Jersey Division of Revenue as an employer, you must complete and file Form NJ-REG, Business Registration Application. Once this form has been processed, you will receive the necessary tax forms.

If you are an employer and have withheld from gambling winnings, you must file Schedule NJ-W3-G with Form NJ-W-3.

In order to obtain Form NJ-REG or Schedule NJ-W3-G, contact the New Jersey Division of Taxation's Forms Request System at 1-800-323-4400 (Touch-tone phones within NJ, NY, PA, DE, and MD) or 609-826-4400 (Touch-tone phones anywhere), contact the Customer Service Center at 609-292-6400 or write to: NJ Division of Taxation, Taxpayer Forms Services, PO Box 269, Trenton, NJ 08695-0269.

## 21. WITHHOLDING FROM PENSION AND ANNUITY INCOME

Payors of pensions and annuities are required to withhold New Jersey Gross Income Tax from pensions and annuities if requested to do so by recipients (P.L. 1989, c.328). Since nonresidents are not subject to tax on pension and annuity income from New Jersey sources (P.L. 1989, c.219), this applies only to payments made to New Jersey residents.

- This provision applies to all payors of pensions and annuities, both private and public and to all payments, including lump sum distributions.
- The minimum amount that can be withheld is \$10 per payment.
- No limit is placed on the amount that can be withheld, but it must be an even dollar amount.

**A. Agreements between payors and recipients** - A Certificate of Voluntary Withholding of New Jersey Gross Income Tax From Pension and Annuity Payments (NJ-W-4P) is included in this booklet. You may have the recipients of your pension or annuity payments complete this reproducible form or you may design your own form for their use provided it contains the same information as the NJ-W-4P form. In either case, you must have an agreement with the recipient on file before you begin withholding from payments.

**B. Payment of Tax Withheld** - Payment for the full amount of tax withheld must accompany your Monthly Remittance of Gross Income Tax Withheld (Form NJ-500) or Employer's Quarterly Report (Form NJ-927 or Form NJ-927-W).

**C. Reporting the Tax Withheld** - The amount of tax withheld must be reported on your Employer's Quarterly Report (NJ-927 or NJ-927-W). Simply include the amount of tax withheld from pensions and annuities in the boxes marked "Withholding Liabilities" (Form NJ-927) or "Schedule of Withholding Liabilities" (Form NJ-927-W).

**D. Penalties, Interest, and Fees** - Income Tax withheld by employers and by payors of pensions and annuities is a special fund held in trust for the State of New Jersey. Penalties, interest, and fees as provided by law will be imposed for failure to file Form NJ-500 or NJ-927/NJ-927-W and remit the tax withheld timely.

**E. Reconciliation of Tax Withheld** - Information concerning the amount of State income tax withheld from pension and annuity payments should be included on your Reconciliation of New Jersey Gross Income Tax Withheld (NJ-W-3). Copies of Federal Forms W-2 and 1099-R should be attached to the NJ-W-3 along with totaled listings of the amounts of income tax withheld as shown on these forms.

**F. Out-of-State Payors** - Out-of-State payors of pensions and annuities who are registered with the New Jersey Division of Taxation are required to withhold New Jersey income tax from payments made to New Jersey recipients when requested to do so by the recipients.