

Schedule B - continued

Line 44C - Tax Paid on Behalf of Estate or Trust by Partnerships and Distributed

Enter on this line the total tax paid on behalf of the estate or trust by partnerships which was distributed to nonresident beneficiaries or grantor. Also enter this amount on Page 2, Line 32b.

SCHEDULE C - Credit for Income or Wage Taxes Paid by New Jersey Estates or Trusts to Other Jurisdictions

A resident estate or trust may be eligible for a tax credit against its New Jersey tax if its income is from sources outside New Jersey and is subject to both New Jersey income tax and the income tax or wage tax imposed by another state of the United States or political subdivision of such state or by the District of Columbia. The fiduciary must complete this schedule to be allowed the credit.

NOTE: New Jersey does not require that a copy of the income tax return(s) filed with the other jurisdiction(s) be submitted with Form NJ-1041. However, taxpayers should retain complete copies of any returns filed with other jurisdiction(s), including Electronic Filing Income Tax Returns and associated schedules and worksheets which establish the nature and source of the income being taxed by the other jurisdiction. If the fiduciary return is audited, the taxpayer will be asked to submit copies of these or other documents.

Line 45 - Income Properly Taxed by Both New Jersey and Other Jurisdiction

Enter on this line the amount of income received during the taxable year, after the deduction of the actual amount of income distributed or required to be distributed, which was subject to tax by another jurisdiction and also reported on the New Jersey return and included in Schedule C, Line 46. Do not combine the same income subject to tax by more than one jurisdiction. Income subject to tax by foreign countries *cannot* be included in Line 45.

Line 46 - Income Subject to Tax by New Jersey

Enter on this line the amount of income taxed by New Jersey from Page 1, Line 16 (Total Income).

Line 47 - Maximum Allowable Credit

To compute the amount to be entered on this line divide the income taxed by New Jersey (Schedule C, Line 46) into income taxed by the other jurisdiction (Schedule C, Line 45) and multiply the result by the New Jersey tax (Page 2, Line 26). This is the amount of maximum allowable credit.

Line 48 - Income Tax Paid to Other Jurisdiction

Enter on this line the total amount of income or wage tax paid to the other jurisdiction on the amount of income indicated at Schedule C, Line 45.

Line 49 - Credit Allowed

Enter on this line the *lesser* of Schedule C, Line 47 (maximum allowable credit) or Schedule C, Line 48 (income or wage tax paid to other jurisdiction). Also enter this amount on Page 2, Line 27.

For more information on claiming a credit for taxes paid to another jurisdiction, see Tax Topic Bulletins GIT-3W, *Credit for Taxes Paid to Other Jurisdictions (Wage Income)*, and GIT-3B, *Credit for Taxes Paid to Other Jurisdictions (Business/Nonwage Income)*.

SCHEDULE D - Allocation of Business Income to New Jersey

Schedule D must be used by nonresident taxpayers who are required to complete and enclose a Gross Income Tax Business Allocation Schedule (Form NJ-NR-A). This schedule is completed only by nonresidents carrying on business both inside and outside New Jersey. (See the instructions for Form NJ-NR-A on page 13.)

SCHEDULE E - New Jersey Income of Nonresident Estates and Trusts

The New Jersey income tax liability of a nonresident estate or trust is based on the percentage of its total income which comes from New Jersey sources. Tax is computed on income from all sources and then prorated according to the ratio that New Jersey income bears to income from both inside and outside New Jersey.

Nonresident estates must report their income from all sources (both inside and outside New Jersey) on Lines 6–13 of Form NJ-1041 and their income from New Jersey sources on Lines 1–8 of Schedule E. These figures cannot be copied from figures reported on the Federal return.

Complete Schedule E *before* completing Line 16a of Form NJ-1041. If you complete Schedule E, be sure to enclose it with your completed Form NJ-1041.

Income From New Jersey Sources (Lines 1–8)

For each of the various categories of income, enter the portion of the estate's or trust's income received during the taxable year that comes from New Jersey sources.

Important: For every entry on Lines 6–13 of Form NJ-1041, there should be an entry on the corresponding line on Schedule E. If none of the income in a particular category is from New Jersey sources, enter "0" on the appropriate line on Schedule E.

Income or losses which a nonresident estate or trust receives from a business entity (i.e., sole proprietorship, partnership, LLP, or LLC) located in New Jersey will not be deemed to be derived from New Jersey sources if the business entity's sole activity is the purchase, holding, or sale of intangible personal property, such as commodities or securities, and such intangible personal property is not held for sale to customers. You must, however, include such income on the appropriate line of Form NJ-1041.

A nonresident estate or trust which carries on business *both inside and outside New Jersey* must allocate business income to determine the amount of income from New Jersey sources. Complete and enclose a separate Business Allocation Schedule (Form NJ-NR-A) for each business required to allocate. Also complete Schedule D on Page 3 of Form NJ-1041.

continued

Schedule E - continued

Line 9 - Total Income From New Jersey Sources

Enter on Line 9 the total of Lines 1–8.

Line 10 - New Jersey Source Income Distributed to Beneficiaries

Enter on Line 10 the amount from Schedule B, Line 44B (total New Jersey source income distributed to beneficiaries).

Line 11 - New Jersey Income

Subtract Line 10 from Line 9. Enter the result here and on Page 1, Line 16a.

2015 Schedule NJ-BUS-1**PART I - Net Profits From Business**

Use Part I to report the net profits or loss from the operation of a business, trade, profession, or other activity carried on by the estate or trust after provision for all costs and expenses incurred in the conduct thereof, determined either on a cash or accrual basis in accordance with the method of accounting used for Federal income tax purposes. If the spaces provided are not sufficient, enclose a statement with the return listing any additional businesses and the related profit or loss along with Schedule NJ-BUS-1. Adjustments should be made to Federal Schedule C or F to comply with the New Jersey income tax law.

- Add any amounts deducted for taxes based on income.
- Add interest from states or political subdivisions outside New Jersey which were not reported for Federal purposes.
- Add interest and dividends that were derived by the trade or business.
- Add or subtract income or losses derived by the trade or business from rentals, royalties, patents, or copyrights.
- Add or subtract gains or losses from the sale, exchange, or other disposition of the trade or business's property, not including New Jersey exempt securities.
- Subtract interest which was taxable for Federal purposes but is exempt for New Jersey purposes.
- Subtract the remaining meal and entertainment expenses (that were disallowed on the Federal return).
- Deduct your qualified contributions to a self-employed 401(k) plan. Contributions to a plan in excess of the Federal limits, which are not an allowable deduction for Federal tax purposes, are also not deductible for New Jersey purposes.
- Add or subtract the net adjustment from the Gross Income Tax Depreciation Adjustment Worksheet GIT-DEP, Part 1, line 7. Be sure to retain the completed worksheet for your records.
- Subtract the New Jersey allowable IRC Section 199 deduction which must be calculated on Form 501-GIT, Domestic Production Activities Deduction.

Sole proprietorships engaged in providing "primary care" medical and/or dental services at a qualified practice located in or within five miles of a designated Health Enterprise Zone (HEZ) may qualify for a deduction on Line 19. For information on eligibility

requirements and how to calculate the HEZ deduction, see Technical Bulletin TB-56.

In order for an income-producing activity to constitute a business or profession, it must be a commercial enterprise regularly conducted for profit and meet the criteria listed in N.J.A.C. 18:35-1.1, *Net Profits From Business*.

Example

A trust invests in stock for its own financial benefit. It does not offer its investment services to others for a fee. It derives substantial income (gains from the sale of stock, interest, and dividends) from the investment activities. The trust's income is not net profits from a business or profession. It must report this income as gains from the sale of stock, interest, and dividends.

Lines 1-3

Business Name. Enter the name of each business as listed on Federal Schedule C or F.

Social Security Number/Federal EIN. Enter the social security number or Federal employer identification number of each business.

Profit or (Loss). Enter the profit or (loss) for each business as adjusted for New Jersey purposes.

Line 4 - Add the amounts in the "Profit or (Loss)" column and enter the total on Line 4, netting profits with losses. Enter this amount on Line 8. **If the netted amount is a loss**, enter "0" on Line 8.

PART II - Net Gains or Income From Rents, Royalties, Patents, and Copyrights

The estate's or trust's portion of net gains or losses derived from rents, royalties, patents, and copyrights from property owned by a sole proprietorship, partnership, an estate or trust or, in general, an S corporation is reportable as net profits from business in Part I, distributive share of partnership income in Part III, net pro rata share of S corporation income in Part IV, or income from estates or trusts on Line 13.

Use Part II to report all other net gains or income less net losses from rents, royalties, patents, and copyrights as reported on the Federal income tax return of the estate or trust for the taxable period. If the spaces provided are not sufficient, enclose a statement with the return listing any additional property and income or loss along with Schedule NJ-BUS-1.

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