

*Schedule B - continued*

In both cases, the sale must have been due to: a change in place of employment, health, or unforeseen circumstances.

**Gains/Losses to be Reported on Other Lines.** If you had a gain or loss from the disposition of property owned by a business or an estate or trust, *do not report it on Schedule B*. Your portion of the gain or loss from these sources will be included as follows:

- *Sole proprietorship:* Schedule NJ-BUS-1, Part I
- *Partnership:* Schedule NJ-BUS-1, Part II
- *S Corporation:* Schedule NJ-BUS-1, Part III
- *Estate or Trust:* Form NJ-1040, Line 25 (Grantor Trusts, see the instructions for Line 25)

**Line 1 - List of Transactions**

List any New Jersey taxable transaction(s) as reported on your Federal Schedule D, indicating the gain or loss for each transaction in Column f. In listing the gain or loss on disposition of rental property, you must take into consideration the New Jersey adjustment from Worksheet GIT-DEP, Part 1, line 6.

Do not include gains or losses from the sale of exempt obligations. For more information, see Tax Topic Bulletin GIT-5, *Exempt Obligations*.

There is no distinction between active and passive losses for New Jersey purposes. You cannot carry back or carry forward such losses when reporting income on Form NJ-1040. You may deduct Federal passive losses in full in the year incurred against any gain within the **same category** of income, but only in the year that it occurred.

**Line 2 - Capital Gains Distributions**

Enter your capital gains distributions from Form 1099-DIV(s) or similar statement(s). Do not include capital gains from a "New Jersey Qualified Investment Fund" that are attributable to qualified exempt obligations or gains from mutual funds to the extent attributable to Federal obligations. For more information on "New Jersey Qualified Investment Funds," see page 21.

**Line 3 - Other Net Gains**

Enter the net gains or income less net losses from disposition of property not included on Lines 1 or 2 of Schedule B.

**Line 4 - Net Gains**

Enter the total of the amounts listed on Line 1, Column f and Lines 2 and 3, netting gains with losses. Enter this amount on Line 18, Form NJ-1040. If the netted amount is a loss, enter zero here and make no entry on Line 18, Form NJ-1040.

**2016 Schedule NJ-BUS-1****Schedule NJ-BUS-1  
Business Income  
Summary Schedule****Part I - Net Profits From  
Business**

Report the net profits or loss from your business, trade, or profession. If you need more space, enclose a statement with the return listing any additional businesses and the related profit or loss.

To determine your New Jersey profit or loss, first complete a Federal Schedule C (or Schedule C-EZ or F) for each business. Use the same accounting method (cash or accrual) that you used for Federal purposes. Then, make the following adjustments:

1. Add any amount you deducted for taxes based on income.
2. Subtract interest you reported on Federal Schedule C (or C-EZ or F) that is exempt for New Jersey

purposes but taxable for Federal purposes.

3. Add interest not reported on Federal Schedule C (or C-EZ or F) from states or political subdivisions outside New Jersey that is exempt for Federal purposes.
4. Deduct the remaining 50% of meal and entertainment expenses that were not allowed on the Federal return.
5. Deduct your qualified contributions to a self-employed 401(k) plan. Contributions that exceeded the Federal limits are not deductible for New Jersey purposes.
6. Add interest and dividends derived in the conduct of a trade or business.
7. Add or subtract income or losses derived in the conduct of a trade or business from rentals, royalties, patents, or copyrights.
8. Add or subtract gains or losses from the sale, exchange, or other dis-

position of the trade or business's property.

9. Add or subtract the net adjustment from the Gross Income Tax Depreciation Adjustment Worksheet GIT-DEP, Part 1, line 7.
10. Subtract the New Jersey allowable IRC Section 199 deduction from Form 501-GIT, Domestic Production Activities Deduction.

If you are a sole proprietor who provides primary care services in a qualified medical or dental practice you own that is located in or within five miles of a designated Health Enterprise Zone (HEZ), you may be able to deduct a percentage of the net income from that practice on Line 33. See Technical Bulletin TB-56 for eligibility requirements and instructions for calculating the HEZ deduction.

If you are engaged in a business, trade, profession, or occupation in New Jersey, you must register with the State for tax purposes by filing a Business Registration

*continued*

*Schedule NJ-BUS-1 - continued*

Application, Form NJ-REG. You can file online at: [www.state.nj.us/treasury/revenue/](http://www.state.nj.us/treasury/revenue/).

## Lines 1-3

**Business Name.** Enter the name of each business as listed on Federal Schedule C (or C-EZ 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 17, Form NJ-1040. **If the netted amount is a loss**, make no entry on Line 17.

## Part II - Distributive Share of Partnership Income

Report your share of income or loss from partnership(s), whether or not the income was actually distributed. If you need more space, enclose a statement with the return listing any additional partnerships and the related income or loss.

For more information, see Tax Topic Bulletin GIT-9P, *Income From Partnerships*.

## Lines 1-3

**Partnership Name.** Enter the name of each partnership as listed on Schedule NJK-1 (or Federal Schedule K-1).

**Federal EIN.** Enter the Federal employer identification number of each partnership.

**Share of Partnership Income or (Loss).** Enter your share of income or (loss) for each partnership as reported on Schedule NJK-1. Take the amount from column A of the line labeled "Distributive Share of Partnership Income."

If you did not receive a Schedule NJK-1, you must enclose a copy of the Federal

Schedule K-1 and complete Reconciliation Worksheet A in Tax Topic Bulletin GIT-9P, *Income From Partnerships*.

## Line 4

Add the amounts in the "Share of Partnership Income or (Loss)" column and enter the total on Line 4, netting income with losses. Enter this amount on Line 20, Form NJ-1040. **If the netted amount is a loss**, make no entry on Line 20.

## Part III - Net Pro Rata Share of S Corporation Income

Report the amount of your net pro rata share of S corporation income or loss, whether or not the income was actually distributed. If you need more space, enclose a statement with the return listing any additional S corporations and the related income or loss.

For more information, see Tax Topic Bulletin GIT-9S, *Income From S Corporations*.

## Lines 1-3

**S Corporation Name.** Enter the name of each S corporation as listed on Schedule NJ-K-1 (or Federal Schedule K-1).

**Federal EIN.** Enter the Federal employer identification number of each S corporation.

**Pro Rata Share of S Corporation Income or (Usable Loss).** Enter your share of each S corporation's income or (usable loss) as reported on Schedule NJ-K-1.

If you did not receive a Schedule NJ-K-1, you must enclose a copy of the Federal Schedule K-1 and complete Reconciliation Worksheet B in Tax Topic Bulletin GIT-9S, *Income From S Corporations*.

## Line 4

Add the amounts in the "Pro Rata Share of S Corporation Income or (Usable Loss)" column and enter the total on Line 4, netting income with losses. Enter this amount on Line 21, Form NJ-1040. **If the netted amount is a loss**, make no entry on Line 21.

## Part IV - Net Gains or Income From Rents, Royalties, Patents, and Copyrights

Report your net gains or income less net losses from rents, royalties, patents, and copyrights. If you need more space, enclose a statement with the return listing any additional property and income or loss.

**NOTE:** Certain net gains or losses from rents, royalties, patents, and copyrights from property owned by a business (sole proprietorship, partnership, or S corporation) or an estate or trust must be reported in other income categories on Form NJ-1040 — not in Part IV, Schedule NJ-BUS-1. See "Gains/Losses to be Reported on Other Lines" below before you complete Part IV.

New Jersey and Federal depreciation and expense deduction limits are different. A New Jersey depreciation adjustment may be required for assets placed in service on or after January 1, 2004. Complete the Gross Income Tax Depreciation Adjustment Worksheet GIT-DEP to calculate the adjustment.

The New Jersey allowable IRC Section 199 deduction must be calculated on Form 501-GIT, Domestic Production Activities Deduction. You should take the result into consideration when calculating the net gain, income, or loss resulting from the rental of applicable property.

There is no distinction between active and passive losses for New Jersey purposes. You cannot carry back or carry forward such losses when reporting income on Form NJ-1040. You may deduct Federal passive losses in full in the year incurred against any gain within the **same category** of income.

**Gains/Losses to be Reported on Other Lines.** If you had net gains or losses from rents, royalties, patents, and copyrights from property owned by a business or an estate or trust, *do not report them in Part IV*. Your portion of the net gains or losses from these sources will be included as follows:

*continued*

*Schedule NJ-BUS-1 - continued*

- ♦ *Sole proprietorship*: Schedule NJ-BUS-1, Part I
- ♦ *Partnership*: Schedule NJ-BUS-1, Part II
- ♦ *S Corporation*: Schedule NJ-BUS-1, Part III
- ♦ *Estate or Trust*: Form NJ-1040, Line 25 (Grantor Trusts, see the instructions for Line 25)

## Lines 1-3

**Source of Income or Loss.** Enter the property name or description. If the property is rental real estate, enter the physical address of the property.

**Social Security Number/Federal EIN.** Enter the social security number or Federal employer identification number for each income source.

**Type.** Enter the number that corresponds with the type of property. For example, if you received royalty income, enter "2."

**Income or (Loss).** Enter the gain or (loss) for each type of property. For rentals, when listing the income or loss for each rental property from your Federal Schedule E, you must take into consideration the New Jersey adjustments from Worksheet GIT-DEP, Part 1, lines 4 and 5.

## Line 4

Add the amounts in the "Income or (Loss)" column and enter the total on Line 4, netting gains with losses. Enter this amount on Line 22, Form NJ-1040. **If the netted amount is a loss, make no entry on Line 22.**

## Assembling Your Return

Check the following before mailing your return:

- ♦ **Check your math.**
- ♦ **Sign and date your return (or property tax credit application).** Both spouses must sign a joint return.
- ♦ **Enclose** all supporting documents and schedules with your return including:
  - W-2s
  - 1099-Rs and 1099-MISCs that show NJ withholdings
  - If applicable, New Jersey Form(s): Schedules A, B, NJ-BUS-1 and NJ-BUS-2, NJ-630, NJ-1040-O, NJ-2210, NJ-2440, NJ-2450, GIT-317, Schedule NJK-1 (or copy of Federal Schedule K-1, Form 1065), Schedule NJ-K-1 (or copy of Federal Schedule K-1, Form 1120S), Schedule NJK-1, Form NJ-1041 (or copy of Federal Schedule K-1, Form 1041)
  - Proof of age and/or disability the first time you claim the exemption(s) on your return or property tax credit application
  - Copy of your New Jersey Certificate of Domestic Partnership the first time you claim the exemption on your return
  - If applicable, death certificate of a deceased taxpayer
  - Copy of Federal tax return to verify income for a part-year resident was equal to or less than the filing threshold amount for the entire year
  - If applicable, copy of Federal Form(s):
 

Schedule B for interest over \$1,500	Form 4868 for filing under a Federal extension
Schedule C, C-EZ, or F for business income	Form 8283 for Qualified Conservation Contributions
Form 2106 for employee business expenses	Form 8853 for Archer MSA contributions
Form 3903 for moving expenses	
- ♦ **Balance due.** If paying by check or money order, complete Form NJ-1040-V. Write your social security number on your check or money order. If paying by e-check or credit card, do not complete the payment voucher.
- ♦ **Use the return envelope** to mail Form NJ-1040 or NJ-1040-H with related enclosures and check or money order with payment voucher. **Send only one return or property tax credit application per envelope.** On the flap of the envelope there are two address labels. Choose the one that applies.
- ♦ **Keep a copy** of your return and all supporting documents, schedules, and worksheets.