

11. EMPLOYER'S QUARTERLY REPORT

Employers required to withhold and remit New Jersey gross income tax from their employees' pay will be electronically filing one of two quarterly reports, Return NJ-927 or Return NJ-927-W, Employer's Quarterly Report. The Employer's Quarterly Report reports New Jersey Gross Income Tax withheld and Worker Unemployment Insurance, Supplemental Workforce Fund, Workforce Development Partnership Fund, Family Leave Insurance and Disability Insurance wage and withholding information.

New Jersey requires all employers to file electronically. The Division of Revenue has provided an online guide which lists the electronic filing, registration and payment opportunities that are available. The information is available at:

<http://www.state.nj.us/treasury/revenue/electronfileopt.shtml>

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 609-984-1721 and the New Jersey Department of Labor and Workforce Development, Division of Employer Accounts Hotline 609-633-6400. Family Leave Insurance information is available at 609-292-2720. You can find information and answers to frequently asked questions on the following websites:

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

NJ Department of Labor and Workforce Development -

<http://lwd.state.nj.us/labor/index.html>

All employers are **required** to electronically file (Return NJ-927 or Return NJ-927-W) for each calendar quarter, regardless of the amount of tax actually due for a particular quarter. Quarterly reports (Returns NJ-927/NJ-927-W) are due on the thirtieth day of the month following the end of 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, disability insurance, and Family Leave Insurance contributions on an annual basis on return NJ-927-H. See paragraph E, Annual Payer, below. Return 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 report, Return NJ-927-W. Weekly payers making a withholding payment are to use TXP Tax Type Code "01170", Addendum Record "G."

Employers using EFT are required to use the quarter's period end date for all payments. Therefore, for any and all paydays (and related withholdings) occurring in:

- the first quarter of 2016, the Tax Period End Date is "160331".
- the second quarter of 2016, the Tax Period End Date is "160630".
- the third quarter of 2016, the Tax Period End Date is "160930".
- the fourth quarter of 2016, the Tax Period End Date is "161231".

For example, ABC Company has a payday on June 3, 2016, and withholds \$1,500 New Jersey Gross Income Tax. ABC Company must remit \$1,500 via EFT by Wednesday, June 8, 2016. The Tax Period End Date on the EFT transaction would be "160630," and the NJ-927-W Gross Income Tax liability and payment would be reported on the June 2016 Employer's Quarterly Report.

B. Monthly Payer - Employers not required to pay tax as a weekly payer are to use NJ-500, Monthly Remittance of Gross Income Tax Withheld and electronically remit it 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 paid when electronically filing the quarterly report, Return 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 paid when electronically filing the quarterly report, Return 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** - Certain employers of household workers may report and remit gross income tax and unemployment and disability insurance contributions electronically on an annual basis (NJ-927-H). Employers with employees other than domestic service workers may not use Return NJ-927-H, but must electronically file a quarterly report, Return NJ-927 (or NJ-927-W) each quarter.
- F. Close of Business** - The employer must file a 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. Any tax due must be remitted with this report.

13. ONLINE FILING OF THE NJ-927, NJ-927-W AND NJ-927-H

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.

Our website address for filing the NJ-927/NJ-927-W/NJ927-H is: <http://www.state.nj.us/treasury/revenue>

The Report information pertaining to the Employer Gross Income Tax Withheld portion of the return will be filled in under sections titled: "GIT Amounts Withheld for Quarter" and "Employer Gross Income Tax (GIT) Withholding". The Labor and Workforce Development portion of the return will be filled in under the section titled: "Unemployment, Disability, Workforce, and Family Leave".

In addition to the filing of quarterly reports, payments for balances due are required to be made electronically; paper checks will no longer be accepted. 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 websites:

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 is required for the full amount of tax withheld for your Monthly Remittance (NJ-500) or Employer's Quarterly Report (Return NJ-927 or Return NJ-927-W) or Domestic Employer's Annual Report (Return NJ-927-H).

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 reports 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 report 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.

For additional information regarding the Interest Rates Assessed by the Division, see Technical Bulletin 21:

<http://www.state.nj.us/treasury/taxation/interest.shtml>

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 received 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 (Return 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 after the quarterly report was filed (such as at year end), you must electronically file an amended NJ-927 (Return NJ-927X) or NJ-927-W (Return NJ-927-WX) for any resulting overpayment or underpayment and to 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 affected quarter is required. Negative returns are not allowed and will not be accepted for processing.

You may also make a direct application for refund using Form A-3730, which is available upon request from the Customer Service Center at 609-984-1721 and from the Division's website at www.state.nj.us/treasury/taxation

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, Supplemental Workforce Fund, Workforce Development Partnership Fund, Disability Insurance and Family Leave Insurance (FLI) Contributions** - Amounts deducted and withheld as worker contributions to Unemployment Insurance/Supplemental Workforce Fund/Workforce Development Partnership Fund, Disability Insurance, and Family Leave 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/Supplemental Workforce Fund/Workforce Development Partnership Fund and report separate amounts for both State Disability Insurance withheld and the Family Leave Insurance.

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 2015, samples of completed W-2 forms are provided on pages 15-16.

- 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.