

## Income/Franchise:

### New Jersey Division of Taxation Addresses “Convenience of the Employer” Rule for Nonresidents Who Never Physically Work In-State

*Convenience of the Employer Sourcing Rule FAQs*, N.J. Div. of Tax. (10/27/23). The New Jersey Division of Taxation (Division) issued some answers to frequently asked questions (FAQs) pertaining to recently enacted New Jersey legislation that adopts a “convenience of the employer” rule for nonresident income sourcing for New Jersey gross (individual) income tax purposes [see A.B. 4694 (2023), and *State Tax Matters*, Issue 2023-30, for more details on these law changes], including addressing whether this rule applies to an Alabama, Delaware, Nebraska, or New York resident employee working for a New Jersey company who does not physically work in New Jersey in a calendar year at all. In response, the Division explains that, in general, “a minimum connection is required for taxation.” Accordingly, for residents of those states imposing a convenience of the employer rule, if an employee performs no services in New Jersey, even if employed by a New Jersey employer, wages are *not* allocated to New Jersey under the new convenience of the employer rule. Another FAQ fact pattern addresses whether an employer with multiple offices in several states, including New Jersey, that employs a resident of Alabama, Delaware, Nebraska, and New York, is considered a New Jersey employer for purposes of the convenience of the employer rule. Please contact us with any questions.

**URL:** <https://www.nj.gov/treasury/taxation/conveniencerulefaq.shtml>

**URL:** <https://www.njleg.state.nj.us/bill-search/2022/A4694>

**URL:** [https://dhub.deloitte.com/Newsletters/Tax/2023/STM/230728\\_4.html](https://dhub.deloitte.com/Newsletters/Tax/2023/STM/230728_4.html)

— Norm Lobins (Cleveland)  
Managing Director  
Deloitte Tax LLP  
[nlobins@deloitte.com](mailto:nlobins@deloitte.com)

Kevin Friedhoff (Morristown)  
Senior Manager  
Deloitte Tax LLP  
[kfriedhoff@deloitte.com](mailto:kfriedhoff@deloitte.com)

Steve Martin (Morristown)  
Senior Manager  
Deloitte Tax LLP  
[stevenmartin@deloitte.com](mailto:stevenmartin@deloitte.com)

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms or their related entities (collectively, the “Deloitte organization”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.

#### **About Deloitte**

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more.

Deloitte provides industry-leading audit and assurance, tax and legal, consulting, financial advisory, and risk advisory services to nearly 90% of the Fortune Global 500® and thousands of private companies. Our professionals deliver measurable and lasting results that help reinforce public trust in capital markets, enable clients to transform and thrive, and lead the way toward a stronger economy, a more equitable society and a sustainable world. Building on its 175-plus year history, Deloitte spans more than 150 countries and territories. Learn how Deloitte’s approximately 415,000 people worldwide make an impact that matters at [www.deloitte.com](http://www.deloitte.com).