

## Income/Franchise:

### New Jersey: Updated Gross Income Tax Bulletin Reflects CBT Law Changes on Sourcing

*Tax Bulletin No. TB-112(R): Gross Income Tax Allocation Sourcing for the Receipts of Business Income*, N.J. Div. of Tax. (rev. 5/3/24). The New Jersey Division of Taxation (Division) posted an updated bulletin reflecting legislation enacted in 2023 that made significant changes to New Jersey's corporation business tax (CBT) for privilege periods ending on and after July 31, 2023 [see A.B. 5323 (2023) and previously issued Multistate Tax Alert for more details on these recent law changes], and providing that gross (individual) income tax taxpayers (including partnerships) must follow the same sourcing rules required for CBT purposes on business receipts as it pertains to New Jersey sourcing rules beginning as of January 1, 2023 – meaning that such business receipts are sourced using the single sales factor method and market-based sourcing method. According to the Division, the most recent updates were made in response to questions it received – ‘specifically, there has been clarification added to the taxability of nonoperational income and nonunitary partnership income, Section 8 relief requests for S corporations, the sourcing rules for guaranteed payments, and the accounting method for tiered partnerships. Please contact us with any questions.

**URL:** <https://www.nj.gov/treasury/taxation/pdf/pubs/tb/tb112.pdf>

**URL:** <https://www.njleg.state.nj.us/bill-search/2022/A5323>

**URL:** <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-multistate-tax-alert-new-jersey-enacts-changes-to-corporation-tax-laws.pdf>

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