

Income/Franchise:

New Jersey: Proposed New and Amended Rules Reflect Significant CBT Law Changes from 2023

Proposed Amendments to N.J.A.C. 18:7-1.6, 1.8, 1.9, 1.13, 1.15, 1.18, 1.19, 1.25, 2.11, 3.4, 3.6, 3.8, 3.10, 3.12, 3.13, 3.15, 3.23A, 3.26, 3.27, 5.1, 5.2, 5.3, 5.6, 5.7, 5.8, 5.14, 5.16, 5.18 through 5.22, 7.3, 7.6, 8.1, 8.4, 8.5, 8.7, 8.9, 8.10A, 8.11, 8.12, 11.5, 11.6, 11.7, 11.12, 11.13, 11.16, 11.17A, 12.1, 13.1, 13.8, 13.11, 14.2, 17.5, 17.8, 19.2, 21.1, 21.3 through 21.8, 21.10, 21.11, 21.13, 21.15 through 21.21, and 21.27; Proposed Repeal of and New N.J.A.C. 18:7-3.17; Proposed Repeal of N.J.A.C. 18:7-3.14, 5.17, 7.1, 7.2, 7.5, 18, 20.1, 20.2, and 20.3; Proposed New N.J.A.C. 18:7-1.9A and 20.4, N.J. Div. of Tax. (2/18/25). The New Jersey Division of Taxation (Division) has posted several proposed new and amended rules reflecting legislation enacted in 2023 that made significant changes to New Jersey's corporation business tax (CBT) regime for tax years ending on or after July 31, 2023 [see A.B. 5323 (2023) and previously issued Multistate Tax Alert for more details on these 2023 law changes]; written comments on these proposed rule changes are due by April 19, 2025. Included in the proposal are rules reflecting CBT law changes that revised New Jersey's nexus standard; increased New Jersey's net global intangible low-taxed income (GILTI) deduction to 95% by treating GILTI as a dividend; amended New Jersey's combined reporting provisions, including adoption of a "Finnigan" sourcing methodology; provided a limited exception for decoupling from Internal Revenue Code section 174; updated the dividends received deduction (DRD) calculation; changed the net operating loss deduction; and changed the due date of the New Jersey corporate tax return. The Division notes that the proposal includes "amendments and new rules that incorporate certain parts of the Multistate Tax Commission's updated P.L. 86-272 guidelines, but the rules will apply prospectively, upon adoption." Please contact us with any questions.

[URL: https://www.nj.gov/treasury/proposed_rules/PRN2025-01357NJR305a.pdf](https://www.nj.gov/treasury/proposed_rules/PRN2025-01357NJR305a.pdf)

[URL: https://www.njleg.state.nj.us/bill-search/2022/A5323](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](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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