

Income/Franchise:

New Jersey Division of Taxation Adopts New and Amended Rules Reflecting Significant CBT Law Changes from 2023

Amended 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; Repeal of and New N.J.A.C. 18:7-3.17; 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; New N.J.A.C. 18:7-1.9A and 20.4, N.J. Div. of Tax. (eff. 6/16/25). The New Jersey Division of Taxation (Division) adopted several 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]. Included in the adoption 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 a net 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 New Jersey CBT return due date.

URL: https://www.nj.gov/treasury/proposed_rules/R2025d07657NJR1303b.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>

The adopted revisions also include rules that incorporate certain parts of the Multistate Tax Commission's updated P.L. 86-272 guidelines, including those involving "internet activities," which the Division previously indicated would apply "prospectively, upon adoption" [see *State Tax Matters*, Issue 2025-7, for details on these new and amended CBT rules, as originally proposed earlier this year]. Responding to some submitted comments on these revisions since first proposed, the Division stated, "While P.L. 86-272 protects out-of-State companies from the tax based on income if their sole activities are solicitation activities for the sales of tangible personal property, it does not protect other types of activities, products, and services." The new and amended CBT rules took effect on June 16, 2025. Please contact us with any questions.

URL: https://dhub.deloitte.com/Newsletters/Tax/2025/STM/250221_3.html

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