

**New Jersey Corporate Business Tax Reform:
One Year and Counting**

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Fig.1

New Jersey Corporate Business Tax: FY03 Cash Collection @ 7/31/03

	FY03 GIT revenue	FY03 non-recurring	FY03 baseline	FY03 total
partners' fee	51			51
professional corp. fee (est.)		7	12	19
non-res. Ind. withholding	110			110
non-res. corp. withholding			126	126
increased CBT min. fee (est.)			45	45
Saving Institution conversion (est.)			15	15
TY02 retro amount (est.)		170		170
EP3 accelerated paym't (est.)		120		120
Dec. '02 overpayment (est.)		75		75
NOL suspension (est.)		225		225
(a) FY03 baseline reforms+AMA			1,858	1,658
total	160	597	1,856	2,613
FY02 actual cash collections			1,171	
less net Amnesty			(105)	
less law changes of 1/02			(25)	
(b) FY02 baseline collections			1,041	
FY03 vs. FY02 baseline changes:		(a-b) \$M	617	
		(a-b)/b	59.2%	

Fig. 2
Index of Average Monthly NJ Business Formations by Type

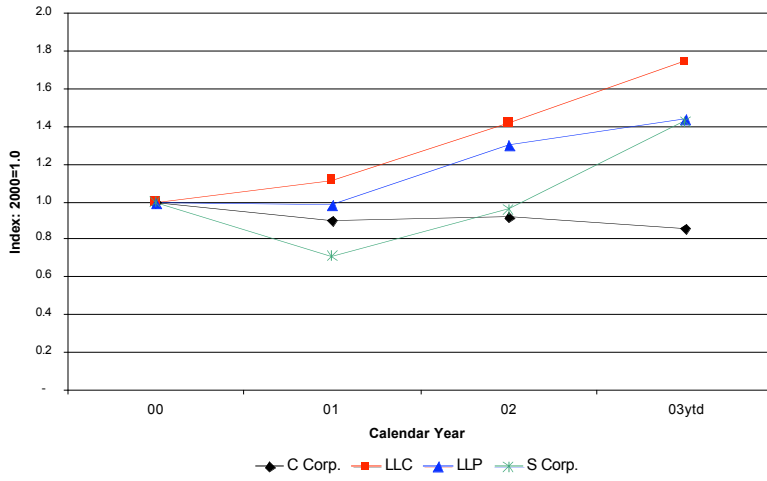


Fig. 3

New Jersey Business Tax Liability Comparisons

Corp. Gross Receipts = \$10,000,000

net profit % of gross receipts	net profit	CBT @ 9% statutory rate	AMA computed on:		
			Gross Profit @ 3 times net profit	Gross Profit @ 5 times net profit	Gross Receipts
1%	100,000	9,000	0	0	11,111
2%	200,000	18,000	0	0	11,111
3%	300,000	27,000	0	1,389	11,111
4%	400,000	36,000	556	2,778	11,111
5%	500,000	45,000	1,389	4,167	11,111
6%	600,000	54,000	2,222	5,556	11,111
7%	700,000	63,000	3,056	6,944	11,111
8%	800,000	72,000	3,889	8,333	11,111
9%	900,000	81,000	4,722	9,722	11,111
10%	1,000,000	90,000	5,556	11,111	11,111
15%	1,500,000	135,000	9,722	18,056	11,111
20%	2,000,000	180,000	13,889	25,000	11,111

note: AMA due, if larger than the actual CBT liability, is the minimum of the AMA liability computed by the gross profit and the gross receipts method. As a result, the maximum AMA due in this example is \$11,111

Red entries are above the amount based on the gross receipts calculation.