



# GITTELMAN & company, p.c.

- CERTIFIED PUBLIC ACCOUNTANTS
- MANAGEMENT CONSULTANTS

*"Tomorrow's knowledge today"*

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December 15, 2022

Dear Clients,

## Income Tax Changes for Tax Year 2022

### **Filing Information**

**Filing Deadline.** The filing deadline is Tuesday, April 18, 2023, for calendar-year taxpayers - matching the due date for the federal Form 1040.

Fiscal-year filers must submit their returns by the 15th day of the fourth (4th) month following the close of the fiscal year. If a due date falls on a Saturday, Sunday, or legal holiday, that return is due on the following business day.

### **Exempt (Nontaxable) Income**

**Election Worker Compensation.** Election worker compensation is exempt and should not be reported on the NJ-1040.

### **Deductions, Exclusions, and Credits**

- **New Jersey College Affordability Act**
  - **Deductions from Gross Income.** Under the New Jersey College Affordability Act, if your gross income was \$200,000 or less, you may be eligible to deduct certain educational expenses. Lines 37a-37c allow you to deduct contributions to NJBEST accounts up to \$10,000, principal and interest paid on NJCLASS loans up to \$2,500, and tuition costs if enrolled in a New Jersey institution of higher education up to \$10,000.
  - **Distributions from NJBEST accounts.** Qualified distributions from an NJBEST account are exempt. If you deducted contributions to an NJBEST account on a New Jersey Income Tax return, then later take a nonqualified distribution from that account, the portion of the distribution that is attributable to any contributions previously deducted (and any interest earned) is taxable.
- **Credit for Excess UI/WF/SWF; DI; FLI Withheld**
  - The maximum employee Unemployment Insurance/Workforce Development Partnership Fund/Supplemental Workforce Fund contribution was \$169.15.
  - The maximum employee Disability Insurance contribution was \$212.66.
  - The maximum employee Family Leave Insurance contribution was \$212.66.

If you had two or more employers, you may have contributed more than the maximum amount(s). To claim credit on the tax return for excess withholding, complete Form NJ-2450.

- **New Jersey Child Tax Credit.** Residents with taxable income of \$80,000 or less are eligible for a credit of up to \$500 for each dependent who is age 5 or younger on the last day of the tax year. You are not eligible if your filing status is married filing separately.
- **Credit for Taxes Paid to Other Jurisdictions.** The Philadelphia nonresident wage tax rate was 3.4481% (.034481) from January 1 to June 30, and

3.44% (.0344) from July 1 to December 31.

### **Charitable Contributions**

- **New Jersey Pediatric Cancer Research Fund.** You can make a donation to the New Jersey Pediatric Cancer Research Fund using code 30 on lines 75-77 of the NJ-1040, or line 60F of the NJ-1040NR. Donations would specifically benefit research that focuses on the causes, prevention, education, screening, treatment, or cure of pediatric cancer.
- **Special Olympics New Jersey Fund.** You can now make a donation to the Special Olympics New Jersey Fund using code 31 on lines 75-77 of the NJ-1040, or line 60F of the NJ-1040NR. Donations would benefit free year-round sports training and athletic competition for children and adults with intellectual disabilities.

### **Use Tax**

**Sales Tax Holiday.** Do not include purchases of eligible items that were exempt from tax during the Sales Tax Holiday on Worksheet K. This worksheet is used to determine the amount of Use Tax due on line 51 of the NJ-1040.

**GITTELMAN & COMPANY, P.C.**

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