

New Jersey Corporation Business Surtax and Minimum Tax Changes.

The Governor signed into law a bill, A4706, imposing a 4% surtax in addition to the annual corporation franchise tax. For privilege periods ending on or after July 1, 2006 but before July 1, 2009, each taxpayer shall be assessed and must pay a surtax equal to 4% of the amount of tax liability remaining after applying credits against liability, other than credits for installment payments, estimated payments made with a request for extension to file a return, or overpayments from a prior privilege period. Payments of the surtax are to be made annually as required under N.J.S.A. 54:10A-15. No credits shall be allowed against the surtax liability except for credits for installment payments, estimated payments made with a request for an extension of time for filing a return, or overpayments from prior privilege periods.

The law also makes adjustments to the New Jersey minimum tax under the Corporation Business Tax Act. For calendar years beginning in 2006 and thereafter, the minimum tax shall be based on New Jersey gross receipts as defined in the Alternative Minimum Assessment. The minimum tax is calculated based upon the following schedule:

NEW JERSEY GROSS RECEIPTS	MINIMUM TAX
Less than \$100,000	\$ 500
Equal to or greater than \$100,000, but less than \$250,000	\$ 750
Equal to or greater than \$250,000, but less than \$500,000	\$1,000
Equal to or greater than \$500,000, but less than \$1,000,000	\$1,500
Equal to or greater than \$1,000,000	\$2,000

The minimum tax for affiliated or controlled groups remains the same, \$2,000 for each member of a group that has a total payroll of \$5,000,000 or more for a privilege period.