



State of New Jersey

DEPARTMENT OF THE TREASURY
DIVISION OF TAXATION
P. O. Box 251
TRENTON, NEW JERSEY 08695-0251

PHILIP D. MURPHY
Governor

ELIZABETH MAHER MUOIO
State Treasurer

SHEILA Y. OLIVER
Lt. Governor

JOHN J. FICARA
Acting Director

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TO: Tax Assessors and Collectors
FROM: Shelly Reilly, Chief, Policy & Planning *SR*
SUBJECT: Income Eligibility Guidelines using *Revised* Federal 1040 forms

The Federal tax reform bill signed into law December 2017 resulted in significant changes to the IRS Gross Income Tax 1040 forms. The most significant change that impacts the *\$250 Real Property Tax Deduction for Senior Citizens, Disabled Persons or Surviving Spouses* is the inclusion of pension, annuity and IRA distribution on a single line instead of separate lines. To determine income eligibility for the \$250 Senior Property Tax Deduction, follow the guidelines below:

Figure 1: Excerpt of 1040 U.S. Individual Income Return 2017

Figure 2: Excerpt of REVISED 1040 U.S. Individual Income Tax Return 2018 and thereafter

<p>7 Wages, salaries, tips, etc. Attach Form(s) W-2</p> <p>8a Taxable interest. Attach Schedule B if required</p> <p>b Tax-exempt interest. Do not include on line 8a</p> <p>9a Ordinary dividends. Attach Schedule B if required</p> <p>b Qualified dividends</p> <p>10 Taxable refunds, credits, or offsets of state and local income taxes</p> <p>11 Alimony received</p> <p>12 Business income or (loss). Attach Schedule C or C-EZ</p> <p>13 Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶</p> <p>14 Other gains or (losses). Attach Form 4797</p> <p>15a IRA distributions</p> <p>16a Pensions and annuities</p> <p>17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E</p> <p>18 Farm income or (loss). Attach Schedule F</p> <p>19 Unemployment compensation</p> <p>20a Social security benefits</p> <p>21 Other income. List type and amount</p>	<p>1 Wages, salaries, tips, etc. Attach Form(s) W-2</p> <p>2a Tax-exempt interest</p> <p>3a Qualified dividends</p> <p>4a IRAs, pensions, and annuities</p> <p>5a Social security benefits</p> <p>6 Total income. Add lines 1 through 5. Add any amount from Schedule 1, line 22</p> <p>Schedule 1</p> <p>1-0b Reserved</p> <p>10 Taxable refunds, credits, or offsets of state and local income taxes</p> <p>11 Alimony received</p> <p>12 Business income or (loss). Attach Schedule C or C-EZ</p> <p>13 Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ <input type="checkbox"/></p> <p>14 Other gains or (losses). Attach Form 4797</p> <p>15a Reserved</p> <p>16a Reserved</p> <p>17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E</p> <p>18 Farm income or (loss). Attach Schedule F</p> <p>19 Unemployment compensation</p> <p>20a Reserved</p> <p>21 Other income. List type and amount ▶</p>
<p>The previous Federal 1040 form specified INCOME on lines 7 thru 21 on page 1 of the form.</p>	<p>The "revised" Federal 1040 form lists the same information but on different lines. The revised form specifies income on lines 1 thru 5 on page 1 of the 1040 and lines 10 thru 21 of Schedule 1.</p>

Comparison of prior Federal 1040 form vs. revised Federal 1040 form by income line items

<u>Income Category</u>	<u>Prior 1040 Figure 1</u>	<u>Revised 1040 Figure 2</u>
Wages	Line 7	Line 1
Taxable Interest	Line 8a	Line 2b
Tax-exempt Interest	Line 8b	Line 2a
Ordinary Dividends	Line 9a	Line 3b
Qualified Dividends	Line 9b	Line 3a
Taxable refunds, credits	Line 10	Line 10 (Schedule 1)
Alimony	Line 11	Line 11 (Schedule 1)
Business Income/loss	Line 12	Line 12 (Schedule 1)
Capital Gain/loss	Line 13	Line 13 (Schedule 1)
Other gains/loss	Line 14	Line 14 (Schedule 1)
IRA Distributions	Line 15a or 15b	Line 4a or 4b
Pensions & Annuities	Line 16a or 16b	Line 4a or 4b
Rental real estate, royalties	Line 17	Line 17 (Schedule 1)
Farm Income/loss	Line 18	Line 18 (Schedule 1)
Unemployment	Line 19	Line 19 (Schedule 1)
Social Security	Line 20a or 20b	Line 5a or 5b
Other income	Line 21	Line 21 (Schedule 1)

NOTE Since Line 4 of the *revised* Federal 1040 now combines IRA distributions, pensions and annuities, the corresponding 1099-R form(s) are needed to identify the specific values in this line item.