

SENATE, No. 1453

STATE OF NEW JERSEY
217th LEGISLATURE

INTRODUCED FEBRUARY 16, 2016

Sponsored by:

Senator M. TERESA RUIZ

District 29 (Essex)

Co-Sponsored by:

Senators Cunningham and Diegnan

SYNOPSIS

Allows gross income tax credit for certain child and dependent care expenses.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/24/2016)

S1453 RUIZ

1 AN ACT allowing a credit against gross income tax for certain child
2 and dependent care expenses and supplementing Title 54A of the
3 New Jersey Statutes.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. a. A taxpayer with New Jersey taxable income of \$60,000
9 or less who is allowed a credit for expenses for household and
10 dependent care services for federal income tax purposes pursuant to
11 section 21 of the federal Internal Revenue Code (26 U.S.C. s.21)
12 shall be allowed a credit against the tax otherwise due pursuant to
13 the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., in
14 an amount equal to a percentage of the credit allowed the taxpayer
15 for federal income tax purposes for the taxable year, according to
16 the following schedule:

17

18 NJ taxable income is:	Amount of NJ credit is:
19	
20 Not over \$20,000	50% of federal credit
21 over \$20,000 but not over \$30,000	40% of federal credit
22 over \$30,000 but not over \$40,000	30% of federal credit
23 over \$40,000 but not over \$50,000	20% of federal credit
24 over \$50,000 but not over \$60,000	10% of federal credit.

25

26 Provided however, the credit allowed by this section for a taxable
27 year shall not exceed \$500 for employment-related expenses paid
28 by the taxpayer for one qualifying individual and \$1,000 for
29 employment-related expenses paid by the taxpayer for two or more
30 qualifying individuals.

31 b. A credit allowed pursuant to this section shall not reduce the
32 tax liability otherwise due pursuant to N.J.S.54A:1-1 et seq. for a
33 taxable year to an amount less than zero.

34 c. Married couples shall file a joint return in order to claim the
35 credit provided by this section.

36
37 2. This act shall take effect immediately and shall apply to
38 taxable years beginning on or after the January 1 next following the
39 date of enactment.

40
41

42 STATEMENT

43
44 This bill provides a nonrefundable credit against the New Jersey
45 gross income tax for certain expenses paid for the care of a child or
46 dependent when necessary for the taxpayer's employment. The
47 credit is available to taxpayers who are allowed the federal child

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1 and dependent care credit and have New Jersey taxable income of
2 \$60,000 or less for the taxable year.

3 The amount of the credit provided by this bill is a specific
4 percentage of the taxpayer's federal child and dependent care credit
5 and varies according to the amount of taxpayer's New Jersey
6 taxable income as follows:

7

8 NJ taxable income is:	Amount of NJ credit is:
9 Not over \$20,000	50% of federal credit
10 over \$20,000 but not over \$30,000	40% of federal credit
11 over \$30,000 but not over \$40,000	30% of federal credit
12 over \$40,000 but not over \$50,000	20% of federal credit
13 over \$50,000 but not over \$60,000	10% of federal credit.

14

15 The credit is capped at a maximum of \$500 for expenses paid for
16 one qualifying individual, and \$1,000 for expenses paid for two or
17 more qualifying individuals, per taxable year. Married couples
18 must file jointly in order to claim the credit.

19 The amount of the credit established by this bill is linked to the
20 amount of the taxpayer's federal child and dependent care credit.
21 The provisions of section 21 of the federal Internal Revenue Code
22 define employment-related expenses and qualifying individual, and
23 establish dollar limits on creditable expenses, among other things
24 which will apply for the purposes of the State credit established by
25 this bill.

26 The purpose of the credit is to assist working taxpayers that incur
27 expenses for child or dependent care services, which are often
28 substantial.