

ASSEMBLY, No. 941

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Assemblymen KRAMER and RUSSO

1 AN ACT allowing certain corporations to file combined tax returns  
2 under the corporation business tax, supplementing P.L.1945, c.162  
3 (C.54:10A-1 et seq.).

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

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8 1. a. A parent corporation and its subsidiary or subsidiaries over  
9 which the parent corporation has substantial control or two or more  
10 corporations over which the same interest has substantial control may  
11 elect to file a combined return, subject to the qualifications of this  
12 section. A corporation doing business entirely within this State may  
13 file a combined return with a corporation doing a multistate business.  
14 Two or more corporations doing a multistate business may file a  
15 combined return. The election to file a combined return or separate  
16 returns shall be made on an original and timely return, and may not be  
17 changed for the filing period after the return is filed. Once an election  
18 is made to file a combined return, that election shall be adhered to  
19 until permission is granted by the Director of the Division of Taxation  
20 to file separate returns.

21 All corporations included in a combined return shall be subject to  
22 the Corporation Business Tax Act (1945), P.L.1945, c.162  
23 (C.54:10A-1 et seq.). All corporations included in a combined return  
24 shall use the same accounting year.

25 b. For the purposes of this section:

26 "Combined return" means a single return for two or more  
27 corporations in which:

28 (1) New Jersey taxable income or loss is computed separately for  
29 each corporation;

30 (2) Allocable income is allocated separately for each corporation;

31 (3) Apportionable income or loss is computed, utilizing separate  
32 factors for each corporation; and

33 (4) Income or loss as computed pursuant to this subsection is  
34 combined and reported on a single return for the controlled group.

35 "Substantial control" means the ownership of a least 80% of the  
36 total combined voting power of all classes of stock.

1       2. This act shall take effect immediately and section 1 shall apply  
2 to elections made through returns timely filed on and after its  
3 enactment.

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8 Allows certain corporations to file combined corporation business tax  
9 returns.