

P.L. 2021, CHAPTER 130, *approved June 29, 2021*
Assembly, No. 5345

- 1 **AN ACT** modifying age requirements under the New Jersey earned
2 income tax credit program, amending P.L.2000, c.80.
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- 4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*
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- 7 1. Section 2 of P.L.2000, c.80 (C.54A:4-7) is amended to read
8 as follows:
9 2. There is established the New Jersey Earned Income Tax
10 Credit program in the Division of Taxation in the Department of the
11 Treasury.
- 12 a. (1) A resident individual who is eligible for a credit under
13 section 32 of the federal Internal Revenue Code of 1986
14 (26 U.S.C. s.32) shall be allowed a credit for the taxable year equal
15 to a percentage, as provided in paragraph (2) of this subsection, of
16 the federal earned income tax credit that would be allowed to the
17 individual or the married individuals filing a joint return under
18 section 32 of the federal Internal Revenue Code of 1986
19 (26 U.S.C. s.32) for the same taxable year for which a credit is
20 claimed pursuant to this section, subject to the restrictions of this
21 subsection and subsections b., c., d. and e. of this section and the
22 modifications of paragraph (4) of this subsection.
- 23 (2) For the purposes of the calculation of the New Jersey earned
24 income tax credit, the percentage of the federal earned income tax
25 credit referred to in paragraph (1) of this subsection shall be:
- 26 (a) 10% for the taxable year beginning on or after January 1,
27 2000, but before January 1, 2001;
28 (b) 15% for the taxable year beginning on or after January 1,
29 2001, but before January 1, 2002;
30 (c) 17.5% for the taxable year beginning on or after January 1,
31 2002, but before January 1, 2003;
32 (d) 20% for taxable years beginning on or after January 1, 2003,
33 but before January 1, 2008;
34 (e) 22.5% for taxable years beginning on or after January 1,
35 2008 but before January 1, 2009;
36 (f) 25% for taxable years beginning on or after January 1, 2009
37 but before January 1, 2010;
38 (g) 20% for taxable years beginning on or after January 1, 2010,
39 but before January 1, 2015;

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

- 1 (h) 30% for taxable years beginning on or after January 1, 2015,
2 but before January 1, 2016;
- 3 (i) 35% for taxable years beginning on or after January 1, 2016,
4 but before January 1, 2018;
- 5 (j) 37% for the taxable year beginning on or after January 1,
6 2018, but before January 1, 2019;
- 7 (k) 39% for the taxable year beginning on or after January 1,
8 2019, but before January 1, 2020; and
- 9 (l) 40% for taxable years beginning on or after January 1, 2020.
- 10 (3) To qualify for the New Jersey earned income tax credit, if
11 the claimant is married, except for a claimant who files as a head of
12 household or surviving spouse for federal income tax purposes for
13 the taxable year, the claimant shall file a joint return or claim for
14 the credit.
- 15 (4) A resident individual who is at least **[21]** 18 years of age or
16 older, but cannot claim a qualifying child as defined under section
17 152 of the federal Internal Revenue Code of 1986 (26 U.S.C. s.152)
18 for the federal earned income tax credit, shall be eligible for the
19 New Jersey earned income tax credit if that resident individual is
20 ineligible to claim the federal earned income tax credit due to
21 **[minimum]** age requirements. The resident individual shall meet
22 all qualifications, except for the minimum or maximum age, for the
23 federal earned income tax credit in order to be eligible for the New
24 Jersey earned income tax credit. Calculation of the New Jersey
25 earned income tax credit available to individuals pursuant to this
26 paragraph shall be predicated on the federal maximum amount for
27 taxpayers with no qualifying child for each taxable year beginning
28 on and after January 1, 2020.
- 29 b. In the case of a part-year resident claimant, the amount of
30 the credit allowed pursuant to this section shall be pro-rated, based
31 upon that proportion which the total number of months of the
32 claimant's residency in the taxable year bears to 12 in that period.
33 For this purpose, 15 days or more shall constitute a month.
- 34 c. The amount of the credit allowed pursuant to this section
35 shall be applied against the tax otherwise due under N.J.S.54A:1-1
36 et seq., after all other credits and payments. If the credit exceeds the
37 amount of tax otherwise due, that amount of excess shall be an
38 overpayment for the purposes of N.J.S.54A:9-7; provided however,
39 that subsection (f) of N.J.S.54A:9-7 shall not apply. The credit
40 provided under this section as a credit against the tax otherwise due
41 and the amount of the credit treated as an overpayment shall be
42 treated as a credit towards or overpayment of gross income tax,
43 subject to all provisions of N.J.S.54A:1-1 et seq., except as may be
44 otherwise specifically provided in P.L.2000, c.80 (C.54A:4-6 et al.).
- 45 d. The Director of the Division of Taxation in the Department
46 of the Treasury shall establish a program for the distribution of
47 earned income tax credits pursuant to the provisions of this section.

1 e. Any earned income tax credit pursuant to this section shall
2 not be taken into account as income or receipts for purposes of
3 determining the eligibility of an individual for benefits or assistance
4 or the amount or extent of benefits or assistance under any State
5 program and, to the extent permitted by federal law, under any State
6 program financed in whole or in part with federal funds.
7 (cf: P.L.2020, c.98, s.1)

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9 2. This act shall take effect immediately and apply to taxable
10 years beginning on or after January 1, 2021.
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13 STATEMENT
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15 This bill expands eligibility for certain resident individuals under
16 the New Jersey Earned Income Tax Credit program. Under the
17 federal program, there are age restrictions for taxpayers who cannot
18 claim a qualifying child. Currently, a taxpayer who is between 25
19 and 65 years old is eligible for federal earned income tax credit
20 even without claiming a qualifying child. The State program was
21 changed by P.L.2020, c.98 to allow those who are least 21 years old
22 to claim the credit based on a modified calculation. This bill would
23 further alter the program to allow those who are at least 18 years of
24 age or older to claim the New Jersey earned income tax credit based
25 on a percentage of the federal earned income tax credit amount the
26 taxpayer would have otherwise been eligible for absent the age
27 restriction. The intent of this bill is to set the minimum age
28 requirement to 18 years old and remove the maximum age
29 restriction of 65 years old.
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34 Expands eligibility under New Jersey earned income tax credit
35 program to allow taxpayers who are at least 18 years of age or older
36 to qualify for modified benefit.