

October 31, 2018

New Jersey 2019 Tax Changes Corporations

On July 1, 2018 New Jersey's Governor and State legislators finally agreed upon a 2019 budget, which includes the following changes for fiscal year 2019.

There will be temporary corporation income tax *surcharge* of 2.5% for the 2018 and 2019 tax years and a 1.5% surcharge for 2020 and 2021. These apply to New Jersey allocated net income in excess of \$1 million.

Combined reporting is now mandatory for commonly owned corporations operating on a unitary basis. Common ownership exists if more than 50% of the voting control of each member of a combined group is directly or indirectly owned by a common owner or owners.

The dividends received deduction has been *reduced* to 95% from 100%.

Individuals

The highest marginal income tax rate has *increased* to 10.75% for income of \$5 million or more.

The property tax deduction for residents has *increased* from \$10,000 to \$15,000 effective for tax years beginning after December 31, 2017.

The earned income tax credit has increased from 35% to 37% for 2019 and 40% for later years.

An *additional surtax* of 17% will apply on income from investment management services received during a tax year; however, this provision will not be operative until similar legislation is approved by the states of Connecticut, Massachusetts and New York.

Sales Tax

Short-term housing rentals such as Airbnb will be *subject* to New Jersey sales taxes.

A *surcharge* will be imposed on ride sharing services such as Uber and Lyft.

There is a *new tax* on e-cigarettes and liquid nicotine.

Tax Amnesty

A yet to be announced 90 day tax amnesty program is to occur and is to end no later than January 15, 2019. Applicability will be for tax returns due on or after February 1, 2009 and prior to September 19, 2017. *The CPA Journal September 2018 p. 69.*

Japan's Elderly Women Find Unique Retirement Security

Every aging society faces distinct challenges. But Japan, with the world's most elderly population (27.3% are 65 years or older, almost twice that of the U.S.) has been dealing with one it did not foresee. Complaints and arrests involving the elderly, and women in particular, are taking place at rates above those of any other demographic group. Their crimes are usually minor; 9 in 10 senior women who have been convicted were found guilty of shoplifting.

Why have so many otherwise law-abiding elderly women resorted to petty theft? Caring for Japanese seniors once fell to families and communities, but that is changing. From 1980 to 2015, the number of seniors living alone increased more than 600% to 6,000,000. A 2017 survey found that more than 50% of seniors caught shoplifting live alone; 40% either do not have a family or rarely speak with relatives. These people say they have no one to turn to for help.

Elderly women are also often economically vulnerable; nearly half of those 65 or older who live alone live in poverty, compared with 29% of men.

In prison, they get 3 meals a day and a safe place to sleep. Of course, at some facilities being a corrections officer has come to resemble being a nursing home attendant. *Bloomberg Businessweek 3/19/18 p. 90.*

As always, if you have any questions about these or any other matters, do not hesitate to call us.

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