

NEW JERSEY UNIVERSAL CHARITABLE CREDIT

ASSEMBLY, No. 116

**STATE OF NEW
JERSEY**

218th LEGISLATURE

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SYNOPSIS

Establishes a gross income tax credit for charitable contributions.

CURRENT VERSION OF TEXT

Pending introduction.

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1 **AN ACT** establishing a gross income tax credit for taxpayers for
2 charitable contributions, supplementing Title 54A of the New
3 Jersey Statutes.

4

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

7

8 1. a. For taxable years beginning on or after January 1, 2019, a
9 taxpayer shall be allowed a credit against the income tax otherwise
10 due under the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1
11 et seq., in an amount which is the lesser of five hundred dollars
12 (\$500.00) for a taxpayer filing single or married filing separately,
13 or one thousand dollars (\$1,000.00) for taxpayers filing jointly, or
14 the actual income tax due, for cash contributions to qualified
15 charitable organizations, during the same taxable year for which
16 the credit is claimed.

17 b. That portion of a universal charitable credit that exceeds a
18 taxpayer's tax liability in the taxable year in which the credit is
19 claimed shall not be refunded, transferred, or carried forward.

20 c. A deduction shall not be allowed for amounts taken under this
21 credit.

22 d. Taxpayers taking this credit shall provide the names of the
23 qualified charitable organizations, and the dates and amounts of the
24 contributions to the Department on forms provided by the
25 Department.

26 e. Taxpayers choosing to make voluntary cash contributions
27 through umbrella charitable organizations that collect donations on
28 behalf of member charities shall designate that the donations be
29 directed only to member charitable organizations that would
30 qualify for this credit on a stand-alone basis.

31

32 2. a. The Department shall compile and make available to the
33 public an online list of qualified charitable organizations and

34 b. develop forms necessary to apply for this credit to include,

35 (1) the name and taxpayer identification number of the
36 taxpayer,

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- 1 (2) the names of the qualified charitable organizations,
- 2 (3) the dates and amounts of the cash contributions claimed as a
- 3 credit,
- 4 (4) a section where the taxpayer may cite a reason for taking the
- 5 credit, and
- 6 (5) any other information that the department requires.

7

8 3. As used in this section:

9 "Qualified charitable organizations" means charitable
10 organizations that are exempt from federal income taxation under
11 [section 501\(c\)\(3\) of the Internal Revenue Code](#), incorporated in the
12 State of New Jersey, in good standing with the New Jersey
13 Division of Revenue, and not under suspension per section [501\(p\)](#)
14 [of the Internal Revenue Code](#) or revocation per the [Internal](#)
15 [Revenue Bulletin](#), at the time of the contribution.

16 "Deduction" means a reduction in taxable income pursuant to
17 [Section 170 of the Internal Revenue Code](#) and taken for state
18 purposes.

19 "Department" means New Jersey Division of Revenue.

20

21 4. This act shall take effect immediately and apply to taxable
22 years beginning on or after the January 1 next following
23 enactment.

24

25 STATEMENT

26 The purpose of the universal charitable credit is to permit
27 taxpayers to direct a portion of their state income tax liability to
28 qualified charitable organizations.

29 Under current law, a taxpayer is restricted from taking credits
30 against their state income tax liability except for very limited
31 purposes. However, in New Jersey, charitable organizations serve
32 the public across the spectrum of human needs. It is generally
33 recognized that in the delivery of public services, the people want
34 quality services available to those who need them, and want those
35 services provided in a timely and fiscally responsible manner.
36 Incentivizing taxpayers to direct a portion of their tax liability to
37 qualified charitable organizations will result in significant financial
38 and civic benefits for the People and State of New Jersey. This bill

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- 1 will empower taxpayers to direct a portion of their state income tax
- 2 liability to qualified charitable organizations incorporated in New
- 3 Jersey.



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