MEMORANDUM

To: County Clerks/Recording Officers
   Attorneys and Title Officers

From: Maureen Adams, Acting Director
   Division of Taxation

Subject: Gross Income Tax Withholdings on Real Estate
   Residency Status under the Seller's Residency Certification/Exemption
   Chapter 55, Laws of 2004

Date: November 16, 2007

P.L. 2004, C. 55, requires that on or after August 1, 2004, nonresident individuals, estates, or
trusts that sell or transfer real property in New Jersey make an estimated gross income tax
payment on the gain from a transfer/sale of real property as a condition of the recording of the
deed.

The Division has determined nonresident taxpayers claiming an exemption under IRC section
1031 are exempt from making a payment for the like kind property received but must pay an
estimated tax payment on the Fair Market Value of the consideration received for the non like
kind property.

Therefore, the taxpayer must submit both GIT/REP-1 and GIT/REP-3 to the County Clerk in the
above circumstances.

GIT/REP-3 form and instructions have been revised to reflect this change.

For questions on Chapter 55 and the new Gross Income Tax estimated payment requirements,
please refer to the instructions included with our GIT Forms REP-1, REP-2, and REP-3 or call
the Division of Taxation, Taxpayer Services Branch at (609) 292-6400.

MJR:pc

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