



Gross Income Tax Reporting For Federal Repeal-Advance Earned Tax Income Credit Program

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Tax: Gross Income Tax

For Federal Income Tax purposes, the Advance Earned Tax Income Credit program was eliminated as part of HR 1586 and 2010 was the last year for the Advance Earned Tax Income Credit program. As of January 1, 2011, taxpayers can no longer receive advances on their Earned Income Tax Credit.

The Advance Earned Tax Income Credit Program, first enacted in 1978, enabled qualifying taxpayers to receive a portion of their expected Earned Income Tax Credit in advance as an additional amount in their normal paycheck. The employer provided the amount of the Advance EITC received on Form W-2 and this amount had to be reported on the recipient's tax return.

New Jersey Gross Income Tax law in accordance with N.J.S.A. 54A:4-7 does not provide for an advance payment of the Earned Income Tax Credit. Instead, a New Jersey resident who is eligible for a Federal Earned Tax Income Credit under IRC sec. 32 is eligible for a New Jersey Earned Tax Income Credit equal to a percentage of the Federal Earned Tax Income Credit allowed.

Therefore, the elimination of the Federal Advance Earned Tax Income Credit program had no effect for New Jersey Gross Income reporting purposes.

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