

# Rosen Seymour Shapss Martin & Company LLP

*Certified Public Accountants & Profitability Consultants*

## State and Local Tax Update

Dear Clients and Friends of the Firm:

Below please find a summary of the 2008 New Jersey and Connecticut Tax Updates.

### State of New Jersey Update

- **New Jersey Economic Stimulus Plan of 2008**
  - Effective July 1, 2009, the NOL carry forward has been extended from seven to 20 years
  - New Economic Development Incentives:
    - A cash grant of \$3,000 to a business for each new New Jersey job that is created and retained for one year, not to exceed \$500,000 per business
    - A cash grant equal to seven percent of a business's qualifying capital investment that exceeds \$5,000. The grant cannot exceed \$1 million per business. Qualifying capital investment includes real property improvements, furniture, fixtures, machinery, and equipment. Environmental remediation costs might also be included if the funds have not already been obtained from another governmental agency
    - For both of these incentives, the business must have operated for at least two years immediately prior to applying for the grant, and employ at least five full-time workers. The jobs must be created or the investment must be made prior to January 1, 2011
- Effective 7/1/10, the flow-out provision of the appointment formula for corporate business tax has been eliminated.
- Effective 7/1/10, the requirement to have a "regular place of business" outside of NJ in order to allocate has been eliminated.

### State of Connecticut Update

- **State Tax Amnesty Program**
  - Effective May 1, 2009 - June 1, 2009, the State Tax Amnesty Program provides for the elimination of civil penalties as well as a 25% reduction of interest for any affected period. In addition, the tax commissioner will not seek criminal prosecution
  - An "affected taxable period" is defined as any taxable period ending on or before November 30, 2008, for which either:

- A tax return was required by law and for which no return was filed; or
- A tax return previously filed but not examined by the Department and the tax was previously underreported
- **Amnesty shall not be granted to any taxpayer that:**
  - Has received notice from the Department that an audit examination is being conducted in relation to the affected taxable period for which amnesty is being sought;
  - Is a party to any criminal investigation or to any civil or criminal litigation that is pending in any court for failure to file or failure to pay, or for fraud in relation to any tax imposed by any law of this state and required to be paid to the Department;
  - Is a party to a closing agreement with the Commissioner of Revenue Services ("Commissioner");
  - Has made an offer of compromise that has been accepted by the Commissioner, or
  - Is a party to a managed audit agreement.

Should you require any additional information on the New Jersey and Connecticut Tax Update, please feel free to contact Steven J. Eller at (212) 303-1051 or via email [seller@rssmcpa.com](mailto:seller@rssmcpa.com).

*Sincerely,*  
**Rosen Seymour Shapss Martin & Company LLP**

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