

New Jersey Extends Income Tax Filing Deadline to July 15, 2020

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New Jersey Governor Phil Murphy announced today that the filing deadline for New Jersey state income tax returns has been extended from April 15, 2020 to July 15, 2020, matching the extension provided by the IRS.

While many in the state had been pushing for this extension, both the Governor and the New Jersey legislature were until this point reluctant to go beyond June 30, the end of the State's fiscal year.

Although the state legislature passed A3841, a bill matching the federal government's extension of the filing deadline, the Governor has not yet signed the bill but instead appears to have exercised his authority to extend the filing deadline administratively. We expect the New Jersey Division of Taxation to provide further guidance in the coming days, and we will update you accordingly.

Given the sharp reduction in sales tax revenue anticipated due to the COVID-19 crisis, the loss of income tax revenue typically received in April had been a major factor. This issue was resolved when Governor Murphy and Stephen M. Sweeney, President of the New Jersey Senate, agreed to extend New Jersey's 2019/2020 fiscal year to September 30, 2020.

Although the extension of New Jersey's fiscal year results in a greater portion of income tax revenue being included, it does not make up for the losses in revenue anticipated from the loss of sales tax and other taxes that would have been collected under normal circumstances. In response, the Governor has frozen nearly \$1,000,000,000 in state funding. The largest portion of this amount is \$142,000,000 from the Homestead property tax relief program, meaning that low- and middle-income households will see an increase in their second quarter property tax bills.

Also impacted: the New Jersey Motor Vehicle Commission, with nearly \$84,000,000 frozen, municipal aid with \$45,000,000 frozen, and patient support in county psychiatric hospitals with nearly \$31,000,000 frozen, as well as an additional 25 state programs.