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|-----------|------------|-----------------|--|--|--|---------------|-----------------------|
|           |            |                 |  |  | <b>Types</b> <ul style="list-style-type: none"> <li>• Tax Calc Error – Cannot prepare an accurate tax return due to this issue</li> <li>• Policy – Not consistent with IRS or Tax-Aide policies and can lead to error</li> <li>• Information – Either incorrect or inadequate information presented</li> <li>• Navigation – How to add, locate or verify forms or information</li> <li>• Other – Not one of the above</li> </ul> |               |                       |
| <b>1a</b> | 10-07-2016 | AH              | NJ-1040 line 25 (Other)  | Currently, the Federal line 21 amount is carried to NJ-1040 line 25 as-is. There needs to be a way to adjust the NJ-1040 line 25 amount.   | Without a way to adjust the NJ-1040 line 25 amount, there is no way to prepare a correct return in certain situations where federal line 21 amounts should not be included on NJ-1040 line 25. [e.g. a) for 1099-C (not taxed in NJ) (see also Issue 1b); b) Property tax recoveries (not taxed in NJ); c) Gambling winnings not entered via W-2G (entered on NJ-1040 line 23); etc.]  |               | <b>Tax Calc Error</b> |
| <b>1b</b> | 10-07-2016 | AH              | NJ-1040 line 25 (Other)  | Currently, 1099-C amounts are included in NJ-1040 line 25  | Rather than forcing the preparer to remember to make a manual adjustment for 1099-C amounts (see Issue 1a), it would be better if 1099-C amounts were not automatically included in the default amount on NJ-1040 line 25.   |               | <b>Tax Calc Error</b> |
| <b>2</b>  | 10-07-2016 | AH              | NJ-1040 line 18 (Net gains or income from disposition of property) | Currently, the Federal line 13 amount is carried to NJ-1040 line 18 as-is. There needs to be a way to adjust the NJ taxability of capital gains/losses (either on capital gains entry screen or on NJ Other Income screen) | Without a way to adjust the NJ-1040 line 18 amount, there is no way to prepare a correct return in certain situations. [e.g. NJ Exempt Obligations – see NJ GIT-5]   |               | <b>Tax Calc Error</b> |

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| 3a  | 10-07-2016 | AH              | NJ-1040 line 37a (Total Property Taxes), NJ-1040 line 38 (Property Tax Deduction), NJ-1040 line 49 (Property Tax Credit) | The Property Taxes Paid value (from the NJ Property Tax Credit/Deduction screen) seems to be used for two purposes: a) NJ-1040 line 37a; and b) calculation of either NJ-1040 line 38 or NJ-1040 line 49 (based on Worksheet F). | According to the NJ 1040 Instructions, if the TP is in the NJ PTR program, then the PTR base year amount (not the actual property tax paid) should be used for the Worksheet F calculation. The actual property tax paid, however, is still entered on NJ-1040 line 37a. There needs to be a way to both the Actual Taxes Paid AND the PTR base year amount. Otherwise we cannot prepare accurate NJ returns for many of our seniors.   |               | Tax Calc Error |
| 3b  | 10-07-2016 | AH              | NJ 1040 line 37c (County Municipality Code)  | The Municipality Code entered on the NJ Basic Information Screen seems to be used for both NJ page 1 and NJ-1040 line 37c. There needs to be a way to enter two separate Codes in some situations.                               | The Municipality Code (Code) for current residence (NJ page 1) may not be the same as the Code for where NJ-1040 line 37a property taxes were paid (NJ-1040 line 37c). (e.g. if TP sells home mid-year and moves to a rental unit in a different County, then the Code for the rental used should be used on NJ page 1 and the Code for the prior owned home should be used on NJ-1040 line 37c.) There needs to be a way to enter a second Code for NJ-1040 line 37c (if different from the NJ page 1 Code) in order to prepare an accurate NJ return. |               | Tax Calc Error |

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| 4   | 10-07-2016 | AH              | W-2 box 14<br>NJ Form 2450                       | There needs to be a way to signify that the employer is using a Private Plan for UI/HC/WD, SDI, and FLI (instead of the default state plans); and, in this case, to enter the associated Private Plan Number (PP#) from the paper W-2. | If the employer is using a Private Plan for these amounts, then the amounts cannot be included on Federal Sch A, but can be used to calculate excess payment refunds using NJ Form 2450. The PP# needs to be included on NJ Form 2450 or NJ may disallow the refund.   | <ul style="list-style-type: none"> <li>• Tax Calc Error – Cannot prepare an accurate tax return due to this issue</li> <li>• Policy – Not consistent with IRS or Tax-Aide policies and can lead to error</li> <li>• Information – Either incorrect or inadequate information presented</li> <li>• Navigation – How to add, locate or verify forms or information</li> <li>• Other – Not one of the above</li> </ul> | <b>Tax Calc Error</b> |
| 5   | 10-07-2016 | AH              | NJ Credit for Taxes Paid to Another State Screen | The dropdown for “Select the Other State” is wrong.  | <p>See the valid Jurisdiction Codes in the NJ Instructions.</p> <ul style="list-style-type: none"> <li>- States with no Income Tax (e.g. Florida) should be deleted from the list</li> <li>- Special jurisdictions (e.g. Philadelphia, Other, Multiple) need to be added to the list</li> </ul> <p>Without this change we cannot prepare correct returns for the many people who work in Philadelphia.</p> |   | <b>Tax Calc Error</b> |
| 6   | 10-07-2016 | AH              | 1099-R with code 3 (disability)                  | NJ Instructions say that if TP is disabled and not over age 65, then disability income should NOT be included on the NJ return; if TP is over 65, then disability income is included with other pensions.                              | Current 1099-R disability income is always included on the NJ return no matter what the TP’s age is. This is incorrect. Note: minimum retirement age is NOT a factor for NJ.   |   | <b>Tax Calc Error</b> |

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| 7  | 10-07-2016 | AH              | 1099-R IRA withdrawal           | Contributions to and withdrawals from IRAs are treated differently. <ul style="list-style-type: none"> <li>- Federal: Contributions tax-free (deducted from income); Withdrawals taxed 100%</li> <li>- NJ: Contributions are taxed; Withdrawals – portion attributable to original contributions not taxed.</li> </ul> | Need something like Worksheet C from NJ-1040 Instructions to calculate and adjust taxable portion of each 1099-R entered on the NJ-1040 (note: for IRA withdrawals only). Taxable portion goes on NJ-1040 line 19a; Untaxed portion goes on NJ-1040 line 19b. Otherwise, we cannot prepare a correct NJ return for many retirees.   |  | <b>Tax Calc Error</b> |
| <b>The following items are annoying, but not critical...</b> |            |                 |                                 |  |   |  |                       |
| 101  | 10-07-2016 | AH              | NJ Income Subject to Tax Screen | There are two boxes (TP & SP) with instructions which read: “Enter Military Pension or Survivor's Benefit Payments received; enter the excluded amount as a negative number”   | It seems that values entered here (either positive or negative) adjust NJ-1040 line 19a, but the instructions on the screen are misleading. There are other situations when one needs to adjust NJ-1040 line 19a in addition to the Military Pension case. [e.g. when using the 3 Year Rule (still allowed in NJ); IRA withdrawals with NJ taxed contributions (see Issue 7); etc.] |  | <b>Information</b>    |

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| 102 | 10-07-2016 | AH              | W-2 Screen             | <p>There is a dialog which always pops up whenever one hits the Continue button on the W-2 screen if there is NJ income (see below)</p> <hr/> <p>We have some concerns with your W-2 New Jersey: The amount your employer entered in Box 16 for New Jersey may contain amounts that are actually taxable to another state. Be sure that the amount you entered in Box 16 for New Jersey only represents the amount that is taxable to New Jersey. All of your Box 16 entries should add up to be the New Jersey amount on the hard copy of your W-2.</p> | <p>We can train preparers to ignore this superfluous dialog, but our concern is that TS is effectively “Crying Wolf” and preparers will tend to then ignore all similar dialogs, including ones that actually matter.</p> |               | <b>Navigation</b>  |
| 103 | 10-07-2016 | AH              | NJ Tax Screen          | <p>There is a highlighted box which reads: “Click here if you would like to use the Estimated Use Tax Worksheet to estimate your use tax based on income.”</p>   | <p>Either make clicking here do something or remove this box</p>  |               | <b>Information</b> |
| 199 | 10-07-2016 | AH              |                        |  |   |               | <b>Information</b> |

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