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STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY
DIVISION OF TAXATION
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STATE TREASURER

MEMORANDUM

To: County Clerks/Recording Officers
Attorneys and Title Officers

From: Robert K. Thompson, 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 5, 2004

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 takes the position that the Seller is considered a nonresident unless a new residence (permanent place of abode, domicile) has been established in New Jersey. Part-Year residents will be considered nonresidents.

Accordingly, nonresidents are required to make an estimated Gross Income Tax payment if they do not meet any of the Seller Assurances as listed in the GIT/REP-3 Form.

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 (609) 292 – 6400.

RKT/MJR:dlb