



[CLICK HERE](#) to return to the home page

New Jersey PTE/BAIT FAQ

<https://www.state.nj.us/treasury/taxation/baitpte/baitpte-faq.shtml> (visited 7/29/23)

The purpose of this guidance is to provide answers and clarification to commonly asked questions regarding P.L.2019, c.320 (C.54A:12-1 et al), and P.L. 2021, c.419 which makes revisions to the Pass-Through Business Alternative Income Tax.

To make an election to pay the entity must first be [registered](#) with the New Jersey Division of Revenue and Enterprise Services. Then submit an [election form](#). The online filing system will not accept payments and returns if the entity does not register **and** submit an election form.

General

What is the Pass-Through Business Alternative Income Tax?

For New Jersey tax purposes, income and losses of a pass-through entity are passed through to its members. However, for taxable years beginning on or after January 1, 2020, pass-through entities may elect to pay a Pass-Through Business Alternative Income Tax due on the sum of each of the member's share of distributive proceeds. The member(s) may then claim a tax credit for the amount of tax paid by the pass-through entity on their share of distributive proceeds.

Is the Pass-Through Business Alternative Income Tax mandatory?

No. The Pass-Through Business Alternative Income Tax is elective.

Should the Pass-Through Business Alternative Income Tax that was deducted for federal tax purposes be added back to partnership and S corporation income on the NJ-1065 and CBT-100S returns?

Yes. The Pass-Through Business Alternative Income Tax is a tax based on income and should be added back to partnership and S corporation income on Line 13a of Form NJ-1065 or on Line 4b, Schedule K of Form CBT-100S.

Should the Pass-Through Business Alternative Income Tax be added back and included in Distributive Proceeds on Form PTE-100?

Yes. A member's share of distributive proceeds is based on the information reported on the entity's Form NJ-1065 or CBT-100S which includes an add back for taxes based on income.

For a partnership having a fiscal year of 10/1/21-9/30/22 and partners with a calendar year end of 12/31/22, will the recent revisions to the original BAIT law apply?

The revisions to the BAIT law are effective as of January 1, 2022, and therefore do not

apply to a partnership with a fiscal year of 10/1/21–9/30/22. A partnership with a fiscal year of 10/1/21–9/30/22 will file a 2021 PTE-100. Partners with a calendar year end of 12/31/22 will claim credit for their share of the 2021 BAIT on their 2022 New Jersey tax returns.

Election Process

Must the entity make an [election](#) to pay the Pass-Through Business Alternative Income Tax each year?

Yes. The entity must make an [election](#) to pay the Pass-Through Business Alternative Income Tax each year.

Which entities may elect to pay the Pass-Through Business Alternative Income Tax?

Pass-through entities include

- Partnerships;
- Federal S corporations that have made the New Jersey S corporation election; and
- Limited liability companies (LLC).

The entity must have at least one member who is liable for tax on their share of distributive proceeds pursuant to the New Jersey Gross Income Tax Act, N.J.S.A. 54A:1-1 et seq., in a taxable year.

Single member LLCs and sole proprietorships may not elect to pay the Pass-Through Business Alternative Income Tax.

When is a pass-through entity required to make an election?

Annually. The annual election is due on or before the original due date of the entity's PTE-100 form (e.g., March 15 for calendar year filers) and must be electronically filed. **The election cannot be made retroactively.**

What is the last date a pass-through entity can revoke its election?

A pass-through entity can electronically revoke its election on or before the original due date of the entity's PTE-100 form (e.g., March 15 for calendar year filers).

When is a fiscal year partnership eligible to make the Pass-Through Business Alternative Income Tax election?

A fiscal year pass-through entity may make the election for taxable years beginning on or after January 1, 2020, and on or before the original due date of the entity's PTE-100 form (e.g. June 15 for fiscal year filers with a March 31 year-end).

Will a pass-through entity receive a confirmation number?

Yes. If an election is fully submitted, the last page indicates Your Election Form Has Been Successfully Submitted with a confirmation number listed at the top of the page.

Is a pass-through entity required to make a 2022 BAIT Election at the same time it files a 2021 extension if it believes it will have a 2021 overpayment that it wants

credited forward to its 2022 tax year?

No. The 2022 BAIT Election does not have to be made at the time of filing its 2021 PTE-200-T, but must be made prior to filing its 2021 PTE-100 and/or prior to making any payments.

Is a pass-through entity that requests a full or partial credit forward of its 2021 overpayment to its 2022 tax year required to make a 2022 BAIT Election prior to filing its 2021 PTE-100?

Yes, if a pass-through entity requests to credit all or part of its 2021 PTE-100 overpayment to its 2022 tax year, it should file its 2022 BAIT Election prior to filing its 2021 PTE-100. A pass-through entity can electronically revoke its BAIT Election on or before the original due date of the entity's PTE-100 form (e.g., March 15 for calendar year filers).

Tax Return and Extension Information**What is the Pass-Through Business Alternative Income Tax return form and when is it due?**

Pass-through entities that filed an election to pay the Business Alternative Income Tax must file Form [PTE-100](#) and pay the tax due. They must also provide Schedule [PTE-K-1](#) to each member reporting the amount of the member's share of distributive proceeds and Business Alternative Income Tax. The pass-through entity's tax return is due on the 15th day of the third month after the close of the tax year (i.e. March 15 for calendar year filers).

Can a pass-through entity request an extension of time to file its tax return?

Pass-through entities that have elected to pay the Pass-Through Business Alternative Income Tax must use Form [PTE-200-T](#) to apply for a six-month extension of time to file Form PTE-100. The pass-through entity can electronically file form PTE-200-T by the original due date of the return to request an extension of 6 months to file its tax return, providing it has 80% of its current year tax paid. There is no extension of time to pay the tax due.

Making Estimated Tax Payments**Are pass-through entities that elect to pay the Pass-Through Business Alternative Income Tax required to make estimated tax payments?**

Yes. [Estimated tax payments](#) must be made electronically quarterly with specific due dates. If a due date falls on a weekend, the due date is the next business day.

A pass-through entity must make an election to pay the Pass-Through Business Alternative Income Tax prior to making any estimated tax payments.

Schedule for Calendar Year Entities	
Quarter 1	April 15
Quarter 2	June 15
Quarter 3	September 15
Quarter 4	January 15 (of the foll

Fiscal Year Entities. Payments are due on or before the 15th day of each of the fourth, sixth, and ninth months of the tax year and the first month of the following tax year.

Will an entity be penalized if estimated tax payments are not made the first tax year an entity makes a BAIT Election?

No. A pass-through entity will not be penalized in the first year it makes a BAIT Election under the safe harbor provisions in N.J.S.A. 54A:9-6 for the failure to file or make estimated tax payments.

What happens to the estimated tax payments made by the pass-through entity if it revokes its election?

If the pass-through entity revokes its election, the pass-through entity will receive all its estimated tax payments made for the Pass-Through Business Alternative Income Tax back by electronically filing the Revocation and Claim for Refund form.

Can estimated tax payments made for the business alternative income tax return be transferred to other taxes?

No. Estimated tax payments made for the business alternative income tax return will not be transferred to other taxes.

If a pass-through entity elects to pay the Pass-Through Business Alternative Income Tax, should its resident members with a Gross Income Tax filing obligation cease making their NJ-1040-ES estimated tax payments to avoid a double payment of their New Jersey Income Tax?

For Tax Years 2020 and 2021, the Pass-Through Business Alternative Income Tax (BAIT) is only calculated on income derived from or connected with sources from New Jersey. For tax years beginning on or after January 1, 2022, the BAIT for pass-through entities taxed as a partnership is calculated on all income, not just New Jersey-sourced income, if the owner is a New Jersey resident individual, estate, or trust. The BAIT for pass-through entities taxed as an S corporation will continue to be based solely on New Jersey-sourced income.

For Tax Years 2020 and 2021, if the resident member has income from jurisdictions that do not have an Income Tax, they may be underpaid if they cease making their NJ-1040-ES estimated tax payments. For tax years beginning on or after January 1, 2022, a resident member of a pass-through entity taxed as an S corporation may also be underpaid. In addition, pass-through entity owners may still need to make NJ-1040-ES estimated tax payments to cover the tax on other income they receive, aside from pass-through entity income, such as personal investment income or retirement distribution income. Finally, depending on the facts, tax rate disparities may occur between the Pass-Through Business Alternative Income Tax rate and the gross income tax rate applicable at the individual level.

Will members of a calendar year entity that makes a BAIT election for the first time and remits its entire payment when filing its PTE-100 return on March 15th receive credit for the BAIT as if had been paid in evenly throughout the tax year?

Yes, the New Jersey Pass-Through Business Alternative Income Tax statute requires pass-through entities to make estimated tax payments, and therefore, the BAIT credit is

treated similar to withholdings. The first year a calendar year entity makes a BAIT election, the entity can make its entire BAIT payment on March 15th and its members will receive credit for that money as if it had been paid in evenly by the members throughout the tax year due to the safe harbor provisions in [N.J.S.A. 54A:9-6](#).

Nonresidents

If the pass-through entity makes the Pass-Through Business Alternative Income Tax election, is the pass-through entity still responsible to remit tax on behalf of its nonresident partners?

For Tax Years 2020 and 2021, the pass-through entity is still responsible to remit tax on behalf of its nonresident partners in accordance with [N.J.S.A. 54A:12-3c](#). The election made by a pass-through entity to pay the Pass-Through Business Alternative Income Tax at the entity level does not eliminate the requirement to file any other tax return or pay any other tax that is required by the pass-through entity, such as the NJ-CBT-1065. Beginning in Tax Year 2022, the partnership will not be required to remit tax on behalf of any nonresident partner that reasonably expects to be refunded the payment due to its BAIT credit.

Will nonresident members still have a New Jersey Gross Income Tax filing obligation when the pass-through entity is their only source of New Jersey income?

Individuals, estates and trusts are still required to file a nonresident tax return if they meet the Gross Income Tax filing threshold.

How will the pass-through entity source its income?

For Tax Year 2020, a pass-through entity should use the sourcing rules under [N.J.S.A. 54A:5-8](#). The pass-through entity should use Form [NJ-NR-A](#) to allocate its income.

For Tax Years 2021, our interpretation of "distributive proceeds" was modified to mirror the reporting of partnership income and S corporation income for New Jersey Gross Income Tax purposes. A pass-through entity should source its income in the same manner it is sourced by the partnership or S corporation. In addition, for Tax Year 2021, an S corporation has the option to use a three-factor allocation formula on Form NJ-NR-A for purposes of the BAIT.

Net pro rata share of S corporation income should continue to be reported on the NJ Gross Income Tax Return in the same manner as it always has (Schedule J, Single Sales Factor – Market-Based Sourcing).

For tax years beginning on and after January 1, 2022, a pass-through entity taxed as a partnership will source its income in the same manner it is sourced by the partnership on Form NJ-1065. A pass-through entity taxed as an S corporation will source its income based on the three factor allocation formula Form NJ-NR-A which is based on cost of performance. An S corporation must complete and attach Form NJ-NR-A to its Form PTE-100.

Net pro rata share of S corporation income should continue to be reported on the NJ Gross Income Tax Return in the same manner as it always has (Schedule J, Single Sales Factor – Market-Based Sourcing).

Can Pass-Through Business Alternative Income Tax electing entities still file a composite return, NJ-1080-C on behalf of qualified nonresident members who elect to be included in the composite filing?

Yes. Entities can elect the Pass-Through Business Alternative Income Tax and still file a composite return, NJ-1080-C on behalf of its qualified nonresident members who elect to be included in the composite filing. A line has been added to the composite return allowing credit for the amount of tax paid by the pass-through entity on the participating member's share of distributive proceeds.

Can a taxpayer transfer an overpayment from a composite return to a pass through entity's account?

No. The Pass-Through Business Alternative Income Tax is a separate tax apart from the composite Gross Income Tax return filed on behalf of individuals. The overpayment from the composite return cannot be transferred to the pass through entity's tax account.

How should the PTE-100 be completed for a partner who is both a "Part-Year Resident Individual" and a "Part-Year Nonresident Individual"?

Form PTE-100 does not provide a code to identify a "Part-Year Nonresident Individual" member. Form PTE-100 is similar to Form NJ-1065 in that it only provides code "PY" to identify a "Part-Year Resident Individual" member. The Division will apply the same procedure on Form PTE-100, as it does on Form NJ-1065. If a member is identified as a "Part-Year Resident Individual", the member will be treated as a full year resident individual, and the BAIT will be calculated on the member's entire share of distributive proceeds.

Calculating the Tax

Guidance for "Calculating the Tax" pertains only to tax years 2020 and 2021. The recent revisions to the BAIT law will change the treatment for tax years beginning January 1, 2022, and after. We are in the process of drafting guidance about the new law and will update our web pages once done.

How does the pass-through entity determine its tax liability?

To calculate the amount of tax due, the pass-through entity must determine the sum of each member's share of distributive proceeds attributable to the pass-through entity for the taxable year. Distributive proceeds means income sourced to New Jersey.

The tax is then imposed in accordance with the following table.

Sum of Each Member's Share of Distributive Proceeds	
First \$250,000	5.675%
Amount over \$250,000 but not over \$1 million (\$14,187.50 plus 6.52% of excess over \$250,000)	6.52%
Amount over \$1 million but not over \$5 million (\$63,087.50 plus 9.12% of excess over \$1 million)	9.12%
Amount over \$5 million (\$427,887.50 plus 10.9% of the excess over \$5,000,000)	10.9%

Example 1: Pass-through entity AB has 2 New Jersey resident members with total income of \$1,500,000 that is 100% sourced to New Jersey. The distributive proceeds (sourced to New Jersey) are allocated \$750,000 to Member A and \$750,000 to Member B.

Tax is imposed on the sum of each member's share of distributive proceeds, which is \$1,500,000.

Using the table above, tax is calculated on the \$1,500,000 as follows:

$\$63,087.50 + \$45,600 (\$1,500,000 - \$1,000,000 = \$500,000 \times 9.12\% = \$45,600) = \$108,687.50$

The elective entity tax is \$108,687.50.

Example 2: Pass-through entity AB has 2 New Jersey resident members with total income of \$1,500,000 that is 60% sourced to New Jersey resulting in New Jersey sourced income of \$900,000. The distributive proceeds (sourced to New Jersey) are allocated \$450,000 to Member A and \$450,000 to Member B.

Tax is imposed on the sum of each member's share of distributive proceeds, which is \$900,000.

Using the table above, tax is calculated on the \$900,000 as follows:

$\$14,187.50 + \$42,380 (\$900,000 - \$250,000 = \$650,000 \times 6.52\% = \$42,380) = \$56,567.50$

The elective entity tax is \$56,567.50.

Example 3: Pass-through entity ABC has 3 New Jersey resident members with total income of \$500,000 that is 40% sourced to New Jersey resulting in New Jersey sourced income of \$200,000. The distributive proceeds (sourced to New Jersey) are allocated \$100,000 to Member A, \$60,000 to Member B and \$40,000 to Member C.

Tax is imposed on the sum of each member's share of distributive proceeds, which is \$200,000.

Using the table above, tax is calculated on the \$200,000 as follows:

\$11,350.00 ($\$200,000 \times 5.675\%$)

The elective entity tax is \$11,350.00.

Example 4: Pass-through entity AB has 2 members with total income of \$1,000,000 that is 10% sourced to New Jersey resulting in New Jersey sourced income of \$100,000. Member A is a resident and Member B is a nonresident. The distributive proceeds (sourced to New Jersey) are allocated \$50,000 to Member A and \$50,000 to Member B.

Tax is imposed on the sum of each member's share of distributive proceeds, which is \$100,000.

Using the table above, tax is calculated on the \$100,000 as follows:

\$5,675.00 ($\$100,000 \times 5.675\%$)

The elective entity tax is \$5,675.00.

How is the Business Alternative Income Tax allocated to each member of the pass-through entity?

The Business Alternative Income Tax is allocated to each member based on the percentage of each member's share of distributive proceeds divided by the pass-through entity's total distributive proceeds.

Based on the information in the examples above, each member will be allocated the following share of tax:

Example 1:

Each New Jersey resident member's share of the entity level tax equals ($\$750,000 / \$1,500,000 \times \$108,687.50$) = \$54,343.75.

Example 2:

Each New Jersey resident member's share of the entity level tax equals ($\$450,000 / \$900,000 \times \$56,567.50$) = \$28,238.75.

Example 3:

Each member share of the entity level tax equals:

Member A: $\$5,675.00 = (\$100,000 / \$200,000 \times \$11,350.00)$

Member B: $\$3,405.00 = (\$60,000 / \$200,000 \times \$11,350.00)$

Member C: $\$2,270.00 = (\$40,000 / \$200,000 \times \$11,350.00)$

Example 4:

Each member's share of the entity level tax equals $(\$50,000/\$100,000 \times \$5,675.00) = \$2,837.50$.

Is the Pass-Through Business Alternative Income Tax required to be calculated on every member's share of distributive proceeds?

Yes. Tax must be calculated on every member's share of distributive proceeds including tax exempt members. This includes corporations that are exempt from the Corporation Business Tax Act pursuant to N.J.S.A. 54:10A-3, members that are exempt IRC 501(c)(3) entities, as well as members that are retirement plans approved by the Internal Revenue Service.

Can a pass-through entity utilize a New Jersey Economic Development Authority (EDA) credit; i.e. BEIP, Grow NJ, etc., against the pass-through entity tax liability?

No. There are no credits that can reduce the pass-through entity tax liability.

Resident Tax Credit

Will the Division allow a resident taxpayer a credit for the pass-through entity tax imposed by another jurisdiction?

A resident taxpayer will be allowed a resident tax credit against their New Jersey Gross Income Tax for any pass-through entity tax imposed by another state of the United States or political subdivision of such state, or by the District of Columbia, that is substantially similar to the New Jersey Business Alternative Income Tax imposed pursuant N.J.S.A. 54A:12-3. The pass-through entity tax must be paid by a partnership or New Jersey S corporation to another jurisdiction on income derived from that jurisdiction and subject to tax under the New Jersey Gross Income Tax Act. The credit allowed shall not exceed what would have been allowed if the income was taxed at the individual level and not taxed at the entity level.

What other states have a substantially similar entity-level tax?

Below is a list of jurisdictions qualifying as substantially similar. Information is current as of April 5, 2023, and may be subject to change as more states add new legislation.

State	Specific State Tax That Qualifies
Alabama	Ala. Code § 40-18-24.4 (1975)
Arizona	Ariz. Rev. Stat. § 43-1014 [Eff. 1/1/2022]
Arkansas	Ark. Code Ann. § 26-65-01
California	Cal. Rev. & Tax Code § 19900
Colorado	Colo. Rev. Stat. § 39-22-340
Connecticut	Conn. Gen. Stat. § 12-699
Georgia	GA. Code Ann. §§ 48-7-21(b)(7)(C) and 48-7-23(b)
Idaho	Idaho Code Ann. § 63-3026B
Kansas	K.S.A. 2022 Supp. 79-32,284 through 79-32,289
Illinois	35 Ill. Comp. Stat. 5/201(p)
Louisiana	LA. Rev. Stat. Ann. § 47:287.732.2
Maryland	MD. Code Ann. Tax-Gen. § 10-102.1
Massachusetts	MA General Laws Chapter 63D

State	Specific State Tax That Qualifies
Michigan	Mich. Comp. Laws §§ 206.254 and 206.675
Minnesota	Minn. Stat. Ann. § 289A.08(7a)
Mississippi	Miss. Code Ann. § 27-7-26
Missouri	RSMo Section 143.436
New Mexico	N.M. Stat. Ann. § 7-3A-10
New York	NY CLS Tax §862
New York City	NY CLS Tax, Art. 24-B
North Carolina	N.C. Gen. Stat. §§ 105-131.1A and 105-154.1
Ohio	ORC Ann. 5747.38
Oklahoma	Okl. Stat. tit. 68, § 2355.1P-1
Oregon	2021 Or. Laws Ch. 589 (S.B. 727)
Rhode Island	R.I. Gen. Laws § 44-11-2.3
South Carolina	S.C. Code Ann. § 12-6-545(G)
Utah	Utah Code Ann. § 59-10-1403.2
Virginia	Va. Code § 58.1-390.3
Wisconsin	Wis. Stat. §§ 71.21(6) and 71.365(4m)

Corporations

If a corporation is a member of a pass-through entity which elects to pay the Pass-Through Business Alternative Income Tax, is that corporation's share of distributive proceeds included in entire net income of the corporation for the purposes of the Corporation Business Tax?

If a corporation is a member of a pass-through entity which elects to pay the Pass-Through Business Alternative Income Tax, the corporation's share of distributive proceeds from the pass-through entity are included in the entire net income of the corporation for the purposes of the Corporation Business Tax. The corporation may also be entitled to a corporation business tax credit pursuant to N.J.S.A. 54:10A-5.43.

A pass-through entity is owned by a corporation, part of the unitary business of the combined group, and the corporation is included as a member of a combined group. Is that pass-through entity which elects to pay the Pass-Through Business Alternative Income Tax included in the combined group?

The pass-through entity is not a member of the combined group. The corporation is a corporate member of the pass-through entity and is a member of the combined group. The pass-through entity's attributes will flow-through to the corporation that is the member of the pass-through entity and will be included in the entire net income of the corporation and that of the combined group, and its receipts will be included in the combined group denominator and the corporation's numerator of the allocation factor. The corporation is entitled to a credit under N.J.S.A. 54:10A-5.43 that is shareable with the other members of the combined group.

A New Jersey S corporation, which elected to pay the Pass-Through Business Alternative Income Tax, did not elect to be a member of a combined group filing a New Jersey combined return. Is the New Jersey S corporation included in the combined group?

A New Jersey S corporation has to elect to be included as a member of the combined group filing a New Jersey combined return.

To what extent can the Pass-Through Business Alternative Income Tax (BAIT) credit reduce a C corporation member's Corporation Business Tax liabilities in a tax year?

For Tax Years 2020 and 2021, the tax credit can be used against the surtax imposed pursuant to N.J.S.A. 54:10A-5.41 or the regular tax imposed pursuant N.J.S.A. 54:10A-5. However, the credit cannot reduce the C corporation member's tax liability below the statutory minimum tax. Any excess credit can be carried over for a period of up to 20 tax years. Beginning with Tax Year 2022, a member that is a C corporation is allowed a refundable credit against its surtax and regular tax, but it cannot reduce its tax liability below the statutory minimum tax. A C corporation cannot amend its 2020 or 2021 Corporation Business Tax return to request a refund of its 2020 or 2021 share of the BAIT credit. Any excess BAIT credit should be carried forward to its 2021 tax year and then to its 2022 tax year.

To what extent can the Pass-Through Business Alternative Income Tax (BAIT) credit reduce an S corporation member's Corporation Business Tax liabilities in a tax year?

For Tax Years 2020 and 2021, the tax credit can be used against the surtax imposed pursuant to N.J.S.A. 54:10A-5.41 or the regular tax imposed pursuant N.J.S.A. 54:10A-5. However, the credit cannot reduce the S corporation member's tax liability below the statutory minimum tax. Any excess credit can be carried over for a period of up to 20 tax years. Beginning with Tax Year 2022, an S corporation member is allowed a refundable credit against its surtax, regular tax and minimum tax. An S corporation cannot amend its 2020 or 2021 Corporation Business Tax return to request a refund of its 2020 or 2021 share of the BAIT credit. Any excess BAIT credit should be carried forward to its 2021 tax year and then to its 2022 tax year.

How does a New Jersey S corporation that is a partner in a tiered partnership claim a credit?

For Tax Years 2020 and 2021, if a New Jersey S corporation is a partner in a tiered partnership, the New Jersey S corporation can only claim a credit for the amount of tax paid by the pass-through entity on its share of distributive proceeds on Form CBT-100S. The credit will not flow directly through to the S corporation's shareholder. However, the recent revisions to the BAIT law changes the treatment for tax years beginning January 1, 2022, and after. For Tax Year 2022, an S corporation can continue to claim credit for the amount of tax paid as a credit on its Form CBT-100S (which is now refundable) or it can choose to either allocate its share of the Pass-Through Business Alternative Income Tax to its own individual, estate, or trust shareholders without having to make a BAIT election or it can claim credit for the amount of tax paid as a credit on its own Form PTE-100.

Tiered Partnerships

How will the Pass-Through Business Alternative Income Tax apply for tiered partnerships?

For Tax Years 2020 and 2021, a tiered partnership can only claim a credit for the amount of tax paid by the pass-through entity on its share of distributive proceeds

on [Form NJ-CBT-1065](#). The credit will not flow directly through to the tiered partnership's partners.

For tax year 2022, a partnership can continue to claim credit for the amount of tax paid on its Form NJ-CBT-1065 or it can choose to allocate its share of the Pass-Through Business Alternative Income Tax to its own individual, estate or trust partners without having to make a BAIT election; claim credit for the amount of tax paid on its share of distributive proceeds on Form NJ-1065 or claim it as a credit on its own Form PTE-100.

Note: If a New Jersey S corporation is a partner in a tiered partnership, refer to the tiered partnership question in the Corporations section.

Refunds

Can an exempt corporation that is a member of a pass-through entity electing to pay the Pass-Through Business Alternative Income Tax receive a refund?

An exempt corporate member that is a corporation exempt from tax pursuant [N.J.S.A. 54:10A-3](#) can claim a refund for the amount of tax paid by the pass-through entity on its share of distributive proceeds.

Can a corporation that filed a 2020 or 2021 CBT-100, CBT-100S, BFC-1, or CBT-100U tax return amend its corporation business tax return to request a refund of its 2020 or 2021 share of the Business Alternative Income Tax credit?

No. A 2020 credit should be carried forward to its 2021 tax year and then to its 2022 tax year. The revision to the original BAIT law does not permit a refund until 2022.