

Nonresident Seller Tax Payment

On January 20, 2005, Governor Richard Codey signed into law a bill that will clarify the law that established a requirement for nonresidents to pay estimated New Jersey gross income tax (ranging between 2-8 percent) on gain from New Jersey real estate transactions prior to the recording of the deed (Some people have referred to it as an "Exit Tax"). The law signed by Governor Codey specifies that the minimum payment of estimated gross income tax on a sale of real property in New Jersey by a nonresident is 2 percent of consideration paid on the sale, which was the procedure prior to the inception of the withholding provisions put forth under Governor McGreevey. This law took effect immediately and be retroactive to August 1, 2004.

[Click here](#) for a copy of the law signed by Governor McGreevy.

[Click here](#) for a copy of the clarifying law signed by Governor Codey.

For REALTORS® Working With Sellers Who Live Outside New Jersey

- Nonresident individuals, estates or trusts that sell or transfer real property in New Jersey are required to make an estimated Gross Income Tax payment prior to the recording of the deed.
- The payment must be remitted to the Division of Taxation prior to closing or can be made at closing.
- Sellers paying prior to closing must complete the following forms and file them at one of the Division's regional branch offices:
 - o [Nonresident Seller's Tax Prepayment Receipt](#)
 - o [NJ-1040ES](#)
- Sellers paying at closing must complete the [Nonresident Seller's Tax Declaration form](#).
- Sellers who are exempt from this law, including New Jersey residents, must complete the [Seller's Residency Certification/Exemption form](#) and submit it at closing.

[Click here](#) for information on the law from the state Department of the Treasury.

[Division of Taxation Resources](#)
[Seller's Residency Certification/Exemption](#)
[Nonresident Seller's Tax Declaration](#)
[Prepayment Receipts](#)