

NJ-1041SB
2007

State of New Jersey
GROSS INCOME TAX
FIDUCIARY RETURN
ELECTING SMALL BUSINESS TRUST

For Taxable Year January 1, 2007 - December 31, 2007

5-F

Or Other Taxable Year Beginning _____ 2007, Ending _____, 20____

Check this block if application for Federal extension is attached or enter confirmation number _____

Federal Employer Identification Number	Name of Trust		
Residency Status <input type="checkbox"/> Resident Trust <input type="checkbox"/> Non Resident Trust	Name and Title of Fiduciary		
	Address of Fiduciary (Number and Street or Rural Route)		
	City, Town, Post Office	State	Zip Code

PART I

1. Net pro rata share of S corporation income (attach Schedule(s) NJ-K-1), (if loss enter "0")	1		
2. Net gain or loss from disposition of S corporation's assets	2		
3. Net gain or loss from disposition of S corporation stock	3		
4. Net gain from disposition of property (combine line 2 and line 3), (if loss enter "0")	4		
5. Taxable S corporation portion of income (add line 1 and line 4)	5		
6. Tax due on S corporation portion of income	6		
7. Credit for income taxes paid to other jurisdictions on S corporation portion of income	7		
8. Balance of tax due on S corporation portion of income	8		
9. Taxable non S corporation income (from PART II line 21) .nonresident income percentage _____	9		
10. Tax due on non S corporation income (from PART II line 24)	10		
11. Credit for income taxes paid to other jurisdictions on non S corporation income (from PART II line 25)	11		
12. Balance of tax due on non S corporation portion of income	12		
13. Total tax due on S corporation and non S corporation income (add line 8 and line 12)	13		
14. Estimated payments/prior year credits and tax credits	14		
15. Tax paid by partnerships (attach Schedule(s) NJK-1)	15		
16. Tax paid by partnerships and distributed	16		
17. Balance of tax paid by partnerships (line 15 minus line 16)	17		
18. Total payments and credits (add line 14 and line 17)	18		
19. Balance of tax due	19		
20. Overpayment	20		
21. Credit to 2008 tax	20		
22. Refund	21		

SIGN HERE	Election Statement: I declare that this trust is a federal Electing Small Business Trust and consents to be taxed as a New Jersey Electing Small Business Trust for tax year 2007.				Pay amount on Line 19 in full. Write Federal ID number on check or money order and make payable to: STATE OF NEW JERSEY-TGI Division of Taxation Income Tax Audit Branch-ESBT PO Box 288 Trenton, NJ 08695-0288
	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete. If prepared by a person other than taxpayer, this declaration is based on all information of which the preparer has any knowledge.				
	_____ Signature of Fiduciary or Officer Representing Fiduciary	_____ Date			
	_____ Signature of Preparer Other than Fiduciary	_____ Address	_____ Date	_____ Fed. ID. No.	

Federal Employer Identification Number	Name of Estate or Trust	Name and Title of Fiduciary
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PART II ESBT NON S CORPORATION INCOME

Resident Trust: Complete PART II if the ESBT has non-S corporation income

Nonresident Trust: Complete PART II if the ESBT has non-S corporation income from New Jersey sources

In case of a net loss in any category, enter "0" for that category

6. Interest Tax-Exempt Interest _____	6		
7. Dividends Tax-Exempt Dividends _____	7		
8. Net profits from business (From Schedule A, Line 38)	8		
9. Net gains or income from disposition of property (From Schedule B, Line 42)	9		
10. Net gains or income from rents, royalties, patents, and copyrights (From Schedule C, Line 45)	10		
11. Distributive Share of Partnership Income (Enclose Schedule NJK-1)	11		
12. Net pro rata share of S Corporation Income (Enclose Schedule NJ-K-1)			
13. Other Income - State Nature _____	13		
14. Gross Income (Add Lines 6 through 13) If \$10,000 or less, see instructions	14		
15. Distributions (From Schedule D Line 47A)	15		
16. Total Income (Line 14 minus Line 15)	16		
16a. NONRESIDENTS: NJ Income from Schedule G, Line 11 ...	16a		
17. Income Commissions	17		
18. Exemption - Enter \$1,000 (Part-year taxpayers - see instructions) ...	18		
19. Health Enterprise Zone Deduction	19		
20. Total deductions and exemption (Add Lines 17, 18, and 19)	20		
21. Taxable Income (Line 16 less Line 20)	21		

NONRESIDENTS ONLY:

22. Tax on amount on Line 21 (From Tax Rate Schedule) 22

23. Income Percentage $\frac{\text{(Line 16a)}}{\text{(Line 16)}} = \text{_____ \%}$

24. TAX: Residents (From Tax Rate Schedule)			
Nonresidents (Multiply amount from Line 22 _____ x _____ % from Line 23)	24		
25. Credit for income taxes paid to other jurisdictions (From Schedule E, Line 52)	25		
26. Balance of Tax (Subtract Line 25 from Line 24)	26		
27. Sheltered Workshop Tax Credit (Include on PART I Line 14)	27		
28. Balance of Tax after Credit	28		

Federal Employer Identification Number	Name of Estate or Trust	Name and Title of Fiduciary
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SCHEDULE A NET PROFITS FROM BUSINESS List below the type of business, address, and net profit (loss) from each business carried on individually by the taxpayer. Enclose Federal Schedule C or F.

	TYPE OF BUSINESS	ADDRESS	NET PROFIT (LOSS)
37.			
38.	TOTAL (Enter here and on Page 1, Line 8) (If loss enter ZERO)		38

SCHEDULE B NET GAINS OR INCOME FROM DISPOSITION OF PROPERTY List the net gains or income, less net loss, derived from the sale, exchange, or other disposition of property including real or personal whether tangible or intangible. Enclose Federal Schedule D.

	(a) Kind of property and description	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Gross sales price	(e) Cost or other basis as adjusted (see instructions) and expense of sale	(f) Gain or (loss) (d less e)
39.						
40.	Capital Gains Distributions					40
41.	Other Net Gains					41
42.	Net Gains (Add Lines 39, 40, and 41) (Enter here and on Page 1, Line 9) (If loss enter ZERO)					42

SCHEDULE C NET GAINS OR INCOME FROM RENTS, ROYALTIES, PATENTS, AND COPYRIGHTS List the net gains or net income, less net loss, derived from or in the form of rents, royalties, patents, and copyrights as reported on your Federal Income Tax Return. If you have passive losses for Federal purposes, see instructions. Enclose Federal Schedule E.

	(a) Kind of Property	(b) Net Rental Income (loss)	(c) Net Income From Royalties	(d) Net Income From Patents	(e) Net Income From Copyrights	
43.						
44.	TOTALS	(b)	(c)	(d)	(e)	
45.	Net Income (Combine Columns b, c, d, and e) (Enter here and on Page 1, Line 10) (If loss enter ZERO)					45

SCHEDULE D BENEFICIARIES' SHARES OF INCOME Enclose New Jersey Schedule K-1

	Name and Address of Each Beneficiary	Indicate Residency Status	Social Security Number	DISTRIBUTIONS		
				Column A Total Income	Column B NJ Source Income	Column C Tax Paid by Partnerships
46.						
47.	TOTAL (Enter amount from Line 47A on PART II, Line 15) (Enter amount from Line 47B on Schedule G, Line 10) (Enter amount from Line 47C on PART I, Line 16)			47A	47B	47C

SCHEDULE E CREDIT FOR INCOME OR WAGE TAXES PAID TO OTHER JURISDICTION A copy of other state or political subdivision tax return must be retained with your records.

48.	Income actually taxed by other jurisdiction during tax year (indicate name _____)	48	
49.	Income Subject to Tax by New Jersey. (From Page 1, Line 16)	49	
50.	Maximum Allowable Credit (48) _____ x _____ =	50	
51.	Income tax paid to other jurisdiction	51	
52.	Credit Allowed. (Enter on Line 52, the lesser of Line 50 or Line 51. For S corporation income also enter on PART 1, Line 7. For non S corporation income also enter on PART II, Line 25)	52	

SCHEDULE F ALLOCATION OF BUSINESS INCOME TO NEW JERSEY See instructions if other than Formula Basis of allocation is used. Enclose Form NJ-NR-A to Form NJ-1041.

BUSINESS ALLOCATION PERCENTAGE (From Form NJ-NR-A)
Enter below, the line number and amount of each item of business income reported on Form NJ-1041 which is required to be allocated and multiply by allocation percentage to determine amount of income from New Jersey sources.

From Line No. _____ \$ _____ x _____ % = \$ _____

From Line No. _____ \$ _____ x _____ % = \$ _____

Federal Employer Identification Number	Name of Estate or Trust	Name and Title of Fiduciary
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**PART II SCHEDULE G
(Form NJ-1041SB) NEW JERSEY INCOME OF NONRESIDENT ESTATES AND TRUSTS**

INCOME FROM NEW JERSEY SOURCES:	New Jersey Income
Net losses in one category cannot be applied against income in another. In case of a net loss in any category, enter "zero" for that category.	
1. Interest	1.
2. Dividends	2.
3. Net profits from business	3.
4. Net gains or income from disposition of property	4.
5. Net gains or income from rents, royalties, patents, and copyrights	5.
6. Distributive share of partnership income	6.
7. Net pro rata share of S corporation income	7.
8. Other Income - State Nature _____	8.
9. TOTAL INCOME FROM NEW JERSEY SOURCES (Add Lines 1 through 8)	9.
10. New Jersey source income distributed to beneficiaries (From Schedule D Line 47B) .	10.
11. New Jersey income (Line 9 less Line 10). (Enter here and on Line 16a)	11.

2007 New Jersey Tax Rate Schedule for Form NJ-1041SB

Tax Rate for S Corporation Source Income .0897

Tax Rates for Non S Corporation Source Income:

If Taxable Income (Line 24) is:	step 1 Enter Your Line 22	x	step 2 Multiply Your Line 22 by:	=	step 3 Subtract	-	Your Tax
Over \$ 0	But not over \$ 20,000		x .014	=		- \$ 0	=
\$ 20,000	\$ 35,000		x .0175	=		- \$ 70.00	=
\$ 35,000	\$ 40,000		x .035	=		- \$ 682.50	=
\$ 40,000	\$ 75,000		x .05525	=		- \$ 1,492.50	=
\$ 75,000	\$ 500,000		x .0637	=		- \$ 2,126.25	=
\$ 500,000	and over		x .0897	=		- \$ 15,126.25	=

**SCHEDULE
NJK-1**
(Form NJ-1041SB)
2007

STATE OF NEW JERSEY
Division of Taxation
Beneficiary's Share of Income

For Calendar Year 2007, or Fiscal Year Beginning _____, 2007 and ending _____, 20____

PART I				General Information											
Beneficiary Information			Trust Information												
Federal Identification Number			Federal Identification Number												
Name			Name of Estate or Trust												
Street Address			Name of Fiduciary												
			Street Address												
City	State	Zip Code	City	State	Zip Code										
Check Applicable Box			Check Applicable Box												
Individual <table style="margin-left: 100px;"> <tr> <td>Resident</td> <td>NonResident</td> </tr> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </table>			Resident	NonResident	<input type="checkbox"/>	<input type="checkbox"/>	Trust <table style="margin-left: 100px;"> <tr> <td>Resident</td> <td>NonResident</td> </tr> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </table>			Resident	NonResident	<input type="checkbox"/>	<input type="checkbox"/>		
Resident	NonResident														
<input type="checkbox"/>	<input type="checkbox"/>														
Resident	NonResident														
<input type="checkbox"/>	<input type="checkbox"/>														
<input type="checkbox"/> Final NJK-1 <input type="checkbox"/> Amended NJK-1															

PART II				Beneficiary's Share of Income			
		Total Distribution	New Jersey Source Income Distributed			Tax Paid by Partnerships and Distributed	
Net Income From Trust							

NJ-1041SB INSTRUCTIONS

The New Jersey Electing Small Business Trust (ESBT) election

A federal Electing Small Business Trust makes an election to be taxed as a New Jersey Electing Small Business Trust by filing a New Jersey Gross Income Tax Fiduciary Return, Form 1041SB and signing the election statement at the bottom of the return.

S corporation portion of income: For the S corporation portion of income, the ESBT waives its right to claim a minimum taxable income threshold, an exemption, deductions for distributions and for income commissions, and consents to have all of the trust's income taxed at the maximum tax rate in effect.

Non S corporation portion of income: For the non S corporation portion of income, the ESBT can claim a minimum taxable income threshold if total income from the non S corporation portion, after distributions but before exemptions or deductions, is less than the filing threshold. In addition, non S corporation income can be reduced by an exemption and deductions can be taken for the distributions and income commissions sourced to the non S corporation portion income.

Federal S corporation which did not make the New Jersey S election: If the trust has S corporation income earned outside of New Jersey from federal S corporations which did not make the New Jersey S election or if the trust did not receive NJ-K-1(s), a Reconciliation Worksheet B or Worksheet B Liquidated must be completed to determine the trust's reportable income for New Jersey income tax purposes. Reconciliation Worksheet B and Worksheet B Liquidated are contained in Tax Topic Bulletin GIT-9S, *Income from S corporations*.

Credit for taxes paid to other jurisdictions: The trust may be eligible for a credit for taxes paid to other jurisdictions if S corporation income and the gain on disposition of the S corporation assets, and/or the non S corporation income were taxed by both New Jersey and another jurisdiction. A credit is not allowed for any tax imposed by another jurisdiction on S corporation source income which is allocated to New Jersey based on the corporation's New Jersey allocation factor.

Separate credit calculations must be made for the S corporation portion of income and for the non S corporation portion of income and for each jurisdiction. Information on calculating the credit can be found in Tax Topic Bulletin GIT-3B, *Credit For Taxes Paid to Other Jurisdictions (Business/Nonwage Income)*.

PART I - Line by Line Instructions

Line 1 – Net pro rata share of S corporation income – In case of a net loss, enter "0" on Line 1.

Resident trust – Enter the total of pro rata share of S corporation income reported on the NJ-K-1(s) received from New Jersey electing S corporation(s) or from the Reconciliation Worksheet B or Worksheet B Liquidated prepared for the trust.

Nonresident trust – Enter the trust's S corporation income allocated to New Jersey reported on the NJ-K-1(s) received from New Jersey electing S corporation(s) or from the Reconciliation Worksheet B or Worksheet B Liquidated prepared for the trust.

Line 2 – Net gain or loss from disposition of S corporation's assets

Resident trust - Enter the total gain/loss from disposition of S corporation's assets reported on the NJ-K-1(s) received from New Jersey electing S corporation(s) or from the Reconciliation Worksheet B Liquidated prepared for the trust.

Nonresident trust – Enter the trust's net gain from disposition of S corporation's assets allocated to New Jersey reported on the NJ-K-1(s) received from New Jersey electing S corporation(s) or from the Reconciliation Worksheet B Liquidated prepared for the trust. In case of a net loss, enter "0" on Line 2.

Line 3 – Net gain or loss from disposition of S corporation stock

Resident trust - Enter the net gain or loss from the disposition S corporation stock and distributions in excess of the adjusted basis of the S corporation stock. The gain or loss and taxable excess distribution must be determined using the New Jersey adjusted basis of the stock. Information on calculating the New Jersey adjusted basis and the New Jersey gain or loss on disposition of S corporation shares can be found in Tax Topic Bulletin GIT-9S, *Income from S Corporations*.

Nonresident trust – Make no entry on Line 3.

Line 4 – Net gain from disposition of property

Combine Line 2 and Line 3 and enter the net gain. In case of a net loss, enter "0" on line 4.

Line 5 – Taxable S corporation portion of income

Add Line 1 and Line 4

Line 6 - Tax due on S corporation portion of income

Multiply Line 5 by .0897.

Line 7 – Credit for income taxes paid to other jurisdictions on S corporation portion of income

To determine the credit for income taxes paid to other jurisdictions, complete Schedule E, found in Part II. A separate credit calculation must be made for each jurisdiction that the trust is claiming a credit for taxes paid on S corporation income and/or a gain

from disposition of the S corporation's assets. A credit is not allowed for any tax imposed by another jurisdiction on S corporation income or gain from disposition of the S corporation's assets, which is allocated to New Jersey based on the corporation's New Jersey allocation factor.

In calculating the credit, the income in the numerator of the credit calculation must be included on Line 5, Part I, Taxable S corporation portion of income, and the tax paid to the other jurisdiction is limited to the tax actually paid to the other jurisdiction on the amount of income reported in the numerator. The New Jersey tax amount is limited to the New Jersey tax on Line 6, Part I.

Enter the total credit(s) claimed on the S corporation portion of income and include all credit calculations with the return. Additional information on calculating the credit and completing Schedule E are included in the Form 1041 Fiduciary Income Tax Return booklet.

Line 8 – Balance of tax due on S corporation portion of income

Subtract Line 7 from Line 6

Line 9 – Taxable non S corporation income

Resident Trust - Enter amount from Part II, line 21

Nonresident Trust - In the space provided, enter the income percentage from Part II, line 23

Line 10 – Tax due on non S corporation income

Enter amount from Part II, Line 24

Line 11- Credit for income taxes paid to other jurisdictions on non S corporation income

Enter the amount from Part II, Line 25.

Line 12 – Balance of tax due on non S corporation portion of income

Subtract Line 11 from Line 10

Line 13 – Total tax due on S corporation and non S corporation income

Add Line 8 and Line 12.

Line 14 – Estimated payments/prior year credits and tax credits

Enter the total of estimated tax payments, prior year credits and the Sheltered Workshop Tax Credit from Part II, Line 27.

Line 15 – Tax paid by partnerships

Enter the tax paid by partnerships in behalf of a nonresident trust and reported on the trust's Schedule(s) NJK-1. Copies of the NJK-1(s) must be included with the return.

Line 16 – Tax paid by partnerships and distributed

Enter the amount from Part II, Schedule D, Line 47C - tax paid by partnerships and distributed to nonresident beneficiaries.

Line 17 – Balance of tax paid by partnerships

Subtract Line 16 from Line 15.

Line 18 – Total payments and credits

Enter the total of lines 14 and 17. .

Lines 19 and 20 – If Line 18 is less than Line 13 enter the balance due on Line 19. If Line 18 is more than Line 13 enter the overpayment on Line 20.

Information and instructions for calculating late penalties and interest, and estimated tax payments are included in the Fiduciary Income Tax Return booklet.

Line 19 - Balance of tax due

Attach payment by check or money order, payable to "State of New Jersey – TGI" and a completed payment voucher (Form NJ-1041-V) and mail to: State of New Jersey-TGI, Division of Taxation, Income Tax Audit Branch-ESBT, PO Box 288, Trenton, NJ 08695-0288.

Line 21 – Credit to 2008 tax

Enter amount of overpayment from Line 20 you wish to credit to 2008

Line 22 – Refund

Subtract Line 21 from Line 20.

Signature and Date

The return must be signed and dated by the individual fiduciary or by the authorized officer of the organization receiving, having custody or control and management of the income of the trust and having the authority to make the election.

PART II – INSTRUCTIONS - NON S CORPORATION INCOME

Part II is for the reporting of non S corporation income, deductions and credits.

A **Resident Trust** must complete Part II if it has non S corporation income.

A **Nonresident Trust** must complete Part II, and Part II, Schedule G, if it has non S corporation income from New Jersey sources, whether or not distributed.

Line 15 - Distributions – Enter total distributions of non S corporation income from Part II, Schedule D, line 47A. Do not include distributions of S corporation income.

Line 17 - Income Commissions - Enter income commissions paid or accrued and which are specifically related to the non S corporation gross income reported on Line 14, Part II. Do not include any income commissions paid or accrued on S corporation income reported in Part I.

Line 25 - Credit for income taxes paid to other jurisdictions on non S corporation income - Complete a separate Schedule E for each jurisdiction the trust is claiming a credit for taxes paid on the non S corporation portion of income. In calculating the credit, the income in the numerator of the credit calculation must be included in Part II, Line 16, total income, and the tax paid to the other jurisdiction is limited to the tax actually paid to the other jurisdiction on the amount of income reported in the numerator. The New Jersey tax amount is limited to the New Jersey tax on Line 10, Part I.

Enter the total credit(s) claimed on the non S corporation portion of income in Part II, Line 25 and include all credit calculations with the return. Additional information on calculating the credit and completing Schedule E are in the Fiduciary Income Tax Return booklet.

For information on completing Part II, except for the reporting requirements noted above, follow the Form 1041 Line by Line Instructions found in the Fiduciary Income Tax Return booklet.

INSTRUCTIONS FOR SCHEDULE NJK-1

Beneficiaries are subject to New Jersey gross income tax on the ESBT's net non S corporation income actually distributed or required to be distributed during the taxable year.

Prepare a Schedule NJK-1 for the beneficiary using the information listed on Schedule D, Part II, Form NJ-1041SB. Include the NJK-1(s) with Form NJ-1041SB.