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4807/S-3246) by the New Jersey Legislature. The bill allows flow-through businesses in New Jersey, ...

Dec. 27, 2019



The New Jersey Legislature recently passed the Pass-Through Business Alternative Income Tax Act (A-4807/S-3246). The bill allows flow-through businesses in New Jersey, such as sub-S corporations, partnerships, LLCs or sole proprietorships, to elect to pay income taxes at the entity level instead of at the personal income tax level. The bill would take effect on Jan. 1, 2020.

Under the bill, taxpayers who earn income from pass-through businesses and pay

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pumped back into the state's economy. Furthermore, the bill is revenue neutral and won't cost the state a dime.

The NJCPA is urging Governor Murphy to sign the legislation, which is a win-win for everyone in New Jersey.

Alan D. Sobel, CPA, CGMA, managing member at Livingston-based SobelCo and president-elect of the NJCPA, developed the concept for the bill right after passage of the TCJA. He played the lead role in writing the legislation and making it fit within New Jersey's tax structure.

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