

Name _____

Understanding New Jersey's Tax Structure

Short Answer Key

1. New Jersey's income tax system is progressive, meaning that as a person's income increases, the tax rate they pay also increases. For example, individuals with lower incomes might pay a lower tax rate, while those with higher incomes pay a higher percentage of their income in taxes. This ensures that individuals with greater financial means contribute a larger share of their income to support state programs and services.
2. The Inheritance and Estate Tax in New Jersey are taxes imposed on the transfer of assets from a deceased person's estate to their heirs. The purpose of these taxes is to generate revenue for the state's general fund. They impact the transfer of assets by applying a tax on the value of the assets being inherited or passed on to heirs, depending on the relationship between the deceased and the heirs.
3. Local governments in New Jersey, including counties and municipalities, have the authority to levy additional taxes and fees to fund local services and initiatives. These taxes and fees can vary from one jurisdiction to another, allowing local governments to raise revenue to support local schools, police departments, infrastructure projects, and other community needs.
4. One example of a tax credit available to businesses in New Jersey is the Business Employment Incentive Program (BEIP). This program provides tax credits to businesses that create or retain jobs in the state. Its purpose is to encourage business growth and job creation, ultimately benefiting the state's economy and employment rates.
5. The allocation of funds in New Jersey's government budget is determined through a legislative process. The state budget typically includes allocations for various sectors, including education, healthcare, transportation, public safety, social services, and more. Lawmakers review and debate budget proposals, considering the state's priorities and needs, before finalizing the budget through legislation.

