



This Week in State Tax (TWIST)

April 21, 2025



New Jersey: Division of Taxation to Launch Pilot Mediation Program

The New Jersey Division of Taxation is introducing a Pilot Mediation Program beginning October 1, 2025, that will be available to taxpayers involved in Corporate Business Tax (CBT) and Sales & Use Tax (S&U) disputes. The primary objective is to enable taxpayers to resolve tax issues without escalating them to the Conference and Appeals Branch of the Division or the New Jersey Tax Court. The pilot program will run for two years, at which point its effectiveness will be evaluated to determine if it should continue.

Eligibility for the program is extended to taxpayers with CBT or S&U controversies amounting to at least \$5,000, excluding penalties and interest; all business entity types are eligible for the program. Applicants must demonstrate good faith and cooperation during the audit process, or the application for mediation may be rejected. Taxpayers will be notified of their option to apply for mediation prior to issuance of the final audit determination during a post-audit conference that will be held for all unagreed cases. Taxpayers in the mediation program are required to consent to extend the statute of limitations for assessments, collections, and refunds for 210 days. The required extension allows 180 days for mediation to proceed and 30 days for issuance of closing documents. While penalties and interest are not considered in determining eligibility for the program, they may be the subject of mediation.

To apply for mediation, taxpayers or their representatives (with an executed Form M-5008-R) must submit Form NJMED (Application for Mediation), a mediation contract, and a signed consent to extend the statute of limitations (which will be returned unsigned (i.e., not in effect) if the application to participate is denied) to the Mediation Administrator. Upon acceptance into the program, the mediation will be conducted by a trained mediator employed by the Division of Taxation. The mediator is to serve as an impartial facilitator to enable the parties to reach an agreement, will not advocate to sustain the Division's position, and may not impose a resolution to the issues on the parties. All agreements reached in the mediation will be memorialized in a closing agreement. A taxpayer participating in the mediation program is not foreclosed from any statutory protest and appeal rights if the mediation is unsuccessful or if any matters remain unagreed at the close of the mediation. All documents regarding the settlement are not admissible in any further proceedings, and nothing stated in the mediation, written or otherwise, may be used by either party in any subsequent proceeding. For further information regarding the program, please review [New Jersey Technical Bulletin 115](#) or contact [Jim Venere](#), [Andrew Eskola](#), [Stephen Carlozzi](#), or [Robert Weyman](#). The Division indicates an FAQ document will also be forthcoming.

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