



State Tax Matters

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Administrative:

New Jersey: Taxpayers Have Until November 17 to Participate in Penalty-Waiver Program on Back Taxes

Press Release: New Jersey Tax Offer – Pay Back Taxes Now and Save Time and Money, N.J. Dept. of Treas. (9/17/14). The New Jersey Division of Taxation has announced that it is providing businesses and individuals who have unpaid tax liabilities “a convenient opportunity to clear their accounts and reap substantial savings” where, via its new web-enabled initiative, taxpayers can pay any outstanding tax bills due “with reduced or eliminated penalties, no costs of collection and no recovery fees.” The initiative is open to taxpayers who have outstanding tax liabilities for the tax periods 2005 through 2013, and runs until November 17, 2014.

URL: <http://www.state.nj.us/treasury/news/2014/p09172014a.pdf>

The release notes that under New Jersey statutes all taxpayers can request consideration for relief from penalties, when appropriate – “we are just trying to make the process easy and attractive this fall.” Accordingly, from now until November 17, 2014, taxpayers may take advantage of this opportunity by visiting the department’s website, agreeing to enter into a closing agreement, and remitting their payment. Under terms of the agreement, both parties will stipulate that the matter is closed and the taxpayer will waive his/her right to any further administrative review or judicial appeal. The release notes that when the offer expires on November 17th, “taxpayers who have not taken advantage will remain on record as owing their full liability, which would include normal penalties, interest, collection costs and/or recovery fees.”

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Income/Franchise:

California: New Law Requires e-Filing of Certain Business Tax Returns; Noncompliance Penalties Will Apply

A.B. 2754, signed by gov. 9/19/14. For taxable years beginning on or after January 1, 2014, and applicable to certain business tax returns required to be filed on or after January 1, 2015, new law requires these business tax returns that are prepared using tax preparation software to be filed electronically. Business entities failing to comply with this e-filing requirement for returns filed for taxable years beginning on or after January 1, 2017, will be subject to a penalty in the amount of \$100 for an initial failure and a penalty in the amount of \$500 for each subsequent failure – unless the failure is due to reasonable cause, and not willful neglect. The new law provides that if a group return is filed on behalf of eligible electing taxpayer members of a combined reporting group, these penalties will apply to the combined reporting group and not to a taxpayer member of the combined reporting group.

URL: http://leginfo.ca.gov/faces/billNavClient.xhtml?bill_id=201320140AB2754

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Sales/Use:

Federal: New Law Temporarily Extends Internet Tax Moratorium, ITFA

H.J. Res. 124, signed by President 9/19/14. New law provides a temporary extension of the moratorium on Internet access taxes as part of a short-term continuing resolution to fund the federal government. The continuing resolution funds government operations at current levels through December 11, 2014 (note: the previous funding agreement would have expired on October 1st). The resolution also extends through December 11, 2014 the Internet Tax Freedom Act (ITFA), which imposes a moratorium on Internet access taxes and on multiple and discriminatory taxes on electronic commerce and provides grandfathering protections for Internet access taxes that were levied in certain states before 1998. Previously, the ITFA had been set to expire on November 1, 2014 (note: the Internet tax moratorium and related grandfathering provisions have been in effect since 1998 and were last extended in 2007.)

URL: <http://www.gpo.gov/fdsys/pkg/BILLS-113hjres124enr/pdf/BILLS-113hjres124enr.pdf>

This short-term renewal of the ITFA approved in the continuing resolution gives Congress an opportunity to work out an agreement on a longer-term extension of the Internet tax moratorium during the post-election lame duck session.

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Multistate Tax Alerts

What's new in the States? Our Multistate Tax Alerts highlight selected state tax developments relevant to taxpayers, tax professionals, and other interested persons. Read our more recent alerts below or visit the archive for ones you may have missed.

Archives: http://www.deloitte.com/view/en_US/us/Services/tax/Multistate-Tax/multistate-tax-archive/index.htm?id=us:em:na:stm:eng:tax

No new alerts were issued this week. Be sure to refer to the archives to ensure that you are up to date on the most recent releases.

Have a question?

If you have needs specifically related to this newsletter's content, send us an email at clientsandmarketsdeloittetax@deloitte.com to have a Deloitte Tax professional contact you.

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