Income/Franchise:
Massachusetts: Release Summarizes State Treatment Arising from Federal Partnership Audit Regime Changes

Technical Information Release (TIR) 21-4: Tax Provisions in the Fiscal Year 2021 Budget, Mass. Dept. of Rev. (3/31/21). The Massachusetts Department of Revenue (Department) issued a technical information release (TIR 21-4) summarizing and explaining certain provisions within the Massachusetts Fiscal Year 2021 Budget [see H.5164 (2020) and *State Tax Matters*, Issue 2021-1, for more details on this new law], including those involving partnerships that are the subject of a federal audit and how Massachusetts will respond to certain changes in the federal partnership audit and adjustment process. Specifically, TIR 21-4 explains how the Massachusetts Fiscal Year 2021 Budget includes a new provision, codified at G.L. c. 62C, § 30B, "that will enable the Department to receive notice of, and address the state tax consequences of, a partnership-level federal audit," and "create a mechanism whereby partnerships and their partners must inform the Department of the federal audit, properly report tax changes or obligations that derive from the audit, and account for any resulting state tax liability." According to TIR 21-4, new G.L. c. 62C, § 30B includes provisions that:
URL: https://www.mass.gov/technical-information-release/tir-21-4-tax-provisions-in-the-fiscal-year-2021-budget
URL: https://malegislature.gov/Bills/191/H5164
URL: https://newsletters.usdbriefs.com/2021/Tax/STM/210108_11.html

- Require audited partnerships to amend their Massachusetts nonresident composite returns or withholding reports;
- Allow audited partnerships to make an election to pay state tax on behalf of their partners; and
- Require partners in an audited partnership to directly pay state tax in certain instances.

TIR 21-4 notes that, in some cases, a partner may have an adjustment resulting from a partnership-level audit that the partner has reported for federal tax purposes on either an amended income tax return or otherwise prior to the effective date of the new law – in such instances, "the partner may have to report and pay tax with respect to the adjustment to the state within 180 days of the effective date." TIR 21-4 also states that the Department "intends to issue further guidance with respect to the administration of G.L. c. 62C, § 30B." Please contact us with any questions.

— Bob Carleo (Boston)
Managing Director
Deloitte Tax LLP
rcarleo@deloitte.com

Alexis Morrison-Howe (Boston)
Principal
Deloitte Tax LLP
alhowe@deloitte.com

Gregory Bergmann (Chicago)
Partner
Deloitte Tax LLP
gbergmann@deloitte.com

Ian Gilbert (Boston)
Senior Manager
Deloitte Tax LLP
iagilbert@deloitte.com

Tyler Greaves (Boston)
Manager
Deloitte Tax LLP
tgreaves@deloitte.com

Olivia Schulte (Washington, DC)
Manager
Deloitte Tax LLP
oschulte@deloitte.com