

Income/Franchise:

New Jersey: Just Announced Corporation Business Tax Combined Reporting Initiative Begins June 15

Corporation Business Tax – Combined Reporting Initiative, N.J. Div. of Tax. (updated 6/8/21). The New Jersey Division of Taxation (Division) recently explained that it is in the process of identifying companies that:

URL: <https://www.state.nj.us/treasury/taxation/cbt/cbt-initiative2021.shtml>

1. Have been included as part of a New Jersey corporation business tax (CBT) combined group filing (i.e., as part of a New Jersey CBT-100U return), and
2. Indicated that they have nexus with New Jersey but have not filed as a separate entity in New Jersey for periods prior to 2019.

Regarding such companies, beginning June 15, 2021 and running through October 15, 2021, the Division announces that those having had nexus with New Jersey prior to filing as part of the New Jersey combined return will have the opportunity to come forward and voluntarily comply with their CBT filing requirements. According to the Division, these companies are not eligible for a standard New Jersey voluntary disclosure agreement; however, the Division will consider entering into a closing agreement with certain “approved companies” based upon the following criteria and/or conditions:

- Companies must not have been incorporated in New Jersey, authorized to do business in New Jersey, or registered for the CBT prior to being included as part of a 2019 or 2020 combined return;
- The taxpayer must provide the New Jersey registration number of the managerial member;
- The “look-back period” will be limited to the periods ending after June 30, 2016, or the date nexus was established with New Jersey, whichever is later (so that returns for prior periods will not be required);
- The taxpayer must file all required returns and remit payment of the reported tax liability in full within 45 days of execution of the agreement;
- The Division will waive all penalties;
- The taxpayer will remit payment of interest within 30 days of assessment; and
- All returns will be subject to routine audits.

Additionally, the Division warns that “failure to take advantage of this initiative will result in the look-back period going beyond return periods ending after June 30, 2016 and all applicable penalties and interest being assessed.”

See forthcoming Multistate Tax Alert for more details on this new initiative, including related taxpayer considerations, and please contact us with any questions in the meantime.

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