

Income/Franchise:

New Jersey: Corporation Business Tax Combined Reporting Initiative Extended Through January 3, 2022

NJ Tax e-News, N.J. Div. of Tax. (9/28/21). The New Jersey Division of Taxation (Division) announced an extension of New Jersey's corporation business tax (CBT) combined reporting initiative, now providing that the program will run through January 3, 2022 rather than expire on October 15, 2021, wherein the Division "will waive penalties for qualified companies that pay back Corporation Business Tax for certain years that they had nexus with New Jersey but failed to file as a separate entity." Under this program which began on June 15, 2021, some remiss companies having had nexus with New Jersey prior to filing as part of the New Jersey combined return may come forward and voluntarily comply with their CBT filing requirements. According to the Division [see *Corporation Business Tax – Combined Reporting Initiative*, N.J. Div. of Tax. (updated 9/7/21) for more details on the program], 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:

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

- 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.

The Division has warned 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." Please contact us with any questions.

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