

Income/Franchise:

New Jersey Division of Taxation Explains Adoption of Federal Partnership Tax Audit Regime

New Jersey Adoption of the Federal Partnership Tax Audit Regime, N.J. Div. of Tax. (4/5/24). The New Jersey Division of Taxation (Division) released guidance on legislation enacted in 2022 [see A.B. 4295 (2022) and *State Tax Matters*, Issue 2023-1, for more details on this 2022 legislation] addressing how and when some partnerships must report federal tax adjustments to the Division in response to the federal partnership audit regime under the 2015 Bipartisan Budget Act, which was patterned after the Multistate Tax Commission's "Model Statute for Reporting Adjustments to Federal Taxable Income and Federal Partnership Audit Adjustments." The guidance explains the reporting process for partnerships subject to a final federal adjustment, applicable to any adjustments to a taxpayer's federal taxable income on or after January 1, 2020 – including how there are generally two ways to report adjustments to the Division and pay any underlying tax due: the "Partners Pay – New Jersey Default Method," or the "Partnerships Pay – Election Method." Please contact us with any questions.

URL: <https://www.nj.gov/treasury/taxation/njfedauditpartnership.shtml>

URL: <https://www.njleg.state.nj.us/bill-search/2022/A4295>

URL: https://dhub.deloitte.com/Newsletters/Tax/2023/STM/230106_12.html

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