

Federation of Tax Administrators (FTA)

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Subject: Cool Idea

This week's TaxExPRESS

COOL IDEA OF THE WEEK

Most states now have aligned their corporate income filing dates with the federal deadlines, but this is expected to create special challenges in 2019, especially in those states that conform to the new federal repatriation tax (pick up Subpart F). Business reps and practitioners are encouraging states to use their discretion under their reasonable cause penalty statutes to automatically waive the penalty for a late filing — if the return is filed within 30 days of the original due date — to allow a corporate taxpayer to file the federal return and then take a few weeks to perfect the state return. To be meaningful, an agency would have to announce leniency well before the deadline. Because there is little guidance available on the new federal law, dozens of issues are unresolved, and business leaders say they are "still recognizing just how complicated the administrative issues are." Granting 30 days to perfect the state return after filing the federal would lead to more accurate returns filed with a state, they say.