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IRS Issues Guidance on UNICAP Cost Allocation Rules

The IRS issued final regulations (T.D. 9843) (<https://s3.amazonaws.com/public-inspection.federalregister.gov/2018-24545.pdf>) providing several rules regarding allocating costs under Section 263A's simplified method uniform capitalization rules for property produced or held for resale (UNICAP rules). (Section references are to the Internal Revenue Code of 1986, as amended.) Generally, the regulations address the recharacterization of costs under the simplified resale method (with or without historic absorption ratio election), simplified production method and modified simplified production method. Additionally, the IRS issued Revenue Procedure 2018-56, 2018-50 IRB (<https://www.irs.gov/pub/irs-drop/rp-18-56.pdf>), which modifies Revenue Procedure 2018-31, 2018-22 IRB (<https://www.irs.gov/pub/irs-drop/rp-18-31.pdf>) and provides procedures under which a taxpayer may obtain automatic consent to make certain accounting method changes to comply with the final regulations.

IRS Extends Relief Period for IRA Payments to Unclaimed Property Funds

The IRS issued Notice 2018-90, 2018-49 IRB (<https://www.irs.gov/pub/irs-drop/n-18-90.pdf>) extending for one year the period with respect to which a party that makes a payment from an IRA to a state unclaimed property fund will not be penalized if it does not meet federal income tax withholding rules under Section 3405 or reporting rules under Section 408(i).

IRS Issues Information Release on Like-Kind Exchanges

The IRS released IR 2018-227 (<https://www.irs.gov/newsroom/like-kind-exchanges-now-limited-to-real-property>) to remind taxpayers that the rule allowing for deferral of gain on like-kind exchanges, generally effective for transfers after 2017, was modified to allow for like-kind exchanges only with respect to real property that isn't held primarily for sale.

New Jersey Division of Taxation Issues Guidance on Remote Sellers

The New Jersey Division of Taxation has provided additional guidance to remote sellers, including a list of answers to frequently asked questions (Remote Sellers Frequently Asked Questions (<https://www.state.nj.us/treasury/taxation/remotesellersfaq.shtml>)) and Sales Tax Information for Remote Sellers (<https://www.state.nj.us/treasury/taxation/remotesellers.shtml>)). The guidance advises that taxpayers that make all of their sales through marketplace facilitators may request to be placed on a nonreporting basis to file sales tax returns by filing Form ST-6205-ST. The FAQs advise that for remote sellers, there is a grace period for registering to collect the sales and use tax that runs from 30 days from the time that the remote seller first exceeds \$100,000 in sales to New Jersey. If the remote seller meets the economic threshold in 2019, the remote seller is required to collect sales tax for the remainder of 2019 and 2020. If the remote seller does not meet the economic threshold in 2019, the remote seller is not required to collect sales tax until the economic threshold is met. Once the threshold is met, the tax collection obligation continues for that year and the next year.

Connecticut Issues Guidance on Marketplace Facilitators and Sellers

The Connecticut Department of Revenue Services (DRS) Office of the Commissioner has issued guidance (CT Office of the Commissioner Guidance, OCG-8, Marketplace Facilitators and Marketplace Sellers, Nov. 16, 2018 (<https://portal.ct.gov/-/media/>

[DRS/Publications/OCG/OCG-8.pdf?la=en](#)) regarding the responsibilities of marketplace facilitators and marketplace sellers in complying with recently enacted Connecticut sales and use tax legislation. As of Dec. 1, 2018, marketplace facilitators are required to collect and remit sales tax on behalf of their marketplace sellers. DRS has no authority to grant extensions to the Dec. 1 deadline.



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