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IRS Expands List of Forms That Can Have E-Signatures

In a [news release](#) supplementing a news release that the IRS previously issued (see our prior coverage [here](#)), the IRS has added to the list of non-e-fileable forms with respect to which it is temporarily allowing the use of electronic or digital signatures. The following forms have been added to the list of forms being accepted digitally: 706 (U.S. Estate (and Generation-Skipping Transfer) Tax Return); Form 706-NA (U.S. Estate (and Generation-Skipping Transfer) Tax Return); 709 (U.S. Gift (and Generation-Skipping Transfer) Tax Return); 1120-ND (Return for Nuclear Decommissioning Funds and Certain Related Persons); 3520 (Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts); and 3520-A (Annual Information Return of Foreign Trust With a U.S. Owner).

Third Circuit Holds Canceled Debt Results in Ordinary Income

The Third Circuit Court of Appeals, in [Connell](#), affirmed a Tax Court decision and held that the cancellation of a debt an individual owed to his former employer resulted in ordinary income. The debt's cancellation was not compensation for a capital asset but, rather, payment of compensation for services as set out in the individual's employment agreement. ([Connell](#), (CA 3 8/6/2020) 126 AFTR 2d ¶2020-5148)

ABA Tax Section Submits Comments on Group Exemption Letter Proposal

The American Bar Association Section of Taxation submitted [comments](#) on a proposed revenue procedure (Notice 2020-36) under which recognition of tax exemption for section 501(c) organizations may be obtained and maintained on a group basis for subordinate organizations affiliated with and under the general supervision or control of a central organization.

AICPA Comments on Proposed UBTI Calculation Regulations

The American Institute of CPAs submitted [comments](#) on the proposed regulations (REG-106864-18) regarding the calculation of unrelated business taxable income, including the definition of trades or businesses for organizations with de minimis amounts of unrelated business income, investment activities, net operating losses, and charitable contributions that are deducted against UBTI.

IRS Releases Practice Unit on Audit Tips for Foreign Income Exclusions

The IRS has released a [practice unit](#) on audit techniques for examiners who are assigned cases regarding the foreign earned income exclusion, the foreign housing exclusion, or the foreign housing deduction.

IRS Issues FAQ for Marijuana Industry Participants

The IRS has released a list of [frequently asked questions for participants in the marijuana industry](#), addressing income and employment tax return filing obligations, available payment plans, applicable penalties for compliance failures, the ability to reduce gross receipts, and the requirements for large cash payments.

New Jersey Adopts Apportionment Sourcing Rules for Services

The New Jersey Division of Taxation has adopted [N.J. Admin. Code Section 18:7-8.10A](#) to provide rules for sourcing services for tax years ending on or after July 31, 2019. The rules

are intended to source revenues from services to the location or locations where the benefits are considered to be received. The regulation provides examples for a number of service industries, including engineering, custom computerized software, advertising, payroll processing services and legal updates.

N.J. Superior Court Rules Limited Partner Not Exempt From CBT

The New Jersey Superior Court, Appellate Division, in *Preserve II v. Div. of Taxation* upheld a tax court ruling that a corporate limited partner was required to file corporate business tax returns in New Jersey. The corporation owned 99% of two limited partnerships (LPs) doing business in New Jersey and had no other activities in New Jersey. Neither the LP nor the taxpayer (which was the general partner) had its own employees. The taxpayer argued that it was exempt from tax since it was a limited partner. The court rejected this argument and held that N.J. Rev. Stat. Section 54:10A-2 provides that all corporations deriving receipts from New Jersey sources are subject to the corporation business tax unless an exemption applies and no exemption applies to limited partners.



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