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IRS Issues Memo on Large Partnership Compliance Pilot Program

The IRS Large Business & International Division, in an [internal memorandum](#), has provided guidance on the implementation of the large partnership compliance pilot program. The memorandum covers the identification, selection and delivery of large partnership tax returns, exam procedures and feedback. The memorandum outlines four goals of the compliance program: (1) identify the largest partnership cases by focusing on the characteristics of the largest Form 1065 filers, (2) develop improved methods to identify and assess the compliance risk presented by these taxpayers, (3) consider examination processes and tools that will allow us to better audit this population and (4) enhance the IRS's understanding of large partnership compliance issues through feedback.

IRS Updates Substitute Form Guidance

The IRS has updated the guidelines for substitute forms in [Rev. Proc. 2021-42](#), superseding Rev. Proc. 2020-55, which will be incorporated into IRS publication 1179. The IRS accepts substitute tax forms that are consistent with the official forms and have no adverse impact on processing. Only those substitute forms that fully comply with these requirements are accepted by the IRS.

IRS Issues FAQs on Rehiring Retirees

The IRS, in a [news release](#), announced new [FAQs](#) discussing guidance for employers wanting to rehire or employ retirees due to hiring needs related to COVID-19. The news release states that under the FAQs, an employer generally can choose to address unforeseen hiring needs by rehiring former employees, even if those employees have already retired and have begun receiving pension benefit payments. If the plan permits, those employees may continue receiving the benefits after they are rehired. Moreover, an employer generally can choose to make retirement distributions available to existing employees who have reached age 59½ or the plan's normal retirement age. This may assist in the retention of employees eligible for retirement.



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