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IRS Issues Guidance on Withholding on Unclaimed Payments from Qualified Plans

The IRS issued [Revenue Ruling 2020-24](#), which provides that a qualified retirement plan must withhold federal income tax from retirement payments it makes to a state unclaimed property fund and that it must report the payments on Form 1099-R (Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.).

IRS Issues Guidance on IRA Rollovers

The IRS issued [Revenue Procedure 2020-46](#), which provides that a distribution made to a state unclaimed property fund is a basis for a taxpayer to self-certify eligibility for a waiver of the 60-day rollover requirement for certain eligible retirement plans.

IRS Issues Draft 2020 Form 1065 Instructions

The IRS issued [draft 2020 Form 1065 instructions](#) that include revised instructions for partnerships required to report capital accounts to partners on Schedule K-1.

IRS Announces Stricter Offer to Settle Micro-Captive Insurance Audits

The IRS [announced](#) a new stricter settlement offer for certain taxpayers who participated in abusive micro-captive insurance transactions. (See our prior coverage [here](#).)

IRS Revises FATCA QI/WP/WT External Reviewer Independence Standard

The IRS has revised its [Foreign Account Tax Compliance Act \(FATCA\) FAQs](#) to provide that the independence standard for an external reviewer of a Qualified Intermediary's, Withholding Foreign Partnership's, or Withholding Foreign Trust's documentation, withholding, reporting, and other obligations now applies to all review years. Previously, it had applied only to pre-2019 years.

New Jersey Extension of Corporation Business Tax Surtax

The New Jersey Division of Taxation is [advising](#) corporate business taxpayers that a 2.5% temporary surtax on taxpayers with a New Jersey allocated taxable net income over \$1 million is imposed for tax periods beginning on or after Jan. 1, 2018 through Dec. 31, 2023. The surtax rate for 2020 and 2021 was scheduled to be 1.5%, and the surtax was scheduled to expire in 2022. The surtax applies to all taxpayers with a corporation business tax liability but does not apply to public utilities or New Jersey S Corporations. The surtax is imposed on allocated taxable net income and is in addition to the annual corporation franchise tax. However, if the federal corporate tax rate is increased to a rate of at least 35% of taxable income (the pre-2017 Tax Cuts and Jobs Act rate), the surtax will be suspended following the conclusion of the tax period corresponding with the increase to the federal corporate income tax rate. For tax year 2020, penalties or interest will not be imposed on an underpayment that results from the change in the surtax rate.

California FTB Updates its COVID-19 FAQs

The California Franchise Tax Board (FTB) has updated its [COVID-19 Frequently Asked Questions \(FAQs\)](#) by adding to the section on "Teleworking and the 'Stay at Home' Executive Order," providing guidance as to the possible California franchise tax implications to corporations that previously had no connections with California but now have an employee indefinitely teleworking from California due to the governor's executive order that requires all California residents to stay at home to prevent the spread of the coronavirus (COVID-19).

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