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## New Jersey Division of Taxation Announces Two Voluntary Disclosure Initiatives

The New Jersey Division of Taxation announced yesterday two voluntary disclosure initiatives that will each run from March 15, 2014, through May 15, 2014. Under each initiative, all penalties will be waived and there will be a limited look-back period. These initiatives are limited to two specific areas:

- Companies that derived income from the use of intangible assets (e.g., intellectual property) in New Jersey but have not reported this income (the Intangible Asset Initiative).
- Partnerships that have New Jersey-sourced income but have not filed the relevant New Jersey forms and/or remitted taxes and fees owed to the state (the Partnership Initiative).

Under each initiative, the taxpayer must file all required returns and must remit payment of all taxes owing within 45 days of executing a voluntary disclosure agreement with the state. In addition, taxpayers must pay all interest within 30 days of assessment.

Taxpayers will not be eligible for these initiatives if they are filing taxpayers, taxpayers under audit or taxpayers notified by the division of a pending audit.

For the Intangible Asset Initiative, the look-back period will be limited to the periods beginning after July 1, 2010, or the date business commenced, whichever is later. For the Partnership Initiative, the look-back period will be limited to periods beginning on or after January 1, 2010.

Under the Intangible Asset Initiative, companies that have paid royalties and added them back to their New Jersey entire net income may file amended returns for any open period to claim an exception to the royalty add-back. The Partnership Initiative will apply also to individual partners that have not satisfied their New Jersey filing and tax remittance requirements.

These initiatives are limited, however, in that all returns will be subject to routine audit with respect to issues not specifically covered by the voluntary disclosure agreement.