

Note: This handout is intended only for purposes of facilitating discussion at the Interested Parties Meeting scheduled for July 14, 2020.

DISCUSSION TOPICS

The purpose of this Interested Parties Meeting (IPM) is to receive input from the taxpayer community regarding a potential "de minimis" rule, as it may apply to the partner reporting and payment requirements resulting from a Partnership Level Audit concluded by the Internal Revenue Service (IRS).

Pursuant to California Revenue and Taxation Code ("CRTC") section 18622.5, if any item required to be shown on a federal partnership return is changed or corrected by the IRS, and the partnership is issued an adjustment under Section 6225 of the Internal Revenue Code or makes a federal election for alternative payment with the IRS as part of a Partnership Level Audit, the partnership shall report each change or correction to the Franchise Tax Board (FTB) for the reviewed year within six months after the date of each final federal determination.

Pursuant to CRTC section 18622.5(j), in order to reduce the administrative burden on taxpayers that may be imposed by additional filings and payments that do not contribute materially to revenue, the FTB shall convene a meeting or meetings of interested parties for the purpose of determining appropriate de minimis partner reporting and payment requirements as the result of a partnership level audit.

In order to promote a robust examination of the issue, the following is a possible topic to be discussed:

What should California's de minimis exception to the partner reporting and/or payment requirements under CRTC section 18622.5 be?