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**BANK & CAPITAL MARKETS
TAX INSTITUTE**

VIRTUAL CONFERENCE & WORKSHOPS

TUESDAY, OCTOBER 13, 2020

 **ALM** Events

Panelists

- Kevin Brown, Principal, PwC
- Paul DeNard, Managing Director, PwC
- Susanne Muller, Executive Director, UBS

Agenda

- Future of Rev. Proc. 94-69
- High Wealth Audit Program
- Status of Appeals Pilot
- Election Ramifications at Treasury and IRS
- CAP Update

Future of Rev. Proc. 94-69

- Rev. Proc. 94-69 currently provides special procedures for CEP taxpayers to show additional tax due or adequately disclose tax return items or positions so as to avoid imposition of a § 6662 accuracy-related penalty.
- IRS leans towards eliminating this perceived advantage for taxpayers under regular audit.
- Numerous comments submitted by practitioners opposing elimination of rule.

High Wealth Audit Program

- The IRS LB&I Division announced on June 18 that it plans to begin examining hundreds of high-income individuals and related entities, typically partnerships. The IRS Tax-Exempt and Government Entities (TE/GE) Division also announced that it expects to see increased audits of private foundations that have linkages with or that are interwoven into global high-wealth enterprises.
- The new program differs from the Global High Net Worth Exam Program.
- Early observations.

Status of Appeals Pilot

- Appeals recently ended a pilot where Exam and Counsel were invited to the non-settlement portion of the taxpayer's conference to test whether the participation of both parties would assist in resolving factual and legal differences.
- Appeals is now considering whether to make the practice permanent.
- Taxpayers largely oppose this change.

Election Ramifications at Treasury and IRS

- Chief Counsel
- Commissioner
- Treasury Office of Tax Policy
- Career Personnel

CAP Update

- CAP employs real-time resolution tools to improve compliance of large corporate taxpayers.
- Application Period Closed on November 13, 2020.
- Admission Decisions Expected in January, 2021.
- Pros and Cons for participating.
- Next steps if accepted into CAP.

COVID 19 Impact on State Income Tax Withholding

- Income Tax withholding relief – several states have issued guidance stating that they will not require employers to withhold tax where employee is temporarily working in state due to COVID 19 and employer should continue to source wages to employee's primary work location
- Corporate income tax nexus relief – several states have issued guidance stating that they won't assert nexus on out of state corporations whose only contact to the state is remote workers
- Federal legislation
 - S. 3995 – Remote and Mobile Worker Relief Act – would limit ability of states to tax income of employees for employment duties performed in other states
 - H.R. 7968 – Multi-state Worker Tax Fairness Act – would limit state's ability to tax wages earned by non resident telecommuter
 - H.R. 8056 Remote Worker Relief Act – establishes rules for states to tax individuals and businesses during COVID 19 when employees performing services in other states
- Potential issues for employers and employees - state of primary work location and temporary work location could assert claim to 100% of wages, resulting in withholding obligation for employer and double taxation to employee