



1. Welcome and Roll Call

Forum Chair Hank Roth welcomed everyone to the meeting which was followed by new Forum attendees introducing themselves.

Forum Members in Attendance

Hank Roth, Chair
Craig Anderson,
Vice Chair
Eric Arnold
Douglas Barnett
Cheryl Bilancia
John Brennan
Kevin Butler
Sue Carey
Renita Charrlin
Max Cohen
Dale Collins
Julie Cwik
Walter
Dannemiller
Rian de Jong
Sarah Delaunay
Ceyla Esendemir
Pam Fedigan
David Fowler

Sharon Gorrell
Katie Grammes
Mark Greene
Charles Griffin
Ed Hannibal
Linda Hargreaves
Lynda Hernandez-
Spille
Gustavo Higuera
Stacy Hough
Stephen Jones
Jacky Kepper
Catherine Killeen
Jeff Margolis
Patrick
McManamy
Dan Mertes
Michelle Moore
Meghan Murphy
Nino Nelissen
Bob Nish
Theresa Pope

Lawrence Porter
Jordi Roca
Jeanette Ryan
Roy Seeger
Melissa Seitz
Medford
Sara Shelsy
Victoria Shepard
Donna Socha
Brianna
Stubenrauch

Worldwide ERC® Staff

Tristan North
Pete Scott
Peggy Smith
Aidan Camas
Chris Wilson

2. Worldwide ERC® Anti-Trust Statement

Aidan Camas read the anti-trust statement aloud for Forum members.

3. Review and Approval of Past Meeting Minutes

Hank asked for a motion to approve the minutes from the May 2019 meeting in Atlanta, GA. A motion was made, seconded and approved.

4. Update on Worldwide ERC® Advocacy and Inaugural Hill Day

Peggy Smith and Tristan North updated the Forum on Worldwide ERC®'s advocacy efforts. Worldwide ERC® is working to better promote the advocacy work the organization does and the Government Affairs page on the website has been made more prominent (<https://www.worldwideerc.org/government-affairs/>). Worldwide ERC® is now releasing quarterly Legislative Agendas ([See 2019 Q3 Agenda](#)) to keep membership better informed. Forum attendees are encouraged to share this work on their social media channels.

As part of this effort, Worldwide ERC® will be hosting bi-annual Hill Days where members will come to Washington, DC, to advocate on behalf of the industry. Worldwide ERC® held its inaugural Hill Day on October 2, and it went well. 15 attendees met with almost 30 Congressional offices to discuss:

- [Simplifying State Income Tax for Traveling Workers](#)
- [Protecting Personally Identifiable Information of Transferees](#)
- Fairness for High-Skilled Immigration Act (H.R. 1044, S. 386)
- Reforming Fannie Mae and Freddie Mac

[Read the full recap here.](#) The next Hill day will be in April/May of 2020. Worldwide ERC® looks forward to growing this program going forward.

5. Tax and Legal Issues

a. Community Updates - Ongoing Reports Every Two Weeks

Worldwide ERC® is continuing to release government affairs updates every two weeks. Be sure to look out for this useful information.

b. Tax Reform

Hank Roth, Craig Anderson, and Pete Scott updated the Forum on Tax Reform.

i. Tax Cuts and Jobs Act of 2017 (TCJA) Discussion

The Forum was asked to share any impacts they have seen as a result of the TCJA. John Brennan shared that in the DC area, middle market home sales seem to have been impacted.

Pete updated the Forum that Worldwide ERC® recently did another survey to try and assess the impact of the TCJA on relocation. Pete will be drafting a blog post to discuss the findings of the survey in the next few weeks.

ii. State Conformity Update

Several states still have not acted as to whether they will adopt federal change, and others have changed status since last update. The process is still ongoing for a few states.

iii. State/Local Tax Deduction Limit

The TCJA imposes a \$10,000 limit on individual deductions for state and local taxes. High tax states have devised several ways to work around this limit such as tax credits for contributions to specified state or state supported charities. The federal government and IRS have been working to crack down on these different work arounds. The IRS issued final regulations in June to disallow charitable contributions if the tax credit exceeds 15%.

There is still a lot of ongoing litigation surrounding the TCJA. New York, Connecticut, New Jersey, and Maryland are suing alleging that the limit on state/local tax deductions is unconstitutional. It is unlikely that any of the pending legislation will succeed.

iv. Filing Season Results

a) Refund Data

2018 filing season saw 126 million standard deduction, up from 98 million last year. Only 14.6 million used itemized deductions down from 42.1 million last year. The average refund was down but only slightly. The number of taxpayers subject to AMT fell drastically from 4.07 million last year to just 78,328 this year. Worldwide ERC® is planning to do surveying as to how transferees fit into these results.

b) Penalty Relief

There is a penalty for failing to pay full tax either through withholding or estimated tax. Due to withholding uncertainty created by TCJA, the IRS twice reduced required threshold during filing season. On August 14th, the IRS that it will automatically waive penalties for those taxpayers without them having to file requests and send refunds of penalties to those who already paid.

c) New W-4 Form

Draft of the new form was released on May 31, 2019. The new form is slated to be used starting in 2020. After a comment period, a second redesign was released on August 9, 2019. A final copy is expected in November or December of this year. New employees will be required to submit new form, but current employees may continue to rely on old form submitted previously. This means that employers will need two systems to permit withholding under two different forms. The IRS has good online resources on how to navigate this.

d) Truncated SSNs

Final regulations were published on July 2, 2019 and allow the use of only the last four digits of an SSN on the employee copy of a W-2. The goal of this is to help

reduce identity theft. Full SSN must still be used on W-2 sent to Social Security Administration. Employers will need to determine if they adopt this practice.

c. Legislative Fixes

There remains no consensus over what within the TCJA needs to be fixed. Due to Congress being split between Democrats and Republicans, it is unlikely that anything gets done this year. Democrats are not rushing in to fix mistakes made by Republicans in a Bill they were left out of drafting. 40 provisions remain expired since 2017. A bipartisan Senate bill would extend 29 of these through 2019. Unlikely that the extenders get addressed this year as well.

Mobile Workforce Act (S. 604) – Bipartisan legislation that has not yet been reintroduced into the House. Bill would prohibit a state taxing an out-of-state worker until the worker had worked in the state for at least 30 days during the year. So far, the Bill has failed to pass because New York State is in strong opposition to this legislation and Sen. Chuck Schumer (D-NY) is the minority leader. Worldwide ERC® has supported this legislation for a while now and will continue to monitor its progress.

d. Update on Home Sale Program Audits

No news on this front. The IRS continues to be starved of audit resources, so the number of audits continues to be way down.

e. Solar Panels

Linda Hargreaves provided an update on California's solar panel mandate. Starting January 1, 2020, all new single-family homes built in California will need to be built with solar panels. Approximately 80,000 new home permits are issued a year in California. Builders in the state are still figuring out how to deal with this. Relocation will not likely feel the impact of this change for a few years as the homes have not yet been built. It is important to know what type of solar panel lease you are dealing with.

f. Passport Revocation

390,000 passports have now been certified by the IRS as owing enough money to have their passports revoked. Ensure that your transferees do not fall into this category.

g. State Issues

i) Non-resident Real Estate Withholding in Maryland & Delaware

Katie Grammes provided an update on Maryland and Delaware withholdings. Delaware's definition of "non-resident" expanded this year. Non-Resident Individual sellers must pay 7.5% of proceeds to the State of Maryland to record their deed. This rate will increase to 8% in 2020. Maryland also recently amended its definition of

resident. Katie and John Brennan have been working with the Maryland Comptroller's Office to get a special exemption for relocation transactions approved. To see a copy of the proposed form, email Katie Grammes at: kgrammes@brennantitle.com. Maryland has also made changes to the statute of limitations on state tax liens.

ii.) California Independent Contractor Reclassification

Walter Dannemiller gave an update on California legislation that would reclassify the status of independent contractors. Other states are following suit with similar legislation. It is possible that this may appear as a ballot initiative next year as well. This legislation could impact many aspects of the relocation industry and should be closely monitored.

Pete Scott noted that legislation to make tax issues subject to the California false claims act passed the state Assembly but failed in the Senate. Likely to be reintroduced next year, and if passed will affect the analysis of whether to use blank deeds in California home sales.

iii.) Massachusetts Payroll Tax

Massachusetts has enacted a payroll tax increase to fund paid family or medical leave (an additional 0.75% effective 10/1/19). MA companies will need to re-program their payroll systems. Washington State also introduced a similar tax this year.

iv.) Wisconsin Denial of Business Expense Deductions

Wisconsin is not allowing business expense deductions for business expenses incurred in moving a business to another state, or out of the country.

6. International Issues

i. Digital Tax

Many OECD countries are considering a so-called "digital" tax. France has already enacted such a tax as of January 1, 2019. 3% on advertising, sale of data, fees for linking users to online sales which applies to large companies such as Amazon, Google and Facebook.

As many of these companies are American, the U.S. strenuously objects to such a tax. France and the U.S. reached an agreement in August where France agrees that once a global approach is agreed upon, it will credit any French taxes paid in excess of those that would have been paid under the global agreement. In meantime, Amazon says it will increase fees to vendors by 3% to account for the French tax.

7. Additional Items from Members

Nothing additional at this time.

8. Issue Matrix Review

Craig Anderson recommended that the alliance list and Government Affairs Committee list be reviewed and updated.

9. Adjournment

Adjourned at 5:15pm EDT.