



State Tax Matters

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Income/Franchise:

Vermont: New Law Updates State Conformity to Internal Revenue Code and Imposes a Five-Year Binding Consolidated Filing Election

H.B. 884, signed by gov. 6/5/14. Effective retroactively to January 1, 2014 and applicable to taxable years beginning on and after January 1, 2013, new law generally updates statutory references to the Internal Revenue Code (IRC) for personal and corporate income tax purposes, referring to the federal income tax law as in effect for taxable year 2013 (previously, 2012) but “without regard to the federal income tax rates” under IRC Sec. 1. The new law additionally provides that, effective retroactively to January 1, 2014 and applicable for tax year 2014 and thereafter, a qualifying affiliated group of corporations electing to file a consolidated state corporate income tax return in lieu of separate returns must continue to do so “for five years, including the year the election is made.” Previously, such elections to file state consolidated versus separate returns were not binding and could be made each tax year.

URL: <http://www.leg.state.vt.us/docs/2014/Acts/ACT174.pdf>

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Sales/Use:

California: Tax Applies to Transactions Where Virtual Currency is Accepted as Payment Method

Special Notice L-382, Cal. SBE (6/14). The California State Board of Equalization (SBE) explains that a growing number of businesses and individuals are now accepting virtual currencies (e.g., Bitcoin, Litecoin, Dogecoin, or Peercoin) as a payment method for their sales of goods and services, and that such businesses and individuals “should be aware that sales and use tax applies to such transactions in the same manner as transactions paid using traditional payment methods such as cash or credit card.” The SBE notes that the Internal Revenue Service (IRS) has recently stated that virtual currencies do *not* have

legal tender status in any jurisdiction and virtual currencies should not be treated as U.S. currency or foreign currency, but instead, as “property” (IRS Notice 2014-21 (3/25/14)). Accordingly, for the same reason, virtual currencies are not regarded as U.S. or foreign currency for purposes of California sales/use tax law. In this respect, state sales/use tax applies to sales of tangible personal property in exchange for virtual currency in the same way as it does with any other sale of tangible personal property for a “consideration.” The SBE provides an example where if a restaurant sells a taxable meal to a customer with an advertised menu price of \$50, the measure of the tax from the sale of the meal is \$50 – whether the customer pays the restaurant 0.065 Bitcoin for the meal, or 1 Bitcoin for the meal. Also, the restaurant should retain a copy of the menu in its records to document the measure of tax from its Bitcoin transactions.

URL: <http://www.boe.ca.gov/news/2014/1382.pdf>

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Articles:

Deloitte’s Technology for Work Opportunity Tax Credit Software Achieves Oracle Validated Integration

Deloitte, a Diamond level member of Oracle PartnerNetwork (OPN), has announced it has achieved Oracle Validated Integration for its Technology for Work Opportunity Tax Credit (T4WOTC™) software. T4WOTC, a solution for employment related tax credits and incentives, is integrated with Oracle Taleo Enterprise Cloud Service, a component of Oracle Talent Management Cloud, a web-based job candidate screening and recruiting software. This integration, supported by Deloitte’s tax screening services, can provide organizations with a technology solution to improve accuracy and efficiency of tax screening for the Work Opportunity Tax Credit (WOTC) and Federal Empowerment Zone Tax Credit.

URL: http://www.deloitte.com/view/en_US/us/press/Press-Releases/8ca82fa682586410VgnVCM1000003256f70aRCRD.htm?id=us:em:na:stm:eng:tax:062014

URL: http://www.deloitte.com/view/en_US/us/Services/tax/Multistate-Tax/27fbeb0c42ad4310VgnVCM1000001a56f00aRCRD.htm?id=us:em:na:stm:eng:tax:062014

Multistate Tax Alerts

What’s new in the States? Our Multistate Tax Alerts highlight selected state tax developments relevant to taxpayers, tax professionals, and other interested persons. Read our more recent alerts below or visit the archive for ones you may have missed.

Archives: http://www.deloitte.com/view/en_US/us/Services/tax/Multistate-Tax/multistate-tax-archive/index.htm?id=us:em:na:stm:eng:tax

No new alerts were issued this week. Be sure to refer to the archives to ensure that you are up to date on the most recent releases.

Have a question?

If you have needs specifically related to this newsletter's content, send us an email at clientsandmarketsdeloittetax@deloitte.com to have a Deloitte Tax professional contact you.

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