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State Tax Matters

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Amnesty:
Arizona: Guidance Issued on Upcoming "Tax Recovery Program" Permitting Penalty and Interest Abatement and/or Waiver

Tax Recovery Application Form: Instructions, Ariz. Dept. of Rev. (8/15). The Arizona Department of Revenue (Department) has recently issued an application form and instructions pursuant to recently enacted legislation [*S.B. 1471*], which requires the Department to establish a "Tax Recovery Program" from September 1, 2015 through October 31, 2015, for the purpose of reducing or waiving civil taxpayer penalties and interest for unpaid liabilities on most taxes administered by the Department for any period ending before January 1, 2014, for annual filers, and before February 1, 2015, for all other filers. Participants must attach any audit assessments, billing notices, schedules of tax, tax returns and reports, including amended returns, for each taxable period as part of their Tax Recovery Program application. The application form instructions note that if the Department grants an applicant tax recovery, the applicant waives any right to refund or credit for the total amount of the tax liability for each period included in the application. Additionally, if the Department grants an applicant tax recovery, this terminates any appeal of an audit determination or refund denial. If an applicant has proceedings before the Arizona State Board of Tax Appeals (BOTA) or any court, "BOTA or the court will dismiss each action or proceeding before that body on receiving a notice from the Department that tax recovery has been granted for the tax period." The application form

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instructions also note that the Department may audit an applicant for tax recovery periods, and that the statute of limitations will apply to any period subject to audit. While an applicant may contest any deficiency that is determined by such audit, the applicant will not receive any credit or refund for any tax decrease for any period covered by the tax recovery.
URL: https://www.azdor.gov/Portals/0/ADOR-forms/TY2015/11200/11250_i.pdf
URL: http://www.azleg.gov/legtext/52leg/1r/bills/sb1471s.pdf

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Amnesty:
Maryland: FAQs Issued on Upcoming Tax Amnesty Program Providing for 100% Penalty Waiver and 50% Interest Waiver

Tax Amnesty FAQs, Md. Cmptrlr. (8/15). The Maryland Comptroller (Comptroller) has issued a series of "frequently asked questions" and answers (FAQs) pursuant to recently enacted legislation [*S. 763*], which requires the Comptroller to establish a tax amnesty program for certain delinquent taxpayers that will:
URL:
http://taxes.marylandtaxes.com/Tax_Compliance_and_Enforcement/Tax_Compliance_Information/Tax_Amnesty/Tax_Amnesty_FAQs.shtml
URL:
http://mgaleg.maryland.gov/webmga/frmMain.aspx?pid=billpage&stab=01&id=sb0763&tab=subject3&ys=2015RS

- Run from September 1, 2015 through October 30, 2015;
- Apply to Maryland state and local individual income tax, corporate income tax, withholding taxes, sales and use taxes, as well as admissions and amusement taxes, for tax returns generally due on or before December 31, 2014; and
- Permit the potential waiver of 100% of the underlying civil penalties (except previously assessed fraud penalties) and 50% of the underlying interest.

The FAQs note that eligible applicants may file for such amnesty for taxes that they are currently appealing or protesting by paying the tax and one-half interest during the amnesty period and continuing the appeal. In such cases, if the applicant ultimately prevails on the appeal or protest, the tax and interest paid will be refunded and the applicant may be entitled to interest on the overpayment.

Note that this upcoming amnesty program will *not* apply to:

- Any taxpayer that was granted amnesty under a Maryland tax amnesty program held between calendar year 1999 and calendar year 2014; or
- Any taxpayer eligible for the settlement period which ran from July 1, 2004 through November 1, 2004, for tax periods prior to tax year 2003, pursuant to Chapter 557 of the Acts of 2004 – during which back taxes assessed for certain intangible holding company transactions were forgiven.

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Amnesty:
Missouri: Guidance Issued on Upcoming Tax Amnesty Program Permitting 100% Penalty and Interest Waiver

Tax Amnesty FAQs, Mo. Dept. of Rev. (8/15). The Missouri Department of Revenue (Department) has issued guidance pursuant to recently enacted legislation [*H.B. 384*], which authorizes a tax amnesty program to run from September 1, 2015 through November 30, 2015, and permits amnesty from the assessment or payment of all penalties, additions to tax and interest on delinquencies of unpaid taxes administered by the Department with respect to tax liabilities generally due on or before December 31, 2014. This amnesty program will generally apply to unpaid taxes regardless of whether previously assessed, except for penalties, additions to tax, and interest paid before September 1, 2015. If qualified amnesty participants fail to comply "in good faith" with Missouri tax laws at any time during the eight years following the date of their amnesty agreement, then all penalties, additions to tax, and interest that were waived under their amnesty agreement "shall become due and owing immediately." If a taxpayer is granted amnesty under this program, then such taxpayer will be ineligible to participate in any future Missouri amnesty for the same type of tax.
URL: http://dor.mo.gov/amnesty.php#FAQs
URL: http://www.house.mo.gov/billsummary.aspx?bill=HB384&year=2015&code=R

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Sales/Use/Indirect:
Washington: Guidance Issued on New Law Adopting Economic Nexus Standard for B&O Wholesaling Activities

New Nexus Standards for Wholesale and Retail Sales – Effective September 1, 2015, Wash. Dept. of Rev. (8/18/15). The Washington Department of Revenue (Department) has issued guidance pursuant to recently enacted legislation [*Engrossed Sub. S.B. 6138*; see previously issued Multistate Tax Alert for more details on this new law], which subjects state business and occupation (B&O) tax wholesaling activities to an economic nexus standard effective September 1, 2015. Under this guidance, the Department explains that out-of-state businesses

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making wholesale sales into Washington will be subject to the wholesaling B&O tax on wholesale sales delivered into Washington for the current year if they meet any of the following economic nexus thresholds during the prior calendar year:
URL: http://dor.wa.gov/Content/GetAFormOrPublication/PublicationBySubject/TaxTopics/NexusStandards.aspx
URL: http://lawfilesext.leg.wa.gov/biennium/2015-16/Pdf/Bills/Senate%20Passed%20Legislature/6138-S.PL.pdf
URL: http://www2.deloitte.com/us/en/pages/tax/articles/multistate-tax-alert-wa-amends-nexus-standards-rate-preference-me-exemption-and-penalties.html?id=us:em:na:stm:eng:tax:082815

- More than $267,000 of receipts from Washington;
- More than $53,000 of payroll in Washington;
- More than $53,000 of property in Washington; or
- At least 25 percent of total property, payroll, or receipts in Washington.

The Department notes that these economic nexus thresholds previously only applied to businesses with income from apportionable activities, which include activities taxable under the catch-all "Service and Other Activities" and "Royalties" B&O tax classifications, among others. Now, under this new law, wholesalers that lack physical nexus but exceed the $267,000 threshold in any calendar year will, "for the first time," become subject to B&O tax on wholesale sales into Washington. In determining whether a wholesaler exceeds the nexus threshold of $267,000 of gross income, the Department explains that both apportionable income attributable to Washington and wholesale sales delivered to Washington are to be included.

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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.
Archive: http://www2.deloitte.com/us/en/pages/tax/articles/multistate-tax-alert-archive0.html?id=us:em:na:stm:eng:tax

Florida 2014 Updated Filing Requirements – Addbacks

Florida recently adopted the Internal Revenue Code (IRC) as of January 1, 2015, and decoupled from IRC § 168(k) federal bonus depreciation and IRC § 179 expense deductions – to the extent that such § 179 deductions exceed $128,000. On June 12, 2015, the Florida Department of Revenue issued Tax Information Publication (TIP) No. 15C01-04 providing guidance pertaining to the reporting – for the 2014 tax year – of additions for IRC § 168(k) bonus depreciation and IRC § 179 expenses as applied to taxpayers filing:

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- Florida Form F-1120, *Florida Corporate Income/Franchise Tax Return*
- Florida Form F-1065, *Florida Partnership Informational Return*

This Multistate Tax Alert summarizes these addback requirements and TIP No. 15C01-04. [Issued: August 21, 2015]
URL: http://www2.deloitte.com/us/en/pages/tax/articles/multistate-tax-alert-florida-updated-filing-requirements-addbacks.html?id=us:em:na:stm:eng:tax:082815

Have a question?
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