



Multistate Tax

State Tax Matters

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Administrative/Amnesty:

Illinois: City of Chicago Will Offer “Debt Relief Program” from November 15 through December 31

News Release: Debt Relief Program, City of Chicago, Dept. of Fin. (11/3/15). The City of Chicago (City) Department of Finance has issued a set of frequently asked questions (FAQs) and answers regarding a recently approved “Debt Relief Program” that will apply to individuals and businesses owing eligible debt to the City – offering such individuals and businesses “the opportunity to resolve outstanding debt and avoid further costs and collection activity.” The City’s Debt Relief Program will be offered from November 15, 2015 through December 31, 2015, and eligible debt will include taxes (both non-filers and tax assessments) incurred prior to January 1, 2012. However, “tax obligations that are in a payment plan or pending legal activity with the City are not eligible.” Eligible program participants will receive a waiver of all penalties, interest and certain collection costs associated with their qualifying debt.

URL:

http://www.cityofchicago.org/city/en/depts/fin/provdrs/accounts_receivabledivision/news/2015/october/DebtReliefProgram.html

URL: http://www.cityofchicago.org/content/dam/city/depts/fin/supp_info/Revenue/Amnesty_FAQ_TAX.pdf

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Income/Franchise:

California: FTB Issues 15-Day Notice of Modifications to Proposed Revisions to Rule on Sales Factor “Market-Based” Sourcing of Non-TPP Sales

15-Day Notice of Modifications to Proposed Amended tit. 18 Cal. Code Regs. (CCR) Section 25136-2, Cal. FTB (11/4/15). The California Franchise Tax Board (FTB) continues to move forward with the administrative rulemaking process for amending California’s regulation reflecting market-based rules for sourcing sales other than sales of tangible personal property as applicable to most taxpayers filing a combined report in taxable years beginning on or after January 1, 2013. Among other items, the proposed amendments provide a general definition of “marketable securities,” a specific definition of “marketable securities” for registered broker-dealer type taxpayers, and accompanying sourcing rules for assigning sales of marketable securities to California. The proposed language also includes assignment rules for interest, dividends, goodwill, and two examples addressing how to assign sales from asset management services provided by a taxpayer not subject to CCR Section 25137-14 (i.e., taxpayers not providing services to regulated investment companies). As the next step in the administrative rulemaking process, comments on recently published modifications to this rule proposal must be received by November 20, 2015.

URL: https://www.ftb.ca.gov/law/regs/25136-2/25136-2_15_Day_Notice.pdf

URL: https://www.ftb.ca.gov/law/regs/25136-2/25136-2_15_Day_Language.pdf

For more information or questions please reach out to any of the following individuals listed below.

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Income/Franchise: Nevada: Department of Taxation Issues Proposed Regulations Implementing New Commerce Tax

Proposed Regulations Implementing Commerce Tax: LCB File No. R123-15, Nev. Dept. of Tax. (9/8/15). Pursuant to recent legislation enacting a new “Commerce Tax” imposed on the Nevada gross revenue of each business entity engaged in business in Nevada effective July 1, 2015 [S.B. 483; see previously issued Multistate Tax Alert for more details on this new law], the Nevada Department of Taxation (Department) has issued proposed regulations to help implement the new tax including provisions:

URL: <https://www.leg.state.nv.us/register/2015Register/R123-15l.pdf>

URL: <http://www.leg.state.nv.us/Session/78th2015/Reports/history.cfm?ID=1034>

URL: <http://www2.deloitte.com/us/en/pages/tax/articles/nevada-legislature-approves-new-commerce-tax-and-other-tax-law-changes.html?id=us:2em:3na:stm:awa:tax:111315>

- Clarifying the definition of a “taxable entity” and the related filing requirements;
- Providing that an employer can only claim a credit against its Modified Business Tax (MBT) liability for 50 percent of the Commerce Tax liabilities that have actually been paid;
- Defining the process for reporting and changing a business’s North American Industry Classification System code designation and corresponding Commerce Tax rate;
- Providing that a business entity may itemize a “Commerce Tax recovery charge” on an invoice or receipt under certain circumstances;
- Amending certain Nevada regulations to allow a “payroll provider” to claim a credit against MBT liability equal to 50 percent of the Commerce Tax liability paid by it and members of its affiliated group; and
- Providing guidance on how service providers in various industries should determine their Nevada situated gross revenue.

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Income/Franchise: Puerto Rico: New Law Provides Special Tax Rate on Certain Dividends and Deemed Distributions

Act 159-2015, signed by gov. 9/30/15. New law provides that certain dividends and deemed distributions made from October 1, 2015 through December 31, 2015 may be subject to a special tax rate of 8% – this special tax rate may be in lieu of any other tax imposed by the 2011 Puerto Rico Internal Revenue Code, including Puerto Rico’s alternative minimum tax and the alternative basic tax. Note that this provision is not applicable to taxpayers subject to Puerto Rico’s alternative minimum tax on the value of personal property purchases from a related person or the transfer of personal property from a home office located outside of Puerto Rico.

URL: <http://www.oslpr.org/2013-2016/leyes/pdf/ley-159-30-Sep-2015.pdf>

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Sales/Use/Indirect:

Alabama: Guidance on New Rule that Imparts Nexus on Certain Out-of-State Sellers Making Threshold “Significant Sales” into Alabama

Notice, Ala. Dept. of Rev. (11/15). Pursuant to the Alabama Department of Revenue’s (Department) recently issued Amended New Rule 810-6-2-.90.03, which establishes dollar threshold conditions under which certain out-of-state sellers must collect and remit Alabama sellers use tax, the Department has issued a notice to “all out-of-state sellers who lack a physical presence in Alabama but who are making retail sales of tangible personal property into the state and have a substantial economic presence in Alabama for sales and use tax purposes.” In doing so, the Department explains that its new administrative rule became effective October 22, 2015, and applies to all transactions occurring on or after January 1, 2016. Pursuant to this administrative rule, the Department explains that an out-of-state seller with a substantial economic presence in Alabama will be required to collect and remit Alabama tax on its sales into Alabama “regardless of whether it has an Alabama physical presence.” To this end, the administrative rule imposes a collection obligation on out-of-state sellers who engage in one or more of the activities listed in Code of Alabama 1975, Section 40-23-68, activities subjecting out-of-state sellers to Alabama’s sellers use tax levy, and who had \$250,000 or more in retail sales sold into Alabama in the previous year.

URL: <http://revenue.alabama.gov/salestax/Notice-to-Sellers-with-Substantial-Economic-Presence.pdf>

URL: <http://revenue.alabama.gov/rules-fa/810-6-2-.90.03.pdf>

The Department also explains that out-of-state sellers may satisfy the rule’s requirements by collecting, reporting and remitting tax on sales made into Alabama pursuant to the provisions of Article 2, Chapter 23 of Title 40, Code of Alabama 1975, or by participating in the “Simplified Sellers Use Tax Remittance Program,” – a program which offers “simplified collection, reporting and remitting to eligible out-of-state sellers.” Eligible out-of-state sellers choosing to participate in the Simplified Sellers Use Tax Remittance Program collect one rate of tax, file one return reporting the tax, and keep a percentage of collections as compensation for compliance.

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Sales/Use/Indirect:

Michigan: Department of Treasury Issues Bulletin on Affiliate and “Click-Through” Nexus

Revenue Administrative Bulletin 2015-22, Mich. Dept. of Treasury (11/3/15). The Michigan Department of Treasury (Department) has issued a revenue administrative bulletin (RAB) discussing state sales and use tax nexus for remote sellers where an out-of-state seller is presumed to be engaged in business in Michigan if the seller has nexus with Michigan under new sections 2b of the General Sales Tax Act and 5a of the Use Tax Act (i.e., MCL 205.52b and 205.95a) beginning October 1, 2015. The RAB covers such issues as:

URL: http://www.michigan.gov/documents/treasury/RAB_2015-22_-_Nexus_Standards_505107_7.pdf

- When an out-of-state seller is presumed to be engaged in the business of making sales at retail of tangible personal property in Michigan for purposes of the General Sales Tax Act or the Use Tax Act;
- When an out-of-state seller who has agreements with one or more residents of Michigan is presumed to be engaged in the business of making sales at retail of tangible personal property in Michigan;
- Once nexus is established, how long an out-of-state seller is presumed to be engaged in the business of making sales at retail in Michigan; and
- What are the filing requirements for out-of-state sellers who have nexus with Michigan for state sales or use tax purposes.

The RAB includes numerous examples to help illustrate implementation of Michigan’s new affiliate and “click-through” nexus provisions.

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Sales/Use/Indirect:

Vermont: Department of Taxation Announces Implementation of “Click-Through” Nexus Provisions

Updated: Statement of Vermont Department of Taxes on Vermont Click Through Nexus Law, Vt. Dept. of Taxes (11/15). Pursuant to legislation enacted during 2011, which included delayed conditional “click through nexus” provisions wherein a remote vendor would be presumed to have Vermont nexus for purposes of collecting state sales tax if it has agreements with residents to refer customers that led to sales in excess of \$10,000 in the previous year *that would take effect after the Vermont Attorney General makes a determination that 15 or more states have similar provisions*, the Vermont Department of Taxation (Department) has announced that such requirement has now been met. More specifically, because the Vermont Attorney General determined that as of October 2015, 16 states adopted similar click-through nexus laws, Vermont’s click-through nexus statutes became effective as of October 13, 2015. Accordingly, the Department explains that more online retailers will be

required to collect and remit Vermont sales tax on December 1, 2015 – those affected will be retailers that do not have a physical presence in Vermont, but that contract to advertise on websites of individuals or businesses located in Vermont. To this end, the Department states that retailers with click-through nexus will need to begin collecting and remitting tax on December 1st, requiring such businesses to obtain a Vermont business tax account and license to collect and remit Vermont sales tax.

URL: <http://tax.vermont.gov/sites/tax/files/documents/Click-Through-Nexus-Statement-Oct.pdf>

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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>

Louisiana 2015 Tax Amnesty to Run from November 16 through December 15

On November 2, 2015, the Louisiana Department of Revenue (LADOR) issued a press release announcing additional details regarding the 2015 Louisiana Tax Amnesty Program (Amnesty Program). As specified by the LADOR, the Amnesty Program is scheduled to begin on November 16, 2015, at 12:01 a.m., and end on December 15, 2015, at 11:59 p.m. The 2015 Amnesty Program is the third and final amnesty permitted by the Louisiana Tax Delinquency Amnesty Act of 2013. Once this program concludes, no further formal amnesty may be offered by the LADOR before January 1, 2025.

URL: http://ldrtaxamnesty.com/wp-content/uploads/2015/11/LDR_2015_Tax_Amnesty_Begins_FINAL.pdf

This Multistate Tax Alert summarizes the 2015 Louisiana Tax Amnesty Program that is scheduled to run from November 16, 2015, through December 15, 2015.

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URL: <http://www2.deloitte.com/us/en/pages/tax/articles/multistate-tax-alert-louisiana-2015-tax-amnesty-to-run-november-16-through-december-15.html?id=us:2em:3na:stm:awa:tax:111315>

Have a question?

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