



Multistate Tax

State Tax Matters

The power of knowing.

January 22, 2016

In this issue:

Articles: Arkansas Proposes Constitutional Amendment to Encourage Economic Development	1
Amnesty: Massachusetts: DOR Announces 2016 “Escape the Penalty Box” Amnesty Program Begins April 1, 2016, and Runs through May 31, 2016	2
Multistate Tax Alerts	3

Articles:

Arkansas Proposes Constitutional Amendment to Encourage Economic Development

This edition of “Credits & Incentives Talk with Deloitte,” a monthly column by Kevin Potter of Deloitte Tax LLP featured in the *Journal of Multistate Taxation and Incentives* (a Thomson Reuters publication), and co-authored this month with Michael G. Krajcer and Linda Bonelli of Deloitte Tax LLP, discusses a proposed state constitutional amendment on economic development that will go before Arkansas voters for consideration on the November 8, 2016 ballot. If adopted, the amendment would:

URL: <http://www2.deloitte.com/us/en/pages/tax/articles/arkansas-proposes-constitutional-amendment-to-encourage-economic-development.html?id=us:2em:3na:stm:awa:tax:012216>

- Authorize communities to obtain and appropriate money through voter-approved bonds,
- Explicitly define the types of permissible economic development services and projects, and
- Repeal the existing limitation of state bonds of no more than five percent of state generated revenue.

Amnesty: Massachusetts: DOR Announces 2016 “Escape the Penalty Box” Amnesty Program Begins April 1, 2016, and Runs through May 31, 2016

Release: MA Tax Amnesty 2016, Mass. Dept. of Rev. (1/18/16). Pursuant to legislation enacted in 2015 [*H.B. 3650*], which authorizes the Massachusetts Department of Revenue (“Department”) to establish a tax amnesty program for a 60-day period within fiscal year 2016 that expires no later than June 30, 2016, the Department has announced that such program will commence on April 1, 2016 and run through May 31, 2016. The Department explains that this amnesty program generally will be open to all individuals and businesses “to catch up on back taxes and save on penalties,” and that it allows qualifying taxpayers to:

URL: <http://www.mass.gov/dor/breaking-news/amnesty/tax-amnesty-info.html>

URL: <https://malegislature.gov/Bills/189/House/H3650>

- File delinquent returns or amend prior tax filings;
- Pay only the tax and interest owed (i.e., tax penalties and any interest due on those penalties will be waived); and
- Benefit from a three-year limited lookback period.

The Department additionally explains that this amnesty program is generally available to any individual or business who has not currently registered with the Department, who has not filed a tax return, or who has not reported the full amount of tax owed on a previously filed return for any tax return due on or before December 31, 2015 – noting that this program does *not* cover existing tax liabilities, and that any taxpayer who participated in its previous 2014 or 2015 Massachusetts tax amnesty programs is *not* eligible for the same tax types or tax periods.

The Department encourages qualifying taxpayers to “take advantage of the benefits of amnesty rather than risk greater consequences,” such as:

- Potential assessment of double the amount of tax due and other penalties;
- Loss of the limited lookback period as “there is no statute of limitations on unfiled returns;”
- Potential for a six-year lookback on a previously filed return if certain under-reporting criteria are identified; and
- Potential for facing escalated enforcement efforts, including potential criminal prosecution.

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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:2em:3na:stm:awa:tax>

Multistate impact of federal PATH act's "business extenders" provisions

On December 18, 2015, President Obama signed into law the federal Protecting Americans from Tax Hikes Act of 2015, a component of H.R. 2029 (PATH), which makes permanent several lapsed business incentives, including the research credit and the subpart F exception for active financing income, as well as renews a handful of provisions – such as bonus depreciation – for five years. Other provisions are extended through 2016. In some cases, provisions are extended with modifications, while certain others are extended subject to a phaseout. Among the dozens of provisions that are now made permanent or extended retroactive to the end of 2014 and/or modified prospectively under PATH are the following:

- Credit for certain research and experimentation expenses;
- 50 percent bonus depreciation provisions for qualified property, and the election to accelerate some alternative minimum tax credits in lieu of bonus depreciation;
- Active financing income exception and the application of the controlled foreign corporation look-through rule (the latter of which is extended five years);
- Increased expensing limits for Internal Revenue Code (IRC) § 179 property and the expanded definition of § 179 property;
- 15-year straight-line cost recovery provision that applies to certain leasehold, restaurant, and retail improvements, as well as restaurant buildings;
- Reduced holding period for the S corporation built-in gains tax; and
- Capital gain exclusion on qualified small business stock.

These federal law changes may have a significant effect on state corporate income taxes depending on each state's adoption of the IRC and/or each state's decoupling provisions, and the timing attributed to such treatment.

This Multistate Tax Alert provides examples of the effect of certain provisions of PATH on state corporate income taxation in general.

[Issued: January 14, 2016]

URL: <http://www2.deloitte.com/us/en/pages/tax/articles/multistate-tax-alert-multistate-impact-of-federal-path-act-business-extend-provisions.html?id=us:2em:3na:stm:awa:tax:012216>

Federal PATH act extends alternative energy tax credits

On December 18, 2015, President Obama signed into law the Protecting Americans from Tax Hikes Act of 2015, which includes the following modifications to current law:

- A one-year retroactive extension and one-year prospective extension of the federal alternative fuel credit;
- A one-year retroactive extension and one-year prospective extension of the federal alternative fuel mixture credit;
- A one-year retroactive extension and one-year prospective extension of the federal biodiesel mixture credit; and
- An extension of second generation biofuel incentives.

This Multistate Tax Alert summarizes these federal excise tax law changes.

[Issued: January 13, 2016]

[URL: http://www2.deloitte.com/us/en/pages/tax/articles/multistate-tax-alert-federal-path-act-extends-alternative-energy-tax-credits.html?id=us:2em:3na:stm:awa:tax:012216](http://www2.deloitte.com/us/en/pages/tax/articles/multistate-tax-alert-federal-path-act-extends-alternative-energy-tax-credits.html?id=us:2em:3na:stm:awa:tax:012216)

North Carolina informational reporting of market-based sourcing calculation

This Multistate Tax Alert summarizes a requirement that North Carolina corporate taxpayers with apportionable income greater than \$10 million must file, as part of their 2015 corporate income tax return, an informational report showing the calculation of the taxable year 2014 sales factor using market-based sourcing. The informational report must be filed at the time the corporate taxpayer's income tax return is due for the 2015 taxable year. Accordingly, for calendar-year taxpayers, the due date for filing the informational report is April 15, 2016. A penalty of \$5,000 shall be assessed for failure to file the report in a timely manner.

[Issued: January 13, 2016]

[URL: http://www2.deloitte.com/us/en/pages/tax/articles/multistate-tax-alert-north-carolina-informational-reporting-of-market-based-sourcing-calculation.html?id=us:2em:3na:stm:awa:tax:012216](http://www2.deloitte.com/us/en/pages/tax/articles/multistate-tax-alert-north-carolina-informational-reporting-of-market-based-sourcing-calculation.html?id=us:2em:3na:stm:awa:tax:012216)

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