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**Articles:**

**Research and development credits: Texas considerations**

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), explores Texas’ research and development credits with a focus on sales/use tax exemptions and franchise tax credits.

[URL: http://www2.deloitte.com/us/en/pages/tax/articles/credits-and-incentives-research-and-development-credits-texas-considerations.html?id=us:2em:3na:stm:awa:tax:062416](http://www2.deloitte.com/us/en/pages/tax/articles/credits-and-incentives-research-and-development-credits-texas-considerations.html?id=us:2em:3na:stm:awa:tax:062416)

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## Sales/Use/Indirect:

### Alabama: DOR Comments on Online Retailer's Challenge of "Economic Presence" Rule for Out-of-State Sellers Making Threshold Sales into Alabama

*Press Release*, Ala. Dept. of Rev. (6/15/16). The Alabama Department of Revenue (Department) has issued a press release in response to an online retailer's recently filed challenge of Alabama's administrative regulation, 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 for all transactions occurring on or after January 1, 2016. More specifically, this administrative regulation imposes a collection obligation on out-of-state sellers who engage in one or more activities subjecting out-of-state sellers to Alabama's seller use tax levy, and who had \$250,000 or more in retail sales sold into Alabama in the previous year. In this press release, the Department explains that:

URL: <http://revenue.alabama.gov/news/06152016.pdf>

1. The online retailer filed the appeal in the Alabama Tax Tribunal challenging the administrative regulation because it requires collection of state sales and use taxes, regardless of whether the seller has a physical presence in Alabama, and
2. This administrative regulation was in fact designed to directly challenge *Quill Corp. v. North Dakota*, 504 US 298 (1992), and its requirement that a remote seller have physical presence in a state for the state to require the seller to collect its tax.

The Department additionally explains that its actions requiring such remote sellers to collect and remit Alabama tax "will provide a proper case to the US Supreme Court to consider the significant changes in the retail economy and in technology and to grant relief to the states from *Quill's* harsh effects," noting that until Congress acts, the Department will continue to "lead the charge to overturn *Quill*."

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## Sales/Use/Indirect:

### Tennessee: DOR Issues Proposed Administrative "Economic Presence" Rule that Would Impart Substantial Nexus on Out-of-State Dealers Making Threshold Sales into Tennessee

*Proposed Amended Administrative Rule 1320-05-01-.63; Proposed New Administrative Rule 1320-05-01-.129*, Tenn. Dept. of Rev. (6/16/16). The Tennessee Department of Revenue (Department) has filed a proposed administrative rule that, if subsequently finalized and approved through the appropriate procedural channels, would impart "substantial nexus" for state sales and use tax purposes on out-of-state dealers that:

URL: [http://share.tn.gov/sos/rules\\_filings/06-12-16.pdf](http://share.tn.gov/sos/rules_filings/06-12-16.pdf)

1. Engage in the regular or systematic solicitation of consumers in Tennessee "through any means," and
2. Make sales that exceed \$500,000 to consumers in Tennessee during any calendar year.

According to this proposal, such out-of-state dealers must register with the Department for state sales and use tax purposes by January 1, 2017, to "affirmatively acknowledge that they will begin to collect and remit sales and use taxes to the Department by July 1, 2017."

Written comments on this proposal may be received prior to or at the underlying Rulemaking Hearing, which is currently scheduled to occur on August 8, 2016.

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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.

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

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