Administrative: New Jersey: Limited-Time “Streamlined Business Reinstatement and Dissolution Program” Has Begun

Important News, N.J. Dept. of Treasury (3/20). In an ongoing effort to “improve government-to-business interactions,” the New Jersey Department of the Treasury (Department) recently announced the March 1st implementation of its limited time “innovative program designed to help businesses that have not complied with State administrative reporting requirements and are now in revoked status” – which generally allows such businesses the opportunity to reinstate their legal authority to operate or end their operations “without the extensive filing requirements and administrative fees associated with current reinstatement or dissolution/withdrawal procedures” [see State Tax Matters, Issue 2019-50, for more details on this program]. More specifically, the Department explains that this new program is available from March 1, 2020 to June 15, 2020, and allows businesses that are revoked for failing to comply with New Jersey’s annual reporting requirements to reinstate or end their business “without the need to go through multiple steps which include obtaining a tax clearance for corporations.” The fee for a streamlined reinstatement or dissolution is $500 (plus a convenience or credit card processing fee), and businesses seeking to reinstate will be asked to update their registered agent, business addresses and list of officers/members. Businesses
that wish to close must attest to an end date for their business and that they have no known outstanding New Jersey tax obligations; to help filers avoid an incorrect attestation, “the service will check to make sure there are no outstanding State tax obligations on record.” Please contact us with any related questions or some considerations involving entity simplification.

URL: https://www.njportal.com/DOR/AnnualReports/
URL: newsletters.usdbriefs.com/2019/Tax/STM/191220_1.html

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Credits/Incentives:

Wisconsin: New Law Boosts Benefits for Investments in Federal Qualified Opportunity Zones

A.B. 532 (Act 136), signed by gov. 3/3/20. Applicable to taxable years beginning after December 31, 2019, new law revises Wisconsin’s adoption of new Subchapter Z of the Internal Revenue Code (IRC) pertaining to investments in qualified opportunity zones and prescribed by IRC sections 1400Z-1 and 1400Z-2, under the federal Tax Cuts and Jobs Act of 2017 (i.e., P.L. 115-97) pursuant to 2017 Wisconsin Act 231 [see previously issued Multistate Tax Alert for more details on this 2018 Wisconsin legislation] by doubling certain state income and franchise tax benefits for investments in Wisconsin opportunity zones and providing an added penalty in some instances. More specifically, the new law modifies the provisions under IRC section 1400Z-2 relating to capital gains invested in opportunity zones for state income and franchise tax purposes so that an increase in basis generally is twice the amount:

URL: https://docs.legis.wisconsin.gov/2019/related/acts/136

1. Determined under IRC section 1400Z-2 (b) (2) (B) (iii) for an investment held in a Wisconsin qualified opportunity fund for at least five years (i.e., the exclusion amount is increased to 20% from 10% of the total gains), or
2. Determined under IRC section 1400Z-2 (b) (2) (B) (iv) for an investment held in a Wisconsin qualified opportunity fund for at least seven years (i.e., the exclusion amount is increased to 30% from 15% of the total gains).

Additionally, "no later than January 31 of the year following the close of the fund’s taxable year," a fund must annually certify to each investor and the Wisconsin Department of Revenue (Department) that it qualifies as a Wisconsin qualified opportunity fund for the fund’s taxable year. The new law also provides for a state penalty in situations where a Wisconsin qualified opportunity fund is liable for a penalty under IRC section 1400Z-2 (f); such state penalty would equal 33% of the federal penalty.

Subsequently, in response to this new law, the Department has updated its proposed administrative guidance pursuant to certain “guidance documents” provisions in 2017 Wisconsin Act 369 – “Capital Gain Exclusion – Investment in a Wisconsin Qualified Opportunity Fund, Fact Sheet 1121” – addressing Wisconsin’s adherence and enhancement to the federal deferral and exclusion provisions relating to investments in a qualified opportunity fund. The period for public comment on this proposed guidance document ends 21 days after its March 9, 2020 publication in the Wisconsin Administrative Register, unless the Governor approves a shorter commenting period. Please contact us with any questions.

Sales/Use/Indirect:

*Information Bulletin: Nonpossessory Computer Leases*, Chicago Dep’t of Fin. (11/15, rev. 2/20). An updated bulletin issued by the City of Chicago Department of Finance (Department) addresses the taxation of cloud computing (specifically, "nonpossessory computer leases") under the City’s personal property lease transaction tax (Lease Tax), and includes a revision concerning application of the lease for re-lease exemption that will apply effective July 1, 2020. The revision addresses how this exemption operates for a software company that pays for infrastructure as a service (IaaS), wherein the software it develops is available as a web application on the hosted infrastructure with a subscription fee. In such instance, the Department explains, to the extent the company incorporates into its product certain products that are leased to it by its IaaS provider (or a provider of software as a service (SaaS), platform as a service (PaaS), or similar products), the lease for re-lease exemption "may apply." In general, the Department states that it will utilize the rules that apply to the sale for re-sale exemption in Illinois’ sales tax statutes, as reflected in regulations and private letter rulings issued by the Illinois Department of Revenue. According to the Department, these state-level regulations include 86 Ill. Adm. Code 130.1935, which states: “Value-added resellers who acquire software for relicensing or transfer to consumers after modification or adaptation of the software may acquire the software as a sale for resale by presenting their suppliers with valid certificates...”

**URL:**

Note that under City of Chicago legislation signed into law in 2019 [see forthcoming Multistate Tax Alert for more details on these recent City of Chicago ordinance changes] there is an increase in the Lease Tax rate from 5.25% to 7.25% for cloud-based services where customers access their own data or information, which came into effect on January 1, 2020. Please contact us with any questions.

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Multistate Tax Alerts

Throughout the week, we highlight selected developments involving state tax legislative, judicial, and administrative matters. The alerts provide a brief summary of specific multistate developments relevant to taxpayers, tax professionals, and other interested persons. Read the recent alerts below or visit the [archive](http://www2.deloitte.com/us/en/pages/tax/articles/multistate-tax-alert-archive0.html?id=us:2em:3na:stm:awa:tax)

*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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