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## Administrative:

### California: Comments on Revised Proposed Office of Tax Appeals Rule Changes are Due May 26

*Notice of Proposed Regulatory Action: Proposed Amendments to California Code of Regulations, Title 18, Division 4.1, Cal. OTA (5/11/23); Revised Proposed Amendments to California Code of Regulations, Title 18, Division 4.1 (Office of Tax Appeals Rules for Tax Appeals), section 30104, Cal. OTA (5/11/23).* The California Office of Tax Appeals (OTA) issued a second notice of proposed changes to its rules governing the administrative review processes for all appeals and related claims for reimbursement of fees and expenses filed with OTA (*i.e.*, the “Rules for Tax Appeals”) [see *State Tax Matters*, Issue 2023-14, for more details on these rule changes as originally proposed], and announced that written comments on them are due by May 26, 2023. The revised proposed rule changes no longer incorporate a provision under Regulation 30104 that would limit the OTA’s authority to declare California administrative regulations (including those of the California Franchise Tax Board (FTB) and the California Department of Tax and Fee Administration (CDTFA)) invalid or unenforceable. According to the OTA, these provisions were withdrawn because they “elicited comments from numerous stakeholders, and OTA would like to review and provide an additional opportunity

to discuss.” To this end, the OTA states that it will hold an interested parties meeting in connection with the future anticipated rulemaking for Regulation 30104. Please contact us with any related questions.

**URL:** <https://ota.ca.gov/wp-content/uploads/sites/54/2023/05/Second-Notice-of-Proposed-Rulemaking-2023-No.-1.pdf>

**URL:** <https://ota.ca.gov/wp-content/uploads/sites/54/2023/05/Revised-Proposed-Amendments-to-OTA-Rules-for-Tax-Appeals-2023-No.-1.pdf>

**URL:** [https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2023/STM/230407\\_1.html](https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2023/STM/230407_1.html)

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## Income/Franchise:

### Colorado: New and Amended Rules on Foreign Source Income and NOLs are Effective May 30

*Permanent Rules Adopted: Amended Rule section 39-22-303(10); Amended Rule section 39-22-504-2; New Rule section 39-22-304(3)(j)*, Colo. Register (5/10/23). As published in the Colorado Secretary of State’s official Colorado Register, the Colorado Department of Revenue’s recently adopted new and amended rules addressing the state tax treatment of various forms of foreign source income, Internal Revenue Code section 78 dividends, and the Colorado allocation and carryforward of net operating losses allowed to C corporations [see *State Tax Matters*, Issue 2023-15, for details on the adoption of these new and amended rules] are listed to take effect on May 30, 2023. Please contact us with any questions.

**URL:**  
<https://www.sos.state.co.us/CCR/RegisterContents.do?publicationDay=05/10/2023&Volume=46&yearPublishNumber=9&Month=5&Year=2023#2>

**URL:** [https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2023/STM/230414\\_3.html](https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2023/STM/230414_3.html)

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## Income/Franchise:

### Iowa: New Law Allows Some Entities to Make a Pass-Through Entity Tax Election

*H.F. 352*, signed by gov. 5/11/23. Applicable for taxable years beginning on or after January 1, 2022, new law permits some pass-through entities to make an annual election to pay an entity level state tax. Under the new law, the election only applies to taxable years for which the limitation on individual income tax deductions under Internal Revenue Code section 164(b)(6) applies.

**URL:** <https://www.legis.iowa.gov/legislation/BillBook?ga=90&ba=hf352>

See recently issued Multistate Tax Alert for more details on this new law, including some related taxpayer considerations, and please contact us with any questions.

**URL:** <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-multistate-tax-alert-iowa-enacts-pass-through-entity-tax-election.pdf>

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## Income/Franchise:

### Missouri DOR Proposes Recission of Withholding Rule Addressing Pandemic-Related Telecommuting

*Proposed Recission of 12 CSR 10-2.019 Determination of Withholding for Work Performed at Temporary Work Location*, Mo. Dept. of Rev. (5/15/23). The Missouri Department of Revenue is proposing to rescind its COVID-19 pandemic-related administrative rule [see *State Tax Matters*, Issue 2021-23, for more details on this rule] that modified the procedure for withholding and remitting Missouri income tax and allowed certain employers to elect to withhold and remit tax on the basis of primary work location when an employer's employees were working from a temporary work location during the "defined period" (i.e., from March 13, 2020 through November 1, 2020), because this defined period now has passed. Any comments on the proposed rule recission must be received within 30 days after the proposal's May 15, 2023 publication in the Missouri Register. Please contact us with any questions.

URL: <https://www.sos.mo.gov/CMSImages/AdRules/moreg/2023/v48n10May15/v48n10.pdf>

URL: [https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2021/STM/210611\\_1.html](https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2021/STM/210611_1.html)

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## Income/Franchise:

### Missouri DOR Adopts Permanent Rule Implementing New Optional Pass-Through Entity-Level Tax

*Notice of Adoption 12 CSR 10-2.436 SALT Parity Act Implementation*, Mo. Dept. of Rev. (5/15/23); *Proposed 12 CSR 10-2.436 SALT Parity Act Implementation*, Mo. Dept. of Rev. (2/1/23). Pursuant to legislation enacted in 2022 that permits certain pass-through entities to make an election to pay an entity-level state income tax in Missouri for taxable years ending on or after December 31, 2022 [see H.B. 2400 (2022), and previously issued Multistate Tax Alert for more details on this entity-level income tax], the Missouri Department of Revenue adopted a permanent new rule addressing how a partnership or an S corporation may elect to become an "affected business entity" under Missouri law; how and when to file the entity-level Missouri income tax return; how to designate an affected business entity representative for a tax year; and underlying estimated tax and withholding obligations of an affected business entity. The adopted version is identical to the rule as originally proposed [see *State Tax Matters*, Issue 2023-5, for details on the proposed rule]. Please contact us with any questions.

URL: <https://www.sos.mo.gov/CMSImages/AdRules/moreg/2023/v48n10May15/v48n10.pdf>

URL: <https://www.sos.mo.gov/CMSImages/AdRules/moreg/2023/v48n3Feb1/v48n3a.pdf>

URL: <https://house.mo.gov/Bill.aspx?bill=HB2400&year=2022&code=R>

[URL: https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-multistate-tax-alert-missouri-enacts-pass-through-entity-tax-election.pdf](https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-multistate-tax-alert-missouri-enacts-pass-through-entity-tax-election.pdf)

[URL: https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2023/STM/230203\\_2.html](https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2023/STM/230203_2.html)

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## Income/Franchise:

### **New York: Receipts from Certain Buy/Sell Arrangements Cannot be Included in Receipts Factor**

*Determination DTA No. 829399*, N.Y. Div. of Tax App., ALJ Div. (5/4/23). An administrative law judge (ALJ) with the New York Division of Tax Appeals rejected an oil and gas company's attempt to "gross up" its receipts factor in a case involving whether pursuant to Tax Law former §§ 210 (3) (a) or 210 (8), gross amounts attributable to the sale side of certain buy/sell arrangements entered into to acquire inventory or to reduce transportation costs may be included in the receipts factor of the company's business allocation percentage for purposes of New York's Article 9-A corporate franchise tax for tax years 2007 through 2010. In doing so, the ALJ concluded that the taxpayer's "sale side of the buy/sale transactions were not sales of tangible personal property constituting business receipts," and that the buy/sell transactions constituted an "exchange of inventory and not a sale of tangible personal property." Under the facts, for financial reporting purposes, any gain or loss on these buy/sell arrangements was considered to be an adjustment to the company's costs of goods sold rather than a "federal return line 1" receipt. The ALJ also noted that just because the sale side of the buy/sale transactions is included in entire net income (ENI) through a deduction for costs of goods sold, does not mean they are business receipts. Please contact us with any questions.

[URL: https://www.dta.ny.gov/pdf/determinations/829399.det.pdf](https://www.dta.ny.gov/pdf/determinations/829399.det.pdf)

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## Income/Franchise:

### North Carolina: Trial Court Reverses ALJ Holding that Disallowing Related-Party Deductions was Unconstitutional

*Case No. 22 CVS 1162*, N.C. Super. Ct. (5/3/23). A North Carolina superior court judge (Court) reversed an administrative law judge's (ALJ) ruling from 2021 in a North Carolina Office of Administrative Hearings (OAH) case involving a taxpayer's North Carolina corporate franchise tax liability computed under the capital stock base wherein the ALJ held that denying the taxpayer deductions for certain intercompany loan receivables owed by its affiliates not doing business in North Carolina would constitute a violation of the dormant Commerce Clause as applied to the taxpayer [see *State Tax Matters*, Issue 2022-4, for details on the ALJ's 2021 ruling]. The Court then remanded the matter to the OAH with instructions to dismiss the case for lack of subject matter jurisdiction. In doing so, the Court agreed with the North Carolina Department of Revenue and explained that determinations regarding the constitutionality of the tax statute at issue are "the province of the judiciary" under North Carolina law. Responding to the taxpayer's attempt to distinguish between "as-applied" constitutional challenges versus facial constitutional challenges, the Court explained that it does not see a relevant distinction for purposes of the OAH's lack of subject matter jurisdiction and that even if it did, "this case presents a facial constitutional challenge, not an as-applied one." Please contact us with any questions.

**URL:**  
<https://www.nccourts.gov/assets/documents/opinions/2023%20NCBC%2033.pdf?VersionId=WPDYN8PpDQKi9Bbe44RD POTUPIIyeJW3>

**URL:** [https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2022/STM/220128\\_5.html](https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2022/STM/220128_5.html)

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## Income/Franchise: Tennessee DOR Notices Explain New Law Adopting Single Sales Factor and TCJA Bonus Depreciation

*Notice No. 23-11*, Tenn. Dept. of Rev. (5/23); *Notice No. 23-07*, Tenn. Dept. of Rev. (5/23); *Notice No. 23-04*, Tenn. Dept. of Rev. (5/23); *Notice 23-05*, Tenn. Dept. of Rev. (5/23). The Tennessee Department of Revenue (Department) issued several new notices explaining the implementation of recently signed legislation that enacts several significant tax law changes [see H.B. 323, signed by gov. 5/11/23, and recently issued Multistate Tax Alert (May 12, 2023) for more details on the business tax and franchise and excise tax law changes in this legislation, as well as recently issued Multistate Tax Alert (May 16, 2023) for details on sales and use tax law changes in the bill relating to sourcing sales], including phasing in single sales factor apportionment for Tennessee franchise and excise tax purposes. In one notice, the Department explains that Tennessee generally moves from a three-factor apportionment formula to a single sales factor apportionment formula over a three-year period beginning with tax years ending on or after December 31, 2023. However, manufacturers that are already electing to apportion using a single sales factor “will continue to use that formula during the entire three-year phase-in period,” and these manufacturers will *not* be subject to the variable weighting of the sales factor during the three-year phase-in period. The Department also explains that taxpayers have the option to use Tennessee’s previous three-factor formula with triple-weighted sales if that formula results in a higher apportionment ratio *and* the taxpayer has net earnings rather than a net loss – noting that a taxpayer “might choose this option in order to fully utilize tax credits.”

**URL:** <https://www.tn.gov/content/dam/tn/revenue/documents/notices/fae/23-11fe.pdf>

**URL:** <https://www.tn.gov/content/dam/tn/revenue/documents/notices/fae/23-07fe.pdf>

**URL:** <https://www.tn.gov/content/dam/tn/revenue/documents/notices/fae/23-04fe.pdf>

**URL:** <https://www.tn.gov/content/dam/tn/revenue/documents/notices/fae/23-05fe.pdf>

**URL:** <https://wapp.capitol.tn.gov/apps/BillInfo/Default.aspx?BillNumber=HB0323&GA=113>

**URL:** <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-multistate-tax-alert-tennessee-enacts-several-changes-to-business-tax-and-franchise-and-excise-tax-laws.pdf>

**URL:** <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-multistate-tax-alert-tennessee-enacts-changes-to-sales-and-use-tax-laws.pdf>

In another notice, the Department explains that new state law aligns Tennessee with the federal bonus depreciation provisions found in the federal Tax Cuts and Jobs Act of 2017 (the “TCJA”). Specifically, Tennessee taxpayers may take bonus depreciation deductions for assets purchased on or after January 1, 2023, for Tennessee excise tax purposes, in the year of the purchase if the taxpayer takes bonus depreciation on the asset for federal tax purposes; however, for assets purchased on or before December 31, 2022, bonus depreciation deductions continue to be disallowed. The notice also clarifies that because Tennessee is now



coupled with the TCJA bonus depreciation provisions, Tennessee follows the TCJA five-year phase-out schedule of bonus depreciation for purposes of determining the bonus depreciation percentage applicable to assets purchased on or after January 1, 2023.

Another new notice addresses Tennessee's new \$50,000 standard deduction from net earnings when calculating Tennessee excise tax for tax years ending on or after December 31, 2024. According to the Department, this standard deduction applies to pre-apportioned, net earnings as calculated under Tenn. Code Ann. § 67-4-2006 ("adjusted net earnings"). Furthermore, the deduction cannot create or increase a net operating loss. Therefore, "for taxpayers with \$50,000 or less in pre-apportioned, adjusted net earnings, this deduction will reduce net earnings to \$0." For tax years ending on or after December 31, 2024, another notice issued by the Department explains that the real and tangible property measure of the Tennessee franchise tax base, as computed under Tenn. Code Ann. § 67-4-2108 (the "minimum measure"), will apply to the value of the property that is in excess of \$500,000. Please contact us with any questions.

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## Credits/Incentives:

### North Dakota: New Law Creates Tax Credit for Some Purchased Manufacturing M&E Used for Automation

*H.B. 1168*, signed by gov. 5/8/23. Effective for taxable years beginning after December 31, 2022, new law creates a nonrefundable state income tax credit for some qualified businesses on purchases of manufacturing or animal agricultural machinery and equipment used to automate a manufacturing or animal agricultural process in North Dakota "to improve job quality or increase productivity." Under the legislation, "manufacturing machinery and equipment" means new or used automation and robotic equipment used to upgrade or advance a manufacturing process; the term does *not* include replacement automation and robotic equipment that does not upgrade or advance a manufacturing process. A "purchase" for purposes of this income tax credit includes qualifying machinery and equipment acquired under a capital lease, but only for the taxable year in which the lease is executed. Please contact us with any questions.

**URL:** [https://ndlegis.gov/assembly/68-2023/regular/bill-actions/ba1168.html?bill\\_year=2023&bill\\_number=1168](https://ndlegis.gov/assembly/68-2023/regular/bill-actions/ba1168.html?bill_year=2023&bill_number=1168)

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## Sales/Use/Indirect:

### Alabama Appellate Court Affirms Dealer's Sales of Prepaid Wireless Service Plans are Not Taxable

*Case No. CV-21-900658*, Ala. Civ. App. (5/12/23). The Alabama Court of Civil Appeals (Court) affirmed that an in-state authorized dealer for a prepaid wireless service provider did *not* owe Alabama sales taxes on funds it received from customers of the wireless service provider as prepayments for the provider's wireless service because, among other reasons, such sales were not considered taxable under state law in effect for the prior years at issue. Pursuant to state law in effect for the prior years at issue, the Court concluded that Alabama sales tax was only imposed on long distance telephone cards and pin numbers used to make long-distance phone calls. Please contact us with any questions.

**URL:** <https://acis.alabama.gov/displaydocs.cfm?no=1127307&event=6M60L9ZB1>

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## Sales/Use/Indirect:

### Colorado DOR Summarizes New Law Revising Implementation of the Retail Delivery Fee

*Press Release: Retail delivery fees no longer apply to qualified small, new businesses*, Colo. Dept. of Rev. (5/9/23). The Colorado Department of Revenue (Department) summarized recently signed legislation that revises Colorado's retail delivery fee [see S.B. 143, signed by gov. 5/4/23, and *State Tax Matters*, Issue 2023-19, for more details on these law changes], explaining that it gives "qualified small and new businesses" an exemption from the fee, as well as allows businesses to elect to pay the fee on behalf of their customers "without separately stating the fee amount on a receipt or invoice or collecting it directly from the customer." The Department also clarifies that consumers are *not* eligible for a refund of any Colorado retail delivery fees collected and remitted to the Department by a qualified small or new business before the legislation's effective date. Prior to this law change, the Department notes that all physical and online retailers that delivered taxable goods in Colorado were required to collect the retail delivery fee and remit that amount with their regular sales tax filings; and these businesses had to itemize the total of the fees on the receipt or invoice as one item called "retail delivery fees." Please contact us with any questions.

[URL: https://tax.colorado.gov/press-release/retail-delivery-fees-no-longer-apply-to-qualified-small-new-businesses](https://tax.colorado.gov/press-release/retail-delivery-fees-no-longer-apply-to-qualified-small-new-businesses)

[URL: https://leg.colorado.gov/bills/sb23-143](https://leg.colorado.gov/bills/sb23-143)

[URL: https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2023/STM/230512\\_10.html](https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2023/STM/230512_10.html)

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## Sales/Use/Indirect:

### Michigan: Treasury Comments on New Law Expanding Industrial Processing Exemptions as it Relates to Aggregate

*Notice Regarding Expansion of Industrial Processing Exemptions*, Mich. Dept. of Treas. (5/11/23). The Michigan Department of Treasury (Treasury) explains that the industrial processing exemptions under Mich. Comp. Laws 205.54t and Mich. Comp. Laws 205.94o were recently amended and expanded by the passage of Public Acts 27 and 30 of 2023 [see H.B. 4054; S.B. 97, signed by gov. 5/8/23, and *State Tax Matters*, Issue 2023-19, for more details on these recent law changes] to address sales and use taxes relating to property used to process aggregate for construction and related real property projects located in Michigan. In addition to summarizing the new provisions in this “tax relief” legislation, Treasury explains that it must cancel all impacted outstanding (unpaid) sales and use tax balances on “Notices of Intent to Assess” and “Final Assessments” issued by Treasury before the legislation’s May 8, 2023 effective date. While Treasury states that it will be proactive in locating and cancelling such assessments, “taxpayers with outstanding balances eligible for this relief are strongly encouraged to contact Treasury” about them.

[URL: https://www.michigan.gov/treasury/reference/taxpayer-notices/notice-regarding-industrial-process-exemption-for-aggregates](https://www.michigan.gov/treasury/reference/taxpayer-notices/notice-regarding-industrial-process-exemption-for-aggregates)

[URL: https://www.legislature.mi.gov/\(S\(2k0f3w0e3ud4et25wdoskgun\)\)/mileg.aspx?page=getObject&objectName=2023-HB-4054](https://www.legislature.mi.gov/(S(2k0f3w0e3ud4et25wdoskgun))/mileg.aspx?page=getObject&objectName=2023-HB-4054)

[URL: https://www.legislature.mi.gov/\(S\(evrq4b25jjgrrzuw44cugqte\)\)/mileg.aspx?page=getObject&objectName=2023-SB-0097](https://www.legislature.mi.gov/(S(evrq4b25jjgrrzuw44cugqte))/mileg.aspx?page=getObject&objectName=2023-SB-0097)

[URL: https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2023/STM/230512\\_11.html](https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2023/STM/230512_11.html)

Furthermore, Treasury notes that the new law’s relief provisions are limited to the cancellation of outstanding balances; accordingly, the legislation does *not* establish a right to a refund for sales tax or use tax on property used for processing aggregate that a taxpayer has already remitted to Treasury prior to the legislation’s May 8, 2023 effective date. Consequently, purchasers will *not* be able to seek refunds based on this legislation from

retailers or Treasury for periods prior to the legislation’s May 8, 2023 effective date. Please contact us with any questions.

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### **Sales/Use/Indirect:**

## **North Carolina: Facilitation of Money Deposits for Telecom’s Customers is Not Taxable Prepaid Wireless Calling Services**

*Admin. Hearing Nos. 22 REV 02662; 22 REV 02663*, N.C. Off. of Admin. Hrgs. (5/9/23). In a case involving an in-state authorized dealer for a prepaid wireless service provider and whether its actions in facilitating the deposit of money into the customer accounts of the wireless service provider are taxable under North Carolina law, an administrative law judge with the North Carolina Office of Administrative Hearings held that such actions do *not* constitute the taxable sale of prepaid wireless calling services as defined in N.C. Gen. Stat. § 105-164.3(27a) because, among other reasons, these real time replenishments (“RTRs”) may be used to purchase tangible personal property and certain additional property (*e.g.*, computer tablets, ringtones, and insurance) rather than just services. Please contact us with any questions.

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### **Sales/Use/Indirect:**

## **Washington: New Law Says State Exemptions, Credits, and Deductions Apply Identically to Local Ones**

*S.B. 5565*, signed by gov. 5/9/23. New Washington law provides that, except as otherwise provided, all state sales and use tax exemptions, credits, and deductions apply in an identical manner for local sales and use tax purposes. Please contact us with any questions.

**URL:** <https://app.leg.wa.gov/bills/summary?BillNumber=5565&Initiative=false&Year=2023>

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## **Unclaimed Property: Delaware: Reminder – Response Deadline for 2023 Unclaimed Property VDA Invitation Letters is May 25**

The Delaware Secretary of State sent invitations to enroll in its unclaimed property voluntary disclosure agreement (VDA) program to companies on February 24, 2023. The letters generally give companies 90 days to join the VDA program before being selected for audit. As such, companies receiving these letters must respond to Delaware by May 25 to help avoid a potentially intrusive unclaimed property audit by Delaware.

**URL:** <https://vda.delaware.gov/vda-invitation-dates/>

See previously issued Multistate Tax Alert for more details on the invitations for Delaware’s 2023 unclaimed property VDA program, which includes some background on the relevant Delaware law and addresses some taxpayer considerations related to Delaware’s VDA program and these notices.

**URL:** <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-multistate-tax-alert-delaware-invitations-for-2023-unclaimed-property-voluntary-disclosure-agreement.pdf>

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## **Unclaimed Property: Indiana: New Law Addresses Virtual Currency and Requires its Liquidation Before Filing Report**

*S.B. 183*, signed by gov. 5/1/23. New law makes several changes to Indiana’s unclaimed property law provisions, including adding a requirement that any reported abandoned property in the form of virtual currency must be liquidated by the holder within 30 days before filing the report. The legislation also adds a requirement that the owner of the virtual currency shall have no recourse against either the holder or the Indiana Attorney General for any change in value after the liquidation of the currency. Other unclaimed property revisions include defining a “gift card” and extending the timeframe of property being presumed abandoned from one year to three years for property held by a court, including property received as proceeds from a class action. Please contact us with any questions.

**URL:** <https://iga.in.gov/legislative/2023/bills/senate/183>

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## Other/Miscellaneous:

### Maryland Comptroller Addresses State High Court’s Digital Ad Gross Revenues Tax Ruling

*Maryland Tax Alert: Publication of Digital Advertising Gross Revenues Tax Return*, Md. Comptroller (5/10/23). In response to the Maryland Supreme Court vacating the Anne Arundel County Circuit Court’s 2022 decision that Maryland’s novel tax on digital advertising services (*i.e.*, the “Digital Advertising Gross Revenues Tax” or “DAGRT”) violates the US Constitution and federal Internet Tax Freedom Act [see *State Tax Matters*, Issue 2023-19, for more details on this recent Maryland Supreme Court ruling], the Maryland Comptroller (Comptroller) explains that because the annual return for the DAGRT for tax year 2022 was due on April 17, 2023, any taxpayer who delayed filing a 2022 DAGRT return pending the outcome of the case “should file their return and remit their tax payment as required by statute.” The Comptroller notes that the DAGRT is a separate tax from the income tax, and there is no provision in Maryland law for a six-month filing extension as exists for income taxes; accordingly, interest accrues on unpaid DAGRT from the date the tax is due.

**URL:**  
[https://www.marylandtaxes.gov/forms/Tax\\_Publications/Tax\\_Alerts/DAGR\\_Tax\\_Alert\\_05\\_10\\_2023\\_Digital\\_Advertising\\_Gross\\_Revenues\\_Tax\\_Return.pdf](https://www.marylandtaxes.gov/forms/Tax_Publications/Tax_Alerts/DAGR_Tax_Alert_05_10_2023_Digital_Advertising_Gross_Revenues_Tax_Return.pdf)  
**URL:** [https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2023/STM/230512\\_15.html](https://dhub.blob.core.windows.net/dhub/Newsletters/Tax/2023/STM/230512_15.html)

See forthcoming Multistate Tax Alert for more details on these recent DAGRT-related developments, and please contact us with any questions in the meantime.

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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.

**Archive:** <https://www2.deloitte.com/us/en/pages/tax/articles/multistate-tax-alert-archive.html?id=us:2em:3na:stm:awa:tax>

### **Georgia imposes sales tax on certain digital products and decouples from TCJA changes to IRC section 174**

On May 2, 2023, Georgia Senate Bill 56 (S.B. 56) was enacted into law. Effective January 1, 2024, the legislation makes certain amendments to the state's sales and use tax provisions, including imposing tax on certain specified digital products, other digital goods, and digital codes sold to users in Georgia. Applicable to tax years beginning on and after January 1, 2022, the bill also updates the State's conformity to the Internal Revenue Code (IRC) and expressly decouples from the amendments to IRC section 174 made by the Tax Cuts and Jobs Act of 2017.

**URL:** <https://www.legis.ga.gov/legislation/63791>

This Multistate Tax Alert summarizes some of the relevant provisions of S.B. 56.

[Issued May 8, 2023]

**URL:** <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-multistate-tax-alert-georgia-imposes-sales-tax-on-certain-digital-products-and-decouples-from-tcja-changes-to-irc-section-174.pdf>

### **Georgia enacts changes to pass-through entity tax**

On May 2, 2023, Georgia House Bill 412 (H.B. 412) was enacted into law, which includes certain amendments to Georgia's elective pass-through entity tax.

**URL:** <https://www.legis.ga.gov/legislation/64371>

This Multistate Tax Alert summarizes some of the provisions of H.B. 412.

[Issued May 8, 2023]

**URL:** <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-multistate-tax-alert-georgia-enacts-changes-to-pass-through-entity-tax.pdf>

### **Iowa enacts pass-through entity tax election**

On May 11, 2023, Iowa House File 352 (H.F. 352) was enacted into law. Under the legislation, pass-through entities may make an annual election to pay an entity level state tax for taxable years beginning on or after January 1, 2022.

**URL:** <https://www.legis.iowa.gov/legislation/BillBook?ba=HF352&ga=90>

This Multistate Tax Alert summarizes some of the provisions of H.F. 352 related to the pass-through entity tax election.

[Issued May 12, 2023]

**URL:** <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-multistate-tax-alert-iowa-enacts-pass-through-entity-tax-election.pdf>

### **Tennessee enacts several changes to business tax and franchise and excise tax laws**

On May 11, 2023, Tennessee enacted House Bill 323 (H.B. 323), known as the Tennessee Works Tax Act. The bill includes changes to the business tax, franchise and excise tax, and sales and use tax laws.

**URL:** <https://wapp.capitol.tn.gov/apps/BillInfo/Default.aspx?BillNumber=HB0323&GA=113>

This Multistate Tax Alert summarizes some of the provisions in H.B. 323 related to the business tax and franchise and excise taxes.

[Issued May 12, 2023]

**URL:** <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-multistate-tax-alert-tennessee-enacts-several-changes-to-business-tax-and-franchise-and-excise-tax-laws.pdf>

### **Tennessee enacts changes to sales and use tax laws**

On May 11, 2023, Tennessee enacted House Bill 323 (H.B. 323), known as the Tennessee Works Tax Act. The bill includes changes to the business tax, franchise and excise tax, and sales and use tax laws.

This Multistate Tax Alert summarizes some of the provisions in H.B. 323, most of which relate to sourcing sales under the sales and use tax laws.

[Issued May 16, 2023]

**URL:** <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-multistate-tax-alert-tennessee-enacts-changes-to-sales-and-use-tax-laws.pdf>



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