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Income/Franchise:

Georgia: New Law Lowers Corporate Income Tax Rate to Match Individual Income Tax Rate Reductions

H.B. 1023, signed by gov. 4/18/24; *H.B. 1015*, signed by gov. 4/18/24; Governor Press Release: Gov. Kemp Signs Historic Tax Cut Package Into Law, Ga. Off. of the Governor (4/18/24). New law provides that effective on July 1, 2024 and applicable to all taxable years beginning on or after January 1, 2024, Georgia's corporate income tax rate shall be imposed on Georgia taxable net income "at the same rate of the tax imposed on individuals" for the corresponding taxable year, rather than at the rate of 5.75%. Moreover, building upon scheduled individual income tax rate reductions enacted in 2022 [see *H.B. 1437* (2022); and Governor Press Release: Gov. Kemp Signs Largest Income Tax Cut in State History Into Law, Ga. Off. of the Governor (4/26/22) for details on this 2022 legislation], another bill signed on the same day accelerates Georgia's individual income tax rate reductions – providing that the individual income tax rate for tax year 2024 will be 5.39% rather than 5.49%, effective on July 1, 2024 and applicable to all taxable years beginning on or after January 1, 2024. Please contact us with any questions.

URL: <https://www.legis.ga.gov/legislation/66270>

URL: <https://www.legis.ga.gov/legislation/66260>

URL: <https://gov.georgia.gov/press-releases/2024-04-18/gov-kemp-signs-historic-tax-cut-package-law>

URL: <https://www.legis.ga.gov/legislation/62346>

URL: <https://gov.georgia.gov/press-releases/2022-04-26/gov-kemp-signs-largest-income-tax-cut-state-history-law>

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Income/Franchise:

Kentucky: New Law Updates State Conformity to IRC and Delays Combined Reporting Deferred Tax Liability Deduction

H.B. 8, enacted without governor's signature on 4/10/24. New law incorporates some tax-related provisions, including generally updating Kentucky statutory corporate and personal income tax references to the Internal Revenue Code (IRC) for tax years beginning on or after January 1, 2024, to the IRC as in effect on December 31, 2023 – exclusive of any amendments made subsequent to this date, other than amendments that extend

provisions in effect on December 31, 2023 that would otherwise terminate. Regarding Kentucky's deferred tax liability deduction applicable to some publicly traded corporations – which was enacted in 2019 to offset the effects of mandatory unitary combined reporting tax changes for financial statement reporting purposes – the legislation delays the deduction's start date to a ten-year period beginning January 1, 2026, rather than a ten-year period beginning January 1, 2024. Note that Kentucky Governor Andy Beshear line-item vetoed certain other tax provisions in this bill, including those that would have enacted a tax amnesty program. Please contact us with any questions.

URL: <https://apps.legislature.ky.gov/record/24rs/hb8.html>

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Income/Franchise:

Maine: New Law Updates State Conformity to Internal Revenue Code

L.D. 2022 (S.P. 850), signed by gov. 4/12/24. Effective immediately and applicable to tax years beginning on or after January 1, 2023, and “to any prior tax years as specifically provided by the United States Internal Revenue Code of 1986 and amendments to that Code as of December 31, 2023,” new law generally conforms state corporate and personal income tax references to the “Internal Revenue Code” to the federal Internal Revenue Code as in effect as of December 31, 2023. Please contact us with any questions.

URL: <https://legislature.maine.gov/billtracker/#Paper/sp850?legislature=131>

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Income/Franchise:

New Jersey Tax Court Allows Taxpayer to Use Market-Based Sourcing for Pre-2019 CBT Years

Case No. 11113-2019, N.J. Tax Ct. (4/11/24). In a case involving a New Jersey-headquartered company's sourcing of receipts from services for state corporation business tax (CBT) apportionment purposes for the 2011 and 2012 tax years at issue, an unpublished New Jersey Tax Court (Court) opinion held that the company's use of market-based (customer destination) sourcing pursuant to an administrative rule in effect at that time (*i.e.*, pursuant to N.J.A.C. 18:7-8.10(a)) was a more appropriate sourcing method than the then standard "costs of performance" (COP) method because it was "more reflective of the economic realities of its business" under the facts. In doing so, the Court commented that for tax years prior to 2019, "there is no hard-and-fast rule as to the use of COP method" under CBT law and thus it is not unusual for a taxpayer or the New Jersey Division of Taxation to "prefer the approach most conducive to their respective positions, as is evident in this case." According to the Court "colorable arguments can be made" by both the taxpayer and the taxing authority whether an income-producing activity for purposes of allocation of revenues from sales of services "occurs either where the taxpayer produces the service or where the customer receives the service," and that the resolution of the issue requires a "fact-sensitive analysis based on the totality of the circumstances" – as was completed here where almost 99% of the company's clients were non-New Jersey entities. Please contact us with any questions.

URL: <https://www.njcourts.gov/system/files/court-opinions/2024/011113-2019.pdf>

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Sales/Use/Indirect:

Arizona: New Law Creates Certification Process for Third-Party Service Providers that Determine TPP Transaction Sourcing

H.B. 2382, signed by gov. 4/10/24. With respect to existing Arizona law requiring sellers of taxable products or services subject to Arizona transaction privilege tax (TPT) to centrally remit state and local TPT to the Arizona Department of Revenue (Department) and permitting the use of third-party services and software to meet these requirements, newly enacted legislation mandates that, by January 1, 2026, the Department create a

voluntary certification process / program for third-party service providers that offer certain sourcing services for TPT purposes. Under the new law, a taxpayer may use a certified third-party service provider to assist the taxpayer in sourcing transactions involving tangible personal property. Those doing so generally would *not* be liable for failing to pay the correct amount of tax if the failure was due to an error in sourcing the transaction; rather in this instance, the certified third-party service provider would be liable for the amount of tax the taxpayer failed to pay – “unless the error was due to incorrect information the certified third-party service provider received from the Department.” Please contact us with any questions.

URL: <https://apps.azleg.gov/BillStatus/BillOverview/80236>

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Sales/Use/Indirect:

Indiana: Remote Seller Bulletin Explains Removal of 200-Transaction Threshold from Wayfair Economic Nexus Statute

Sales Tax Information Bulletin #89, Ind. Dept. of Rev. (rev. 4/24). The Indiana Department of Revenue posted an updated sales and use tax administrative bulletin on the Indiana registration, collection, and remittance requirements for remote sellers and marketplace facilitators, reflecting recently enacted legislation [see S.B. 228 (2024), and *State Tax Matters*, Issue 2024-12, for more details on this legislation] that revised Indiana’s economic nexus provisions for out-of-state retail merchants by removing the in-state “200 or more separate transactions” threshold so that Indiana gross retail tax remittance is required only if their sales of tangible personal property, products transferred electronically, and/or services delivered into Indiana exceed \$100,000 in the current or immediately preceding calendar year. The bulletin explains that effective January 1, 2024, Indiana only has the annual \$100,000 sales and use tax nexus threshold for out-of-state merchants.

Accordingly, if an out-of-state merchant met the 200-transaction threshold in 2023, but not the \$100,000 threshold, “they may close their sales tax account in 2024 if they do not have \$100,000 in sales in 2024,” but “they will still have to file all required sales tax returns for 2024.” Please contact us with any questions.

URL: <https://www.in.gov/dor/files/sib89.pdf>

URL: <https://iga.in.gov/legislative/2024/bills/senate/228/actions>

URL: https://dhub.deloitte.com/Newsletters/Tax/2024/STM/240322_6.html

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Sales/Use/Indirect:

Massachusetts Department of Revenue Adopts Rule on Accelerated Sales Tax Remittance

830 CMR 62C.16B.1: Advance Payments of Sales and Use Tax and Room Occupancy Excise, Mass. Dept. of Rev. (4/12/24). The Massachusetts Department of Revenue adopted a regulation explaining the procedures for the advance payment of certain Massachusetts sales and use tax liabilities pursuant to legislation enacted in 2020 [see H.5164 (2020) for more details on this legislation] and 2021 [see H.4269 (2021) for more details on this legislation], which sought to “modernize” the timeline for sales tax remittance and collection in Massachusetts and provide some “safe harbors” from these accelerated sales tax remittance requirements. The newly adopted rule is effective for taxable periods ending after April 1, 2021. Please contact us with any questions.

URL: <https://www.mass.gov/regulations/830-CMR-62c16b1-advance-payments-of-sales-and-use-tax-and-room-occupancy-excise-working-draft>

URL: <https://malegislature.gov/Bills/191/H5164>

URL: <https://malegislature.gov/Bills/192/H4269>

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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>

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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