



Multistate Tax

State Tax Matters

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Income/Franchise:

District of Columbia: Original Projected Law Date (Enactment Date) of the FY 2015 Budget Support Act of 2014 will no longer be December 27, 2014, but sometime in 2015 When Congress is Back in Session

On November 12, 2014, the District of Columbia (“District”) Fiscal Year 2015 Budget Support Act of 2014 (Permanent Act) (“Budget Support Act”) was transmitted to the U.S. Congress. In the District, permanent legislation only becomes law after it is approved by Congress, which is deemed to occur if Congress does not enact a joint resolution to repeal the legislation within the 30-calendar-day period defined in D.C. Code §1-206.02(c)(1). On December 16, 2014, the U.S. Senate adjourned sine die for the calendar year, thereby suspending the 30-calendar day review period. As a result, the original projected law date (enactment date) of the Budget Support Act will no longer be December 27, 2014, but sometime in 2015 when Congress is back in session.

See previously issued Multistate Tax Alert for more details on the various tax provisions contained within this legislation; note that this previously issued Multistate Tax Alert will be updated shortly to reflect the change in projected law date.

URL: <http://www2.deloitte.com/us/en/pages/tax/articles/multistate-tax-alert-district-of-columbia-fy-2015-budget-support-act-of-2014.html?id=us:em:na:stm:eng:tax:1219114>

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Income/Franchise: Pennsylvania: Department of Revenue Provides Guidance on Sourcing Sales from Services

Information Notice Corporation Taxes 2014-01, Penn. Dept. of Rev. (12/12/14). The Pennsylvania Department of Revenue (“Department”) has issued administrative guidance pursuant to legislation enacted last year [*H.B. 465*; see previously issued Multistate Tax Alert for more details on Act 52 (*H.B. 465*)], which provides that for tax years beginning after on or after January 1, 2014, the receipt from the sale of a service is sourced to Pennsylvania for state corporate net income and capital stock franchise tax apportionment purposes if the service is delivered to a location in Pennsylvania, or based on the relative value of the services delivered to Pennsylvania. In doing so, the Department explains that such sales of services are no longer subject to Pennsylvania’s “income-producing activity” and “cost of performance” rules. Illustrative examples are included with guidelines for certain types of services and service industries.

URL:

http://www.revenue.pa.gov/GeneralTaxInformation/TaxLawPoliciesBulletinsNotices/Documents/Informational%20Notices/info_notice_ct_2014-01.pdf

URL: <http://www.legis.state.pa.us/cfdocs/billInfo/BillInfo.cfm?year=2013&ind=0&body=H&type=B&bn=465>

URL: <http://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-mts-alert-pennsylvania-multi-tax-law-changes-071213.pdf?id=us:em:na:stm:eng:tax:1219114>

Stay tuned for a forthcoming Multistate Tax Alert on this recent guidance.

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Income/Franchise: Rhode Island: Comments Related to Proposed Draft Regulation on New Combined Reporting Regime Must be Submitted by December 22

Proposed Regulation CT 15-XX, R.I. Div. of Tax. (11/24/14). Pursuant to recently enacted legislation [*H.B. 7133*; see previously issued Multistate Tax Alert for more details on this new law] that substantially modifies and reforms various aspects of the Rhode Island Tax Law and includes mandating certain C corporations that are part of a unitary business with one or more other certain C corporations to file a combined corporate income tax report for tax years beginning on or after January 1, 2015, the Rhode Island Division of Taxation has issued a lengthy proposed regulation to implement the new law and its combined reporting regime. The proposed draft rules include definitions for numerous terms such as “combined group,”

“common ownership,” “market-based sourcing,” “tax haven,” and “water’s edge,” as well as contain working examples and a flowchart to help taxpayers determine the composition of a combined group and the underlying Rhode Island corporate income tax liability computations.

[URL: http://www.tax.ri.gov/Tax%20Website/TAX/combinedreporting/Combined%20Reporting%20reg%20--%20exposure%20draft%20--%2011-24-14.pdf](http://www.tax.ri.gov/Tax%20Website/TAX/combinedreporting/Combined%20Reporting%20reg%20--%20exposure%20draft%20--%2011-24-14.pdf)

[URL: http://webserver.rilin.state.ri.us/BillText/BillText14/HouseText14/H7133Aaa.pdf](http://webserver.rilin.state.ri.us/BillText/BillText14/HouseText14/H7133Aaa.pdf)

[URL: http://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-mts-alert-rhode-island-tax-reforms-062514.pdf?id=us:em:na:stm:eng:tax:1219114](http://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-mts-alert-rhode-island-tax-reforms-062514.pdf?id=us:em:na:stm:eng:tax:1219114)

The Rhode Island Division of Taxation has extended its deadline for receiving related comments on this draft proposal, now requesting that such comments be submitted on or before December 22, 2014.

Note that the Rhode Island Division of Taxation has also issued an exposure draft of a “Statement of principles on business taxation changes,” which relates to the new combined reporting provisions as well as the apportionment changes.

[URL: http://www.tax.ri.gov/Tax%20Website/TAX/combinedreporting/Statement%20of%20Principles%20--%20exposure%20draft%20--%2011-24-14.pdf](http://www.tax.ri.gov/Tax%20Website/TAX/combinedreporting/Statement%20of%20Principles%20--%20exposure%20draft%20--%2011-24-14.pdf)

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Sales/Use/Indirect:

New Jersey: Division of Taxation Issues Bulletin on New Law Imposing Remote Seller “Click-Through” Nexus Standard

Technical Bulletin TB-76, N.J. Div. of Tax. (12/12/14). Pursuant to recently enacted legislation [A. 3486 / S. 2268; see previously issued Multistate Tax Alert for more details on this new law] that creates a rebuttable presumption that an out-of-state seller who makes taxable sales of tangible personal property, specified digital products, or services, is soliciting business and has nexus in New Jersey under certain circumstances, the New Jersey Division of Taxation (“Division”) has released a bulletin explaining how such provisions apply for sales occurring on or after July 1, 2014. More specifically, the bulletin explains that the new law creates a rebuttable presumption wherein an out-of-state seller that makes taxable sales of tangible personal property, specified digital products, or services, is soliciting business in New Jersey through in-state representatives if that seller meets the following conditions:

[URL: http://www.state.nj.us/treasury/taxation/pdf/pubs/tb/tb76.pdf](http://www.state.nj.us/treasury/taxation/pdf/pubs/tb/tb76.pdf)

[URL: http://www.njleg.state.nj.us/2014/Bills/A3500/3486_11.PDF](http://www.njleg.state.nj.us/2014/Bills/A3500/3486_11.PDF)

[URL: http://www.njleg.state.nj.us/2014/Bills/S2500/2268_11.PDF](http://www.njleg.state.nj.us/2014/Bills/S2500/2268_11.PDF)

[URL: http://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-mts-alert-new-jersey-budget-loophole-closers-070714.pdf?id=us:em:na:stm:eng:tax:1219114](http://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-mts-alert-new-jersey-budget-loophole-closers-070714.pdf?id=us:em:na:stm:eng:tax:1219114)

- The seller enters into an agreement with a New Jersey independent contractor or other representative (in-State representative) to refer potential customers via a link on a website, or otherwise, to that out-of-State seller in exchange for consideration based on completed sales; and

- The seller has sales from these referrals to customers in New Jersey in excess of \$10,000 for the prior four quarterly periods ending on the last day of March, June, September, and December.

The bulletin explains that an out-of-state seller that is presumed to be soliciting business in New Jersey through in-state representatives may rebut this presumption by:

- Establishing that the only in-state activity of the in-state representative(s) on its behalf is placing a link on the in-state representatives' website(s) to the out-of-state seller's website for compensation; and
- Certifying that none of the in-state representative(s) engage in any solicitation activity in the state targeted at potential New Jersey customers on behalf of the out-of-state seller via the Division's certification procedure.

Illustrative examples are included.

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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:em:na:stm:eng:tax>

New Jersey Adopts Sales Tax Rules for Software and Related Services

The New Jersey Division of Taxation ("Division") recently released new regulations that address the imposition of sales and use taxes on sales of software and software-related services. The new regulations, which are effective December 1, 2014 through October 28, 2015, address the following:

- Modification of the definitions of custom software and installation services; and
- Addition or clarification of the definitions of customer support service, modified software, servicing of software and certain software maintenance contracts.

This Multistate Tax Alert summarizes the new regulations, which in some instances codify or clarify the Division's informal policies and practices. Accordingly, taxpayers may wish to revisit their historical New Jersey sales and use tax practices and discuss the new regulations with their vendors.

[Issued: December 15, 2014]

URL: <http://www2.deloitte.com/us/en/pages/tax/articles/multistate-tax-alert-new-jersey-adopts-sales-tax-rules-for-software-and-related-services.html?id=us:em:na:stm:eng:tax:1219114>

URL: <http://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-new-jersey-adopts-sales-tax-rules-for-software-and-related-services-121614.pdf?id=us:em:na:stm:eng:tax:1219114>

Have a question?

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