



# TaxNewsFlash

## United States

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### **KPMG reports: Indiana (manufacturing exemption); Massachusetts (apportionment); South Dakota (nexus); Texas (taxable services)**

KPMG's This Week in State Tax—produced weekly by KPMG's State and Local Tax practice—focuses on recent state and local tax developments.

- **Indiana:** The Indiana Tax Court held that equipment used to freeze food did not qualify as manufacturing for purposes of the exemption from the sales and use tax.
- **Massachusetts:** The Supreme Judicial Court held that the taxpayer (a California-headquartered company engaged in the research, development, production, and sales of various drugs) was a manufacturer that was required to use single-sales factor apportionment.
- **South Dakota:** A federal district court determined that it lacked jurisdiction to hear the state's lawsuit to enforce the economic nexus statute against select remote sellers because the lawsuit did not raise a "federal question" over which the court would have jurisdiction. Thus, the court remanded this *Quill* challenge to a state circuit court.
- **Texas:** The Comptroller of Public Accounts issued a private letter ruling concluding that a company using software to provide fraud detection and risk assessment services to online retailers was not providing a taxable service that was subject to the state's sales and use tax.

Read more at KPMG's [\*\*This Week in State Tax\*\*](#)

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