



TaxNewsFlash

United States

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KPMG reports: Montana (NOLs); New York (phone app); Pennsylvania (tax amnesty); Tennessee (sales tax); Virginia ("subject to tax" exception)

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.

- **Montana:** Montana House Bill 550, which is pending enactment, would increase the net operating loss (NOL) carryover period from seven years to 10 years, but limit the amount that may be carried back to \$500,000 per year, for NOLs generated in a tax period beginning after December 31, 2017.
- **New York:** The Department of Taxation and Finance concluded that a taxpayer—in the process of developing a mobile phone application or “app” that would match users with bathrooms—would not have any sales tax consequences associated with an innovative business idea, because it would be provided to users free of charge. In addition, matching users with bathrooms is not a specifically enumerated service or an admission to a taxable amusement under New York law.
- **Pennsylvania:** The Department of Revenue issued guidelines and FAQ documents that outline the steps and requirements for participation in a tax amnesty program. The program, which began on April 21, 2017, will run through June 19, 2017, and is available for all state and local taxes administered by the Department of Revenue that were delinquent as of December 31, 2015.
- **Tennessee:** House Bill 534, the so-called IMPROVE Act was signed into law by Governor Haslam. House Bill 534 decreases the state sales tax rate on the retail sale of food and food ingredients from 5% to 4% effective July 1, 2017. Concerning franchise and excise taxes, House Bill 534 allows taxpayers whose primary business activity in Tennessee is manufacturing to elect to use a single-receipts apportionment formula.

- **Virginia:** The Virginia Supreme Court heard oral arguments in the *Kohl's* case—a dispute addressing the deductibility of royalties paid by a retailer to a related party.

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