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KPMG report: Federal tax reform proposals may revive dormant state tax issues

Although the Trump Administration and congressional Republicans continue to pursue tax reform, the process is inherently challenging. Most of these challenges would arise at the federal level. But some may arise at the state level—such as the dormant Foreign Commerce Clause of the U.S. Constitution, which restricts the states from favoring domestic over foreign commerce.

The Import-Export Clause, which prohibits states from imposing imposts and duties on imports or exports, might also create issues. While the Foreign Commerce Clause and Import-Export Clause are not often raised in the state tax realm, certain features of federal tax reform proposals—such as the border tax adjustment and mandatory repatriation—may bring these constitutional clauses to the fore if the proposals become law and are adopted by states, either as a matter of choice or because of the manner in which the states conform to the federal tax code. Thus, states may want to start considering these possible issues and implications.

Read a [July 2017 report](#) [PDF 158 KB] prepared by KPMG LLP: *What's News in Tax: Tax reform: Recent federal proposals revive some dormant state issues*

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