



TaxNewsFlash

United States

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KPMG reports: California (water's-edge election); Colorado (electronic sales); South Dakota (physical presence); Washington State (retail space)

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.

- **California:** The Franchise Tax Board issued a ruling in which it concluded that the acquiring company was deemed to have made a water's-edge election for combined reporting purposes because: (1) goodwill is a "business asset" for purposes of the total business assets test of the water's-edge measures; (2) the goodwill at issue was integral to the target company's business, and was attributed to that company; and (3) the value of the target company's total business assets, including goodwill, was greater than that of the acquiring company when the new unitary affiliate group was established.
- **Colorado:** The Department of Revenue issued a general information letter concluding that the taxpayer's sale of information collected from government entities, and then sold and delivered electronically to customers was subject to sales tax as the sale of tangible personal property.
- **South Dakota:** The state filed a 70-page petition for a writ of certiorari with the U.S. Supreme Court, asking the Court to reconsider and overturn the *Quill* physical presence rule.
- **Washington State:** A tax hearing officer addressed various issues concerning retailing arrangements and whether payments for the use of retail space were subject to the state's B&O tax regime.

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

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