



TaxNewsFlash

United States

No. 2018-228
June 18, 2018

KPMG reports: Colorado (IRC section 965); New York (manufacturer); North Carolina (federal tax conformity); Rhode Island (IRC section 965); Texas (telecom provider)

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.

- **Colorado:** The Department of Revenue issued guidance that any amounts included in income under IRC section 965 (transition tax for repatriation under the new federal tax law) must also be included in the amount of federal taxable income reported on the taxpayer's Colorado return.
- **New York:** An administrative law judge found that a taxpayer engaged in generating electricity at a plant in New York was not a "qualified New York manufacturer" for the cap imposed under the state's capital base liability measures.
- **North Carolina:** The budget bill was enacted over the governor's veto, and updates the state's definition of the Internal Revenue Code to capture the Code as of February 9, 2018.
- **Rhode Island:** The Division of Taxation proposed a regulation to provide guidance on the corporate tax treatment of deferred foreign income or section 965 income for the 2017 tax year.
- **Texas:** A state appeals court held that a telecommunications provider (that offered internet access, landline telephone services, and online video streams and that also sold landline phones) was not entitled to a refund of the state's franchise tax because the taxpayer could not deduct electricity used to generate and transmit its telecom products as "costs of goods sold" (COGS). The taxpayer argued that its telecom products were "goods," not "services."

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

The information contained in TaxNewsFlash is not intended to be "written advice concerning one or more Federal tax matters" subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230, as the content of this document is issued for general informational purposes only, is intended to enhance the reader's knowledge on the matters addressed therein, and is not intended to be applied to any specific reader's particular set of facts. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

KPMG International is a Swiss cooperative that serves as a coordinating entity for a network of independent member firms. KPMG International provides no audit or other client services. Such services are provided solely by member firms in their respective geographic areas. KPMG International and its member firms are legally distinct and separate entities. They are not and nothing contained herein shall be construed to place these entities in the relationship of parents, subsidiaries, agents, partners, or joint venturers. No member firm has any authority (actual, apparent, implied or otherwise) to obligate or bind KPMG International or any member firm in any manner whatsoever.

Direct comments, including requests for subscriptions, to [Washington National Tax](#). For more information, contact KPMG's Federal Tax Legislative and Regulatory Services Group at +1 202.533.4366, 1801 K Street NW, Washington, DC 20006-1301.

To unsubscribe from TaxNewsFlash-United States, reply to [Washington National Tax](#).

[Privacy](#) | [Legal](#)