



TaxNewsFlash

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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*](#)

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