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KPMG reports: Arkansas (rental excise tax); New York (budget proposals); Oregon (nexus and telecommuting workers); Virginia (federal tax conformity)

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.

- **Arkansas:** The state's Supreme Court held that rent-to-own transactions of furniture and electronics were subject to Arkansas's special short-term rental excise tax. Under Arkansas law, the short-term rental tax is imposed on a rental or lease of tangible personal property for a period of less than 30 days. Although there was evidence that customers almost always renewed their initial lease terms beyond a 30-day period, the high court—strictly construing the short-term rental statute—held that the tax applied. In the court's view, the rental transactions that had an initial weekly or semimonthly term were subject to the short-term rental tax because these transactions fell within the plain and ordinary meaning of a period of less than 30 days. Read a **March 2021 report**

- **New York:** The legislature issued revised budget proposals for the upcoming fiscal year that include major corporate and individual (personal) tax increases that exceed those proposed earlier this year by the governor. The budget is generally required to be in place by April 1; thus, it is expected that over the next several days, lawmakers will be negotiating the final budget package. Read a **March 2021 report**

- **Oregon:** The Department of Revenue extended its policy regarding the presence of employees teleworking in Oregon due to the coronavirus (COVID-19) pandemic. That policy provided that teleworking in the state would not be a relevant factor in determining whether the employer has Oregon nexus for corporate income tax purposes. This policy was extended to the later of: (1) the date certain executive orders or emergency declarations expire, or (2) December 31, 2021. Read a **March 2021 report**

- **Virginia:** Tax legislation signed into law includes bills that update Virginia's conformity to the Internal Revenue Code as it existed on December 31, 2020.
    - For corporate taxpayers, the legislation decouples Virginia from the CARES Act changes that: (1) suspend the 80% limit on net operating losses (NOLs) and allow NOL carrybacks; and (2) temporarily enhance the amount of business interest that can be deducted under IRC section 163(j).
    - For corporate and individual taxpayers, for tax years beginning on and after January 1, 2020, but before January 1, 2021, the legislation requires an addback of expenses paid with forgiven Paycheck Protection Program (PPP) loan amounts to the extent they exceed $100,000.
    - The legislation also creates a temporary sales and use tax exemption for personal protective equipment (PPE). The exemption is available to businesses that purchase PPE to enable compliance with COVID-19 safety protocols.

Read a **March 2021 report**

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