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KPMG reports: California (sales tax, farming equipment); Florida (corporate income tax rate); Nevada (local franchise fees); Pennsylvania (corporate net income tax refund)

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 Office of Tax Appeals denied a taxpayer's claim for refund of sales taxes owed after the taxpayer did not collect enough tax from customers. The taxpayer—relying on erroneous information posted on the website of the California Department of Tax and Fee Administration (CDTFA)—believed the California partial sales tax exemption for farming equipment was greater than it actually was for the tax period at issue. Although the CDTFA conceded that information on its website was outdated, it had taken steps to inform businesses of the change, including issuing a notice. The Office of Tax Appeals concluded there was simply no legal basis for relieving or refunding the tax under these circumstances. Read a **September 2021 report**

- **Florida:** The Department of Revenue announced a reduction of the state's corporate income tax rate to 3.535% for tax years beginning on or after January 1, 2021, but before January 1, 2022. The rate is currently scheduled to return to 5.5% beginning in 2022. Read a **September 2021 report**

- **Nevada:** A federal district court in Nevada recently dismissed the City of Reno's lawsuit against two streaming service providers, alleging that they had failed to pay local franchise fees. The city filed a class action against the taxpayers asserting that the businesses were "video service providers" under Nevada's video service law and were therefore required to pay local franchise fees. The federal district court agreed with the taxpayers that they were not video service providers and therefore dismissed the action. Read a **September 2021 report**

- **Pennsylvania:** A state appellate court rejected a taxpayer's claim for a corporate net income tax refund related to tax paid for the 2014 tax year when the taxpayer's use of net operating losses (NOLs) was limited by the 25% NOL cap. A 2017 court decision (*Nextel*) struck down the flat dollar cap as violating Pennsylvania's uniformity clause, but the percentage NOL cap remained intact. The taxpayer essentially argued that because the Department of Revenue did not go back and assess taxpayers that benefitted from the flat dollar cap, the "only suitable remedy" to cure the Department's "discriminatory application" of the percentage cap was to provide a refund. The court rejected the taxpayer's position, holding that the *Nextel* decision applied prospectively only and that the taxpayer had correctly calculated its tax for the 2014 year at issue. Read a **September 2021 report**

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