

TaxNewsFlash

United States



No. 2021-403
October 4, 2021

KPMG reports: Arkansas (add back); Massachusetts (sales tax); Mississippi (software, sales tax); Virginia (NOL carrybacks)

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:** A decision of an administrative law judge addresses a number of contested issues stemming from a Multistate Tax Commission (MTC) audit. Six days following the completion of the MTC audit report, the Department of Revenue accepted the report and issued proposed corporate income tax assessments to the taxpayer. The taxpayer timely protested the auditor's adjustments to its sales factor, including sourcing sales to customer billing address, argued it qualified for an exception to the related-party addback rules, and disagreed with the auditor's estimation that 5% of its nontaxable income equated to expenses required to be added back. With the exception of holding that certain amounts were treated as gross receipts included in the taxpayer's sales factor, the administrative law judge found in the Department's favor with regard to the rest of the issues. Read an [October 2021 report](#)
- **Massachusetts:** The Department of Revenue advised taxpayers that it is withdrawing a previously announced change that would have required sales tax filers to separately report in-store sales versus online sales beginning in 2022. The Department, however, did not announce that it was withdrawing the upcoming requirement for meals and room occupancy tax filers to break down cash sales versus credit card sales. Read an [October 2021 report](#).
- **Mississippi:** The Department of Revenue proposed amendments to an existing regulation addressing the tax treatment of computer equipment, software, and certain related services. If adopted, the proposed amendments would expand the sales and use tax to services delivered via software-as-a-service, platform-as-a-service, infrastructure-as-a-service, and other cloud computing models. Read an [October 2021 report](#)
- **Virginia:** The Tax Commissioner concluded that a taxpayer had properly waived the net operating loss (NOL) carryback period when it checked the box on its pro forma federal Schedule K. The Tax

Department had argued that because the taxpayer did not attach a statement to its return, it did not indicate it intended to forego the carryback. Read an [October 2021 report](#)

kpmg.com/socialmedia



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 address the circumstances of any particular individual or entity. 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. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm.

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](#)