



TaxNewsFlash

United States



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KPMG reports: California (L.A. business tax); Iowa (web-hosting services); Louisiana (transfer pricing); Texas (marketplace mobile app)

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:** A state appellate court held that a taxpayer had not exhausted all administrative remedies prior to bringing a judicial action for the refund of overpaid Los Angeles business tax. The business tax has a very short one-year statute of limitations. Although it was determined that the taxpayer had overpaid its tax, the appropriate remedy was to file a refund claim within the statute of limitations period and not to obtain a writ of mandate to compel the city to refund the tax.
- **Iowa:** The Department of Revenue confirmed that web-hosting services are not subject to Iowa sales and use tax.
- **Louisiana:** The Department of Revenue announced a voluntary initiative designed to resolve intercompany transfer pricing issues of corporate taxpayers. The purpose for the initiative is twofold. First, the Department is seeking to create an efficient and expedited resolution for corporate tax audits when transfer pricing issues exist. Second, the initiative is intended to provide certainty and uniformity to taxpayers on the resolution of transfer pricing issues for open audit periods and a defined period of future tax years.
- **Texas:** The Comptroller issued a private letter ruling addressing the taxability of various fees charged by a marketplace provider. The marketplace was a mobile app that allowed restaurant customers to order food. Participating restaurants were charged various fees for the taxpayer's services. In the Comptroller's view, certain service, subscription, and credit card fees charged to the restaurants were taxable data processing services. However, other fees that were charged to feature a restaurant more prominently on the app, or to attract customers by offering rewards points, were not taxable.

Read a [November 2021 report](#) prepared by KPMG LLP

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