



# TaxNewsFlash

## United States



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## KPMG reports: Louisiana (individual tax measures); New Mexico (tax procedure); North Carolina (tax rate changes)

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.

- **Louisiana:** Voters approved Constitutional Amendment 2 to eliminate the constitutional provision permitting corporate and individual taxpayers to deduct federal income taxes paid from their state taxable income. The measure also repealed an individual (personal) income tax rate structure that was enshrined in the state's constitution and adopted an individual income tax rate cap of 4.75%. The voters' approval of Amendment 2 means that legislation enacted earlier this year setting forth individual and corporate income tax rate reductions and repealing the deduction for federal taxes paid has become effective. At the same election, voters rejected Constitutional Amendment 1—that would have established a new eight-member commission in charge of creating a streamlined system for electronic filing, remitting, and collecting all state and local sales and use taxes levied within Louisiana. Almost immediately after the results of the election were certified, a complaint was filed in a Louisiana federal district court challenging the constitutionality of Louisiana's system of collecting and administering local sales and use taxes.
- **New Mexico:** A hearing officer concluded that a taxpayer was not entitled to a deduction from its gross receipts tax base because it failed to obtain a properly executed nontaxable transaction certificate from its U.S. government customer in a timely manner. Although the hearing officer upheld the assessment because the taxpayer consulted with a CPA and relied on wrongful advice regarding multi-state tax compliance, the hearing officer abated penalties.
- **North Carolina:** The governor signed a long-delayed budget bill that includes corporate income tax and franchise tax changes. The bill lays the groundwork to repeal the state's 2.5% corporate income tax incrementally by 2030. The bill also repeals and eliminates the alternative tax bases for the state's franchise tax. Specifically, effective for tax years beginning on or after January 1, 2023, and applicable to the calculation of franchise tax reported on the 2022 return, the franchise tax will be measured solely by a corporation's net worth.

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

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