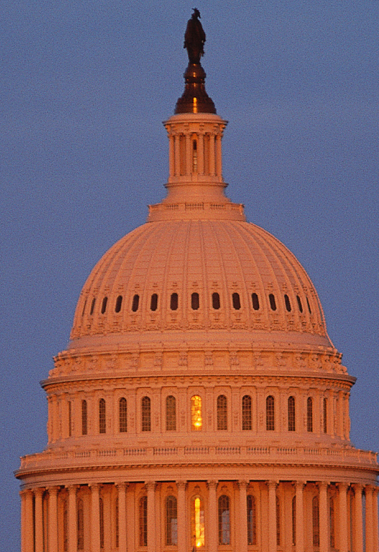




TaxNewsFlash

United States



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KPMG reports: Louisiana (sales and use tax); Massachusetts (sales tax remittances); Washington State (B&O tax); Wisconsin (apportionment of environmental credits)

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:** The Louisiana Supreme Court held that legislation narrowing the sales and use tax “further processing exclusion” was invalidly enacted because it did not receive a supermajority vote in each house of the legislature. A provision of the state’s constitution requires any legislation levying a new tax or increasing an existing tax must be approved by two-thirds of each house. In the court’s view, the amendments to the further processing exclusion constituted a “new tax” or an “increase to an existing tax” because the measure caused something that was not taxable— in this case the taxpayer’s purchases of limestone—to be rendered taxable.
- **Massachusetts:** Legislative changes require certain vendors to make a sales tax advance payment. Effective April 1, 2021, vendors must make an advance payment not later than the 25th day of the month when the tax is collected for any taxable sale made during the first 21 days of the month. The new legislation provides a safe harbor for certain vendors, if the vendor remits an amount that is not less than 80% “of the tax collected on the gross receipts from taxable sales during the immediately preceding filing period” (rather than the actual tax collected during the first 21 days of the month).
- **Washington State:** An appeals court held in favor of the Department of Revenue in a case involving the application of the state’s business and occupation (B&O) tax sourcing rules—rules that look to the place where a taxpayer’s customer receives the benefit of a service.

- **Wisconsin:** The Tax Appeals Commission concluded that income from selling certain vehicle-related environmental credits was apportionable operational or unitary income. The commission found that (1) the income was operational in nature because the credits were inextricably tied to the taxpayer's automaking operations; and (2) the income was also unitary in nature because the taxpayer's regulatory compliance division was unitary with the vehicle manufacturing entities, and the sale of the credits was not a "discrete business enterprise."

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

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