



# TaxNewsFlash

## United States



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## KPMG reports: Texas (use tax on promotional items); Virginia (interest deduction, SALT cap workaround); West Virginia (unclaimed property)

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.

- **Texas:** An administrative law judge (ALJ) determined that a minor league baseball team owed use tax on certain promotional items and services provided to attendees. The baseball team argued that the sale-for-resale exemption applied to its purchases of “giveaway” items and that the price it charged for tickets to its games included a charge for the souvenirs transferred to ticket holders. The ALJ rejected this argument on the basis that the taxpayer had not established that its ticket prices included a specific amount for the promotional items. The ALJ also determined that the taxpayer did not purchase cleaning and security services for resale to customers that attended its games.
- **Virginia:** Newly enacted legislation: (1) increases the deduction for disallowed business interest to 30% (from 20%) of the amount disallowed as a deduction under IRC section 163(j) (effective for tax years beginning on and after January 1, 2022); and (2) adopts a “SALT cap workaround” by allowing a qualifying passthrough entity to elect to pay tax at the entity level. Although the SALT cap workaround measure is effective for tax years beginning on and after January 1, 2021, the Virginia Department of Taxation announced that is delaying the implementation of the elective pass-through entity tax until at least October 15, 2023.
- **West Virginia:** Newly enacted legislation (House Bill 4511) reduces the unclaimed property dormancy periods for certain property types and extends coverage of the West Virginia unclaimed property law to virtual currency.

Read an [April 2022 report](#) prepared by KPMG LLP

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