

TaxNewsFlash

United States



No. 2022-159
May 23, 2022

KPMG reports: Colorado (SALT Parity Act), Tennessee (wholesaler/retailer certificates), Washington State (B&O tax on damages received)

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.

- **Colorado:** The Governor recently signed the SALT Parity Act, which revises the state's pass-through entity tax election to allow an S corporation or partnership to elect to pay tax at the entity level retroactively to tax years beginning on or after January 1, 2018. Originally, the election could be made only for tax years beginning on or after January 1, 2022. For tax years prior to January 1, 2022, the retroactive election can be made for each taxable year by filing an amended composite return on or after September 1, 2023, but before July 1, 2024.
- **Tennessee:** The state tax authority issued guidance addressing a new business tax wholesaler/retailer certificate available to taxpayers beginning January 1, 2023. To establish their business tax rate, taxpayers must determine whether they are primarily engaged in business as a retailer or as a wholesaler. On audit, taxpayers have found it difficult to prove wholesaler-to-wholesaler transactions. Under a new law, the tax authority must make available to each taxpayer that files a business tax return a certificate that indicates whether the taxpayer filed a business tax return at the wholesaler rate or at the retailer rate for each of a taxpayer's locations. A vendor may request the certificate from its customers and can rely on the certificate for transactions occurring during the certificate's effective period for purposes of determining the vendor's business tax liability.
- **Washington State:** A tax review officer concluded that a taxpayer was subject to business and occupation (B&O) tax at the service rate for amounts received as damages when customers rented and then caused damage to the taxpayer's RVs. In general, all gross receipts "actually received" by a business are subject to B&O tax. The officer concluded that under the rationale of prior determinations, the amounts were taxable because they were compensation to repair RVs damaged by drivers that were necessarily related to the taxpayer's ongoing business of renting RVs.

Read a [May 2022 report](#) prepared by KPMG LLP

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](#)